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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

### **HIGHLIGHT OF RESULTS**

In 2025, the global macroeconomic environment remained complex and volatile. China's automotive industry continued to undergo rapid transformation and iteration, reaching a pivotal milestone as the penetration rate of new energy vehicles surpassed 50%. The industry officially entered the 2.0 era of competition, characterized by a strategic focus on intelligence. In the face of severe challenges such as the rapid contraction of the internal combustion engine vehicle market, intensifying price wars, and accelerated industry consolidation, the Group focused on its new energy transformation and upgrade. It accelerated the incubation of emerging businesses and the expansion of its international presence, while actively cultivating new growth drivers. These efforts have enabled the Group to achieve steady progress and development amid the profound adjustments in the industry.

For the year ended 31 December 2025:

- The Group's revenue was approximately RMB18,711.2 million, representing a decrease of approximately 9.8% as compared to a revenue of approximately RMB20,746.8 million in 2024.
- Overall gross profit was approximately RMB222.0 million, representing a decrease of approximately 71.5% as compared to approximately RMB779.1 million in 2024. The overall gross profit margin was approximately 1.2%, representing a decrease of 2.6 percentage points as compared to approximately 3.8% in 2024.
- Loss from operations was approximately RMB1,605.8 million, representing an increase of approximately 192.5% as compared to approximately RMB549.0 million in 2024.
- Loss for the year was approximately RMB2,490.4 million, representing an increase of approximately 62.9% as compared to a loss of approximately RMB1,529.1 in 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of China ZhengTong Auto Services Holdings Limited 中國正通汽車服務控股有限公司 (the “**Company**” or “**ZhengTong**”, together with its subsidiaries, the “**Group**”) announces the Group's annual consolidated results for the year ended 31 December 2025.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*for the year ended 31 December 2025*  
*(Expressed in RMB'000)*

		<b>For the year ended</b>	
		<b>31 December</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	3	<b>18,711,196</b>	20,746,774
Cost of sales		<u><b>(18,489,190)</b></u>	<u>(19,967,705)</u>
<b>Gross profit</b>		<b>222,006</b>	779,069
Other income	4	<b>273,250</b>	737,723
Selling and distribution expenses		<b>(900,070)</b>	(967,410)
Administrative expenses		<b>(901,674)</b>	(981,633)
Impairment losses on goodwill and intangible assets	9, 10	<u><b>(299,287)</b></u>	<u>(116,702)</u>
<b>Loss from operations</b>		<b>(1,605,775)</b>	(548,953)
Finance costs	5(a)	<b>(823,017)</b>	(936,721)
Share of profit of associates and a joint venture		<u><b>1,252</b></u>	<u>3,666</u>
<b>Loss before taxation</b>	5	<b>(2,427,540)</b>	(1,482,008)
Income tax	6	<u><b>(62,895)</b></u>	<u>(47,078)</u>
<b>Loss for the year</b>		<u><b>(2,490,435)</b></u>	<u>(1,529,086)</u>
<b>Loss for the year attributable to:</b>			
Ordinary shareholders of the Company		<b>(2,674,355)</b>	(1,708,506)
Perpetual bond holders of the Company	19	<b>90,579</b>	107,127
Non-controlling interests		<u><b>93,341</b></u>	<u>72,293</u>
<b>Loss for the year</b>		<u><b>(2,490,435)</b></u>	<u>(1,529,086)</u>
<b>Basic and diluted loss per share (RMB cents)</b>	7	<u><b>(37.0)</b></u>	<u>(56.0)</u>

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

*for the year ended 31 December 2025*

*(Expressed in RMB'000)*

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the year</b>		<b>(2,490,435)</b>	(1,529,086)
<b>Other comprehensive income for the year (after tax):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of: Financial statements of entities outside the Mainland China		<u>1,187</u>	<u>838</u>
<b>Other comprehensive income for the year</b>		<u><b>1,187</b></u>	<u>838</u>
<b>Total comprehensive income for the year</b>		<b>(2,489,248)</b>	(1,528,248)
<b>Attributable to:</b>			
Ordinary shareholders of the Company		<b>(2,673,168)</b>	(1,707,668)
Perpetual bond holders of the Company	<i>19</i>	<b>90,579</b>	107,127
Non-controlling interests		<u><b>93,341</b></u>	<u>72,293</u>
<b>Total comprehensive income for the year</b>		<u><b>(2,489,248)</b></u>	<u>(1,528,248)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in RMB'000)

		At 31 December	
	Note	2025	2024
		RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		5,492,209	5,855,395
Investment properties		544,899	470,135
Right-of-use assets		2,368,279	2,556,819
Intangible assets	9	1,957,893	2,302,546
Goodwill	10	455,950	534,641
Interests in associates	11	21,089	18,596
Interest in a joint venture	12	32,468	31,259
Deferred tax assets		533,062	703,446
Long-term receivables		438,667	409,825
Other financial assets	16	503,269	511,829
Pledged bank deposits		—	502,440
Time deposits		5,000	—
		<u>12,352,785</u>	<u>13,896,931</u>
<b>Current assets</b>			
Inventories	13	2,810,775	3,306,990
Trade and bills receivables	14	793,682	1,145,086
Prepayments, deposits and other receivables	15	4,717,270	4,838,107
Other financial assets	16	53,811	65,119
Pledged bank deposits		3,725,193	5,391,391
Time deposits		230	1,524
Cash and cash equivalents		844,007	573,088
		<u>12,944,968</u>	<u>15,321,305</u>
<b>Current liabilities</b>			
Loans and borrowings		13,688,765	17,550,020
Lease liabilities		352,495	284,240
Trade and other payables	17	5,104,614	5,470,940
Income tax payables		297,045	348,707
Other financial liabilities	16	17,282	296
		<u>19,460,201</u>	<u>23,654,203</u>
<b>Net current liabilities</b>		<u>(6,515,233)</u>	<u>(8,332,898)</u>
<b>Total assets less current liabilities</b>		<u>5,837,552</u>	<u>5,564,033</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***at 31 December 2025**(Expressed in RMB'000)*

		<b>At 31 December</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>			
Loans and borrowings		<b>2,474,134</b>	2,419,911
Lease liabilities		<b>928,928</b>	1,059,789
Deferred tax liabilities		<b>785,391</b>	899,578
Trade and other payables	<i>17</i>	<b>67,699</b>	108,697
Other financial liabilities	<i>16</i>	<b>—</b>	6,320
		<u><b>4,256,152</b></u>	<u>4,494,295</u>
<b>NET ASSETS</b>		<u><b>1,581,400</b></u>	<u>1,069,738</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>18</i>	<b>901,394</b>	290,228
Perpetual bonds	<i>19</i>	<b>3,820,854</b>	1,947,328
Reserves		<u><b>(4,965,029)</b></u>	<u>(2,594,239)</u>
<b>Total deficit attributable to equity shareholders of the Company</b>		<b>(242,781)</b>	(356,683)
<b>Non-controlling interests</b>		<u><b>1,824,181</b></u>	<u>1,426,421</u>
<b>TOTAL EQUITY</b>		<u><b>1,581,400</b></u>	<u>1,069,738</u>

## NOTES TO THE CONSOLIDATED 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, supply chain business and comprehensive properties business in the People’s Republic of China (the “**PRC**”).

### 2 MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interests in associates and a joint venture.

These consolidated financial statements are presented in Renminbi (“**RMB**”) which is the Group’s presentation currency, rounded to the nearest thousands, except for where otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments are stated at fair value as explained in the accounting policies set out below.

- other investments in securities; and
- derivative financial instruments.

The Group incurred a net loss of RMB2,490 million for the year ended 31 December 2025. As at 31 December 2025, the Group had net current liabilities of RMB6,515 million (as at 31 December 2024: RMB8,333 million) and total deficit attributable to equity shareholders of the Company of RMB243 million (as at 31 December 2024: total deficit attributable to equity shareholders of the Company of RMB357 million). 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 RMB3,162 million and RMB1,592 million, respectively. Notwithstanding these conditions, the Company's consolidated financial statements for the year ended 31 December 2025 have been prepared on a going concern basis and the directors of the Company consider that there is 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.

**(c) 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 financial statements for the current accounting period. The amendments do not have a material impact on these 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.

**3 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 passenger motor vehicles, provision of after-sales services and logistics services. Revenue represents the sales of goods and services rendered to customers.

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>			
Sales of passenger motor vehicles		<b>14,202,038</b>	15,978,627
Provision of mortgage facilitation services	<i>(i)</i>	<b>862,913</b>	1,169,539
Provision of after-sales services		<b>3,268,778</b>	3,194,648
Provision of logistics services		<b>368,349</b>	378,393
Sales of comprehensive properties		<b>9,118</b>	25,567
		<b><u>18,711,196</u></b>	<b><u>20,746,774</u></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 RMB1,169,539,000 for the period from 1 April 2024 to 31 December 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 4).

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 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 and sales of comprehensive properties are recognised at a point in time.
- (iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for passenger vehicles such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of passenger vehicles that had an original expected duration of one year or less.

#### 4 OTHER INCOME

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Service income		162,902	523,160
Interest income		72,232	69,262
Net loss on disposal of property, plant and equipment and right-of-use assets		(5,222)	(4,473)
Dividend income		—	20,280
Net realised and unrealised (loss)/gain on other financial instruments	16	(14,152)	72,622
Gross rentals from investment properties		35,461	38,584
Others		22,029	18,288
		<u>273,250</u>	<u>737,723</u>

#### 5 LOSS BEFORE TAXATION

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

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
<b>(a) Finance costs:</b>			
Interest on loans and borrowings		745,359	848,573
Interest on lease liabilities		71,891	76,760
Other finance costs	(i)	21,977	34,687
Less: Interest capitalised	(ii)	(16,210)	(23,299)
		<u>823,017</u>	<u>936,721</u>

(i) It mainly represents the interest expenses borne by the Group arising from discounting of bills issued to automobile manufacturers.

(ii) The borrowing costs have been capitalised at a rate of 4.1% per annum (2024: 3.7%–5.0%).

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>(b) Staff costs:</b>			
Salaries, wages and other benefits		<b>695,502</b>	746,363
Contributions to defined contribution retirement plans	<i>(iii)</i>	<b>58,055</b>	57,514
Equity settled share-based transactions		<u>—</u>	<u>(1,543)</u>
		<b><u>753,557</u></b>	<b><u>802,334</u></b>

- (iii) 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 Company's and its subsidiaries' 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 Company and its subsidiaries 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.

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
<b>(c) Other items:</b>			
Cost of inventories	13(b)	18,016,686	19,497,902
Depreciation			
— owned property, plant and equipment		356,769	370,413
— right-of-use assets		293,370	321,549
— investment properties		22,501	22,817
Amortisation of intangible assets		128,672	161,922
Lease charge of short-term leases exempt from capitalisation under HKFRS16		28,792	16,188
Net foreign exchange (gain)/loss		(169)	38,684
Impairment losses on			
— intangible assets	9	220,596	84,607
— goodwill	10	78,691	32,095
— property, plant and equipment		126,376	—
Auditors' remuneration			
— annual audit service		9,000	9,800
— other assurance services		4,920	1,000
— other non-assurance services		755	235
		<u>755</u>	<u>235</u>

## 6 INCOME TAX

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Current tax:</b>		
Provision for income tax for the year	6,698	63,733
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	<u>56,197</u>	<u>(16,655)</u>
	<u>62,895</u>	<u>47,078</u>

Reconciliation between income tax and accounting loss at applicable tax rates:

	<i>Note</i>	<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Loss before taxation		<b>(2,427,540)</b>	(1,482,008)
Notional tax on loss before taxation, calculated at PRC income tax rate of 25%		<b>(606,885)</b>	(370,502)
Non-deductible expenses, net of non-taxable income		<b>51,364</b>	70,472
Unused tax losses not recognised, net of utilisation		<b>282,013</b>	104,167
Effect on reversal of deferred tax for future benefits of tax losses		<b>336,716</b>	210,739
Effect of tax concessions of PRC operations	<i>(iii)</i>	—	33,119
Share of profits recognised under the equity method		<b>(313)</b>	(917)
Income tax		<b><u>62,895</u></b>	<b><u>47,078</u></b>

- (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 subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year.
- (iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (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 until 2024.

## 7 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2025 was based on the loss attributable to ordinary shareholders of the Company of RMB2,674,355,000 (2024: RMB1,708,506,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2025 of 7,222,378,342 shares (2024: 3,049,211,428 shares), calculated as follows:

Weighted average number of ordinary shares:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Issued ordinary shares at 1 January	<b>3,330,570,420</b>	2,850,682,420
Effect of issue of ordinary shares	<b><u>3,891,807,922</u></b>	<u>198,529,008</u>
Weighted average number of ordinary shares at 31 December	<b><u>7,222,378,342</u></b>	<u>3,049,211,428</u>
Basic loss per share ( <i>RMB cents</i> )	<b>(37.0)</b>	(56.0)

There were no dilutive potential ordinary shares for the year ended 31 December 2024 and 31 December 2025, therefore, diluted loss per share is equal to basic loss per share.

## **8 SEGMENT REPORTING**

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

### **(1) 4S dealership business**

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

### **(2) Supply chain business**

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

### **(3) Comprehensive properties business**

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

#### ***(a) Segment results, assets and liabilities***

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

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

	4S dealership business		Supply chain business		Comprehensive properties business		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	18,332,692	20,342,814	369,386	378,393	9,118	25,567	18,711,196	20,746,774
Inter-segment revenue	—	—	—	—	—	—	—	—
Reportable segment revenue	<u>18,332,692</u>	<u>20,342,814</u>	<u>369,386</u>	<u>378,393</u>	<u>9,118</u>	<u>25,567</u>	<u>18,711,196</u>	<u>20,746,774</u>
Reportable segment (loss)/profit	<u>(1,525,082)</u>	<u>(1,025,545)</u>	<u>14,258</u>	<u>32,135</u>	<u>603</u>	<u>(32,459)</u>	<u>(1,510,221)</u>	<u>(1,025,869)</u>
Depreciation and amortisation for the year	778,602	858,890	22,710	17,811	—	—	801,312	876,701
Reportable segment assets	14,005,960	16,692,690	774,925	788,940	524,746	440,795	15,305,361	17,922,425
Additions to non-current segment assets during the year	706,769	607,905	6,198	102,630	—	—	712,967	710,535
Reportable segment liabilities	(16,824,885)	(20,603,399)	(370,047)	(388,261)	(556,602)	(473,254)	(17,751,534)	(21,464,914)
Interests in associates and a joint venture	<u>21,089</u>	<u>18,596</u>	<u>32,468</u>	<u>31,259</u>	<u>—</u>	<u>—</u>	<u>53,557</u>	<u>49,855</u>

Reportable segment (loss)/profit does not include impairment losses on goodwill, intangible assets of RMB299,287,000 (2024: RMB116,702,000) recognised for the 4S dealership business for the year ended 31 December 2025 (note 9).

**(b) Reconciliations of reportable segment**

	For the year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment loss	(1,510,221)	(1,025,869)
Unallocated head office expenses	(68,265)	(140,439)
Other income	273,250	737,723
Finance costs	(823,017)	(936,721)
Provision of impairment losses on goodwill and intangible assets	<u>(299,287)</u>	<u>(116,702)</u>
Consolidated loss before taxation	<u>(2,427,540)</u>	<u>(1,482,008)</u>

	<b>At 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets:</b>		
Reportable segment assets	15,305,361	17,922,425
Intangible assets	1,957,893	2,302,546
Goodwill	455,950	534,641
Deferred tax assets	533,062	703,446
Unallocated head office assets	<u>7,045,487</u>	<u>7,755,178</u>
Consolidated total assets	<u><u>25,297,753</u></u>	<u><u>29,218,236</u></u>
<b>Liabilities:</b>		
Reportable segment liabilities	(17,751,534)	(21,464,914)
Income tax payables	(297,045)	(348,707)
Deferred tax liabilities	(785,391)	(899,578)
Unallocated head office liabilities	<u>(4,882,383)</u>	<u>(5,435,299)</u>
Consolidated total liabilities	<u><u>(23,716,353)</u></u>	<u><u>(28,148,498)</u></u>

**(c) Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided, or the goods delivered.

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
PRC	18,512,120	20,746,774
Other countries and regions	<u>199,076</u>	<u>—</u>
Revenue from external customers	<u><u>18,711,196</u></u>	<u><u>20,746,774</u></u>

## 9 INTANGIBLE ASSETS

	Car dealerships/ dealership operation rights RMB'000	Favourable lease contracts RMB'000	Trademark RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2024	4,848,553	36,904	362,732	27,624	363	5,276,176
Additions	—	—	—	5,611	3,103	8,714
At 31 December 2024, and 1 January 2025	4,848,553	36,904	362,732	33,235	3,466	5,284,890
Additions	—	—	—	4,672	—	4,672
Disposal	—	—	—	(1,383)	(1,133)	(2,516)
At 31 December 2025	<b>4,848,553</b>	<b>36,904</b>	<b>362,732</b>	<b>36,524</b>	<b>2,333</b>	<b>5,287,046</b>
<b>Accumulated amortisation:</b>						
At 1 January 2024	1,696,528	36,904	—	23,825	—	1,757,257
Charge for the year	158,244	—	—	853	2,825	161,922
At 31 December 2024, and 1 January 2025	1,854,772	36,904	—	24,678	2,825	1,919,179
Charge for the year	125,292	—	—	3,317	63	128,672
Disposal	—	—	—	(1,383)	(1,076)	(2,459)
At 31 December 2025	<b>1,980,064</b>	<b>36,904</b>	<b>—</b>	<b>26,612</b>	<b>1,812</b>	<b>2,045,392</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	210,845	—	9,751	—	—	220,596
At 31 December 2025	<b>1,119,937</b>	<b>—</b>	<b>163,824</b>	<b>—</b>	<b>—</b>	<b>1,283,761</b>
<b>Net book Value:</b>						
At 31 December 2025	<b>1,748,552</b>	<b>—</b>	<b>198,908</b>	<b>9,912</b>	<b>521</b>	<b>1,957,893</b>
At 31 December 2024	2,084,689	—	208,659	8,557	641	2,302,546

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

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 year 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. In conjunction with annual impairment test for goodwill, 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 31 December 2025. Based on the management's assessment result, the Group recognised impairment losses of goodwill and intangible assets — car dealership/dealership operation rights of RMB78,691,000 and RMB210,845,000, respectively, for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" for the year ended 31 December 2025 (2024: RMB32,095,000 and RMB76,161,000, respectively). 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.

#### **Key assumptions used in the value-in-use calculation for CGUs containing intangible assets — car dealerships/dealership operation rights and/or goodwill**

Key assumptions used in the value in use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, (iii) working capital as a percentage of revenue and (iv) discount rates.

The key inputs and assumptions used in the impairment test for the year of 2025 and 2024 are listed as follows:

**As at 31 December 2025**

<b>Inputs</b>	<b>2026</b>	<b>2027</b>	<b>2028 ~ 2030</b>
Annual Revenue Growth Rate	-9.1% ~ 9.3%	2.4% ~ 11.8%	2.0% ~ 9.0%
Gross Profit Margin	-4.9% ~ 11.6%	0.1% ~ 12.5%	
Working Capital as a % of Revenue	-17.7% ~ 15.3%	-16.7% ~ 15.0%	

**As at 31 December 2024**

<b>Inputs</b>	<b>2025</b>	<b>2026</b>	<b>2027 ~ 2029</b>
Annual Revenue Growth Rate	-1.8% ~ 14.5%	3.6% ~ 10.4%	3.2% ~ 35.0%
Gross Profit Margin	-1.1% ~ 11.4%	2.2% ~ 13.3%	
Working Capital as a % of Revenue	-11.8% ~ 17.6%	-11.6% ~ 17.3%	

The estimates and assumptions are based on premises that are derived from the latest information available to the management. In particular, they have taken into account the actual financial performance achieved in the second half of 2025 and the realistic expectations of the future macroeconomic and industry-specific developments given the latest changes to the operating environment.

The pre-tax discount rate applied to the impairment test was within a range from 12% to 14% (2024: 12% to 14%) which reflected current market assessment of the time value of money and the risk specific to CGUs.

There have been no changes in the valuation methods used compared with those adopted in the year ended 31 December 2024.

**Intangible assets — trademark**

The trademark, arising from the acquisition of Top Globe Limited, has an indefinite useful life because it is expected to contribute net cash inflows to the Group indefinitely. The fair value of the trademark as at the acquisition date was determined by using the relief from royalty method.

Management engaged an external valuer to assist with an impairment assessment on the carrying amount of the trademark. Due to the operating results of certain 4S dealership stores under Top Globe Limited were significantly lower than forecast. Management has revisited the five-year financial budgets of these stores, and the carrying amount of trademark was impaired by RMB9,751,000 as at 31 December 2025 (2024: RMB8,446,000).

## 10 GOODWILL

*RMB'000*

**Cost:**

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

**Accumulated impairment losses:**

At 1 January 2024 1,439,599

Additions 32,095

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

Additions 78,691

At 31 December 2025 1,550,385

**Carrying amount:**

At 31 December 2025 455,950

At 31 December 2024 534,641

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

	<b>At 31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
4S dealership business	<u>455,950</u>	<u>534,641</u>

As mentioned in note 9 above, impairment losses of RMB78,691,000 (2024: RMB32,095,000) 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 INTERESTS IN ASSOCIATES

Associates are accounted for using the equity method in the consolidated financial statements. Information of the associates that are not individually material:

	At 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts of the Group's share of the associates		
— Profit/(loss) for the year	43	(795)
Total comprehensive income	43	(795)
Carrying amount of individually immaterial associates in the consolidated financial statements	21,089	18,596
Total carrying amount of interest in associates	21,089	18,596

## 12 INTEREST IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			
				Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shanghai Yige Science & Technology Trading Co., Ltd. ("Shanghai Yige")	Incorporated	Mainland China	Registered capital RMB15,000,000	50%	—	50%	Sales of lubricant oil

Information of the joint venture:

	At 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts of the Group's share of a joint venture		
— Profit for the year	1,209	4,461
Total comprehensive income	1,209	4,461
Carrying amount of the joint venture in the consolidated financial statements as at 31 December	32,468	31,259

## 13 INVENTORIES

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

	At 31 December	
	2025	2024
	RMB'000	RMB'000
<b>4S dealership business</b>		
Motor vehicles	2,072,454	2,655,612
Automobile spare parts	276,105	258,865
Others	51,092	52,691
	<u>2,399,651</u>	<u>2,967,168</u>
<b>Comprehensive properties business</b>		
Properties under development for sale	411,124	339,822
	<u>2,810,775</u>	<u>3,306,990</u>

Inventories with carrying amount of RMB947,430,000 have been pledged as security for the bills payable as at 31 December 2025 (2024: RMB1,100,283,000).

Inventories with carrying amount of RMB504,191,000 have been pledged as security for loans and borrowings from banks and other financial institutions as at 31 December 2025 (2024: RMB922,132,000).

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

	Note	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Carrying amount of inventories sold		17,977,456	19,428,726
Write down of inventories		42,013	70,603
Reversal of write-down of inventories	(i)	<u>(2,783)</u>	<u>(1,427)</u>
		<u>18,016,686</u>	<u>19,497,902</u>

(i) The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain motor vehicles as a result of a change in consumer preferences.

## 14 TRADE AND BILLS RECEIVABLES

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	793,682	1,145,001
Bills receivable	—	85
	<u>793,682</u>	<u>1,145,086</u>

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

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

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Within 3 months	791,845	1,139,432
More than 3 months but within 1 year	287	2,159
Over 1 year	1,550	3,495
	<u>793,682</u>	<u>1,145,086</u>

## 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	At 31 December	
		2025	2024
		RMB'000	RMB'000
Prepayments		384,827	272,164
Deposits		269,762	239,213
Other receivables	(i)	4,062,280	4,326,730
Receivables due from related parties		401	—
		<u>4,717,270</u>	<u>4,838,107</u>

- (i) Other receivables include vendor rebates receivables of RMB3,566,082,000 (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.

## 16 OTHER FINANCIAL ASSETS/LIABILITIES

	<i>Notes</i>	<b>At 31 December</b>	
		<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other financial assets carried at FVPL</b>			
<b>Current</b>			
Wealth management products	<i>(i)</i>	42,569	56,475
Forward contracts	<i>(ii)</i>	1,971	-
Option contracts	<i>(iii)</i>	9,271	6,775
Swap contracts	<i>(v)</i>	—	1,869
		<u>53,811</u>	<u>65,119</u>
<b>Non-current</b>			
Equity investment in Dongfeng Logistics	<i>(iv)</i>	503,269	501,715
Option contracts	<i>(iii)</i>	—	10,114
		<u>503,269</u>	<u>511,829</u>
		<u>557,080</u>	<u>576,948</u>
<b>Other financial liabilities carried at FVPL</b>			
<b>Current</b>			
Option contracts	<i>(iii)</i>	—	(191)
Swap contracts	<i>(v)</i>	(17,282)	(105)
		<u>(17,282)</u>	<u>(296)</u>
<b>Non-current</b>			
Swap contracts	<i>(v)</i>	—	(6,320)
		<u>—</u>	<u>(6,320)</u>
		<u>(17,282)</u>	<u>(6,616)</u>

- (i) As at 31 December 2025, wealth management products included investment in wealth management products purchased from Western Trust Co., Ltd. (“**Western Trust**”) of RMB42,246,000 (as at 31 December 2024: RMB56,137,000) and investments with banks in the PRC of RMB323,000 (as at 31 December 2024: RMB338,000).

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. An unrealised loss for the investment of RMB13,891,000 was recognised in other income for the year ended 31 December 2025 (2024: RMB24,825,000).

The remaining wealth management products represented the investments with banks. These investments with no guarantee of principal and interest were classified as FVPL.

During the year ended 31 December 2025, the net realised/unrealised gain for these investments of RMB1,120,000 was recognised in other income in the consolidated statement of profit or loss (2024: RMB1,125,000).

- (ii) Forward contracts are used to mitigate the effect of the Group's foreign currency exposure arising from the loans and borrowings. A financial asset or a financial liability is recognised for each unsettled forward contract as at 31 December 2025 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different forward contracts.

During the year ended 31 December 2025, the net realised/unrealised gain of RMB7,923,000 from the forward contracts (2024: RMB308,000) was recognised in other income in the consolidated statement of profit or loss.

- (iii) The Group entered into several USD/RMB foreign currency option contracts with PRC banks in order to manage the Group's foreign currency risk. The Group is required to transact with banks for designated notional amount on each of the valuation dates specified within the respective contracts ("**Valuation Date**").

At the Valuation Date, the reference rate, which represents the spot rate as specified within the respective contracts, shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the banks an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

During the year ended 31 December 2025, net realised/unrealised gain of RMB100,000 (2024: RMB74,408,000) from the option contracts was recognised in other income in the consolidated statement of profit or loss.

- (iv) Equity investment in Dongfeng Logistics

As at 31 December 2025, the fair value of 8.66% equity investment in Dongfeng Logistics was RMB503,269,000 (as at 31 December 2024: RMB501,715,000), in accordance with the valuation report issued by an external valuer on 26 March 2026, and a gain arising from fair value change of RMB1,554,000 (2024: gain of RMB4,183,000) were recognised in other income in the consolidated statement of profit or loss for the year ended 31 December 2025.

During the year ended 31 December 2025, no dividend income was received by the Group from Dongfeng Logistics (2024 dividend income: RMB20,280,000).

- (v) Swap contracts are used to mitigate the effect of the Group's variable interest rate risk exposure arising from the loans and borrowings denominated in the USD and HKD. A financial asset or a financial liability is recognised for each unsettled swap contract as at 31 December 2025 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different swap contracts.

During year ended 31 December 2025, net realised/unrealised loss of RMB10,958,000 from the swap contracts (2024: gain of RMB17,423,000) was recognised in other income in the consolidated statement of profit or loss.

The Group did not formally designate or document the hedging transactions with respect to the forward contracts, option contracts and swap contracts. Therefore, those transactions were not designated for hedge accounting.

## 17 TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>At 31 December</b>	
		<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Current</b>			
Trade payables		<b>297,565</b>	378,473
Bills payable	<i>(i)</i>	<b>3,415,470</b>	3,517,268
		<b>3,713,035</b>	3,895,741
Contract liabilities	<i>(ii)</i>	<b>863,405</b>	948,918
Other payables and accruals		<b>475,121</b>	572,251
Payables due to related parties		<b>53,053</b>	54,030
		<b>5,104,614</b>	5,470,940
<b>Non-current</b>			
Long-term payables		<b>67,699</b>	108,697
		<b>5,172,313</b>	5,579,637

- (i) Bills payable of RMB2,316,807,000 as at 31 December 2025 (2024: RMB2,842,455,000) were secured by pledged bank deposits amounting to RMB2,062,657,000 (2024: RMB1,928,291,000).

Bills payable of RMB1,663,156,000 as at 31 December 2025 (2024: RMB3,409,756,000) were secured by inventories amounting to RMB947,430,000 (2024: RMB1,100,283,000) (note 13).

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

	<b>At 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Within 3 months	<b>3,074,950</b>	3,256,258
Over 3 months but within 6 months	<b>636,949</b>	634,230
Over 6 months but within 12 months	<b>1,136</b>	5,253
	<b>3,713,035</b>	3,895,741

- (ii) The amount of revenue recognised in the year that was included in the contract liabilities balance at the beginning of the year was RMB883,824,000 (2024: RMB833,517,000).

## 18 CAPITAL AND DIVIDENDS

### (a) Dividends

- (i) No final dividend was proposed after the end of reporting periods of years ended 31 December 2025 and 2024.
- (ii) No dividend was proposed in respect of the previous financial years, approved and paid during the years ended 31 December 2025 and 2024.

### (b) Share capital

Movements in the authorised share capital of the Company during the year 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>20,000,000</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 31 December	<u>10,016,051</u>	<u>1,001,605</u>	<u>3,346,990</u>	<u>334,699</u>
RMB equivalent ('000)		<u>901,394</u>		<u>290,228</u>

- (i) 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.

## 19 PERPETUAL BONDS

### Perpetual Bond 1

On 28 February 2023, 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 year ended 31 December 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 year ended 31 December 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 debt with no fixed maturity (“**Perpetual Bond 3**”) and is callable at the Company’s option. Coupon interest are paid annually in arrears and may be deferred at the discretion of the Company. The coupon interest rate has been adjusted from 8.5% to 4.3% per annum, effective from 1 January 2025.

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, 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.

During the year ended 31 December 2025, the principal amount of RMB500 million of Perpetual Bond 4 has been repaid to the relevant bond holder.

### **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. The coupon interest rate has been adjusted from 5.0% to 4.3% per annum, effective from 1 January 2025.

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 4 June 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 4.3% 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.

#### **Perpetual Bond 10**

On 26 December 2025 and 30 December 2025, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB500 million and RMB200 million at an initial interest rate of 4.9% and 5.5% per annum (“**Perpetual Bond 10**”), respectively. The proceeds from issuance of the Perpetual Bond 10 were RMB700 million. Coupon interest of 4.9% and 5.5% 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 10 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 7**”). 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 7.9% and 8.5%, respectively, if the Call Option 7 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 8.0% 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 10, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

#### **Perpetual Bond 11**

On 31 December 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 RMB737,933,000 under loan and borrowings due to related parties, were

converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 11**”) and is callable at the Company’s option. Coupon interest of 4.3% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 11, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

#### **Perpetual Bond 12**

On 31 December 2025, ITG Holdings entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG Holdings to the Company with a principal amount of principal amount of RMB657,700,000 under loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity (“**Perpetual Bond 12**”) and is callable at the Company’s option. Coupon interest of 4.3% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 12, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

As the Perpetual Bonds 1 to 12 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 12 are classified as equity and distributions, if and when declared, are treated as equity dividends.

Perpetual Bond 3, 5, 9, 11 and 12 were recorded directly in equity attributable to equity shareholders of the Company. During the year ended 31 December 2025, the profit attributable to the holders of Perpetual Bonds 3, 5, 9, 11 and 12 based on the applicable coupon interest rate, amounted to RMB90,579,000 (2024: RMB107,127,000), and RMB112,686,000 has been distributed to the relevant bond holders (2024: nil).

Except for Perpetual Bond 3, 5, 9, 11 and 12, 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 attributable directly or indirectly 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 year ended 31 December 2025, the profit attributable to the holders of these Perpetual Bonds based on the applicable coupon interest rate, amounted to RMB94,061,000 (2024: RMB73,135,000), and RMB95,581,000 has been distributed to the relevant bond holders (2024: RMB71,102,000).

## 20 CONTINGENT LIABILITIES

- (a) In 2018, Wuhan Zhengtong, a subsidiary of the Company, and 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 31 December 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 31 December 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 dated 26 March 2026, the estimated net realisable amount of parts of the corresponding collaterals, calculated as fair value less cost to sell, was RMB625 million as at 31 December 2025 (31 December 2024: RMB627 million).

In accordance with a PRC legal opinion obtained by the Company from an external legal advisor, the 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 31 December 2025 (31 December 2024: nil).

As at 31 December 2025, except for the aforementioned contingencies, the Group did not have any other material contingent liabilities.

## 21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### (a) Major and connected transaction in relation to the acquisition of 4S dealership and automobile sales and export business

On 5 December 2025, the Group entered into a sale and purchase agreement (the “**Acquisition Agreement (PRC)**”) with Xiamen Xindeco Ltd. (“**Xiamen Xindeco**”) and Xindeco ITG Automobile Group Co., Ltd (“**Xindeco ITG Automobile**”) for the acquisition of 100% of the equity interest of Xindeco ITG Automobile for the provisional acquisition price of approximately RMB793.49 million (the “**Acquisition (PRC)**”). Xindeco ITG Automobile is the holding company of Xiamen Xindeco’s 4S dealership and automobile sales and export business in the PRC. On the same day, the Group entered into another sale and purchase agreement (the “**Acquisition Agreement (Thailand)**”) with Hong Kong Sindanol Limited (“**Sindanol**”) and Xindeco Resources (Singapore) Pte. Ltd. (“**Xindeco (Singapore)**”) and ITG Auto (Thailand) Co., Ltd. (“**ITG Auto (Thailand)**”) for the acquisition of 100% of the issued share capital of ITG Auto (Thailand) for the provisional acquisition price of approximately RMB22.13 million (the “**Acquisition (Thailand)**”). ITG Auto (Thailand) is at the start up stage of setting up an outlet for sale of automobiles in Thailand and has not commenced substantive operation. Collectively, Xindeco ITG Automobile and its subsidiaries and ITG Auto (Thailand) represent the entire 4S dealership and automobile sales and export business of Xiamen Xindeco.

On 20 January 2026, the Acquisition (PRC) and the Acquisition (Thailand) (collectively, the “**Acquisition**”) was approved by the independent shareholders of the Company at the extraordinary general meeting. Following the approval of the Acquisition by the independent shareholders of the Company, the Acquisition was completed on 12 March 2026.

**(b) Major and connected transaction in relation to the disposal of Shenzhenshi Huianqi Investment Advisory Co., Ltd. (“Shenzhenshi Huianqi”)**

On 7 January 2026, the Group entered into an equity interest transfer agreement with the Xiamen Xinda Information Co., Ltd. (the “**Disposal Purchaser**”), pursuant to which the Group has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to acquire, the entire equity interest of Shenzhenshi Huianqi (together with its subsidiary, the “**Disposal Group**”), and the Disposal Purchaser has conditionally agreed to accept and bear certain related debts owed by the Disposal Group to the Group (the “**Disposal**”). The principal asset of the Disposal Group is a parcel of land located at Shenzhen, China, which is included in the reportable assets in the 4S dealership business segment. The provisional consideration for the Disposal is approximately RMB803.1 million and the final consideration is subject to an upward adjustment to reflect any increase of the related debts from 31 March 2025 to the last day of the calendar month in which completion takes place.

On 12 February 2026, the Disposal was approved by the independent shareholders of the Company at the extraordinary general meeting, the completion of the Disposal has not yet taken place as at the date of this announcement and the financial effect of the Disposal is subject to the determination of the final consideration.

## **BUSINESS REVIEW**

In 2025, against the backdrop of a complex and volatile global macroeconomic environment, the transformation and evolution of China's automotive industry continued to accelerate. As the penetration rate of new energy vehicles (NEVs) surpassed the critical threshold of 50%, the industry officially entered the 2.0 era of competition, characterized by a strategic focus on intelligence. In the face of severe challenges, including the rapid contraction of the internal combustion engine (ICE) vehicle market, intensifying price wars, and accelerated industry consolidation, the Group focused on its new energy transformation and upgrade. The Group accelerated the incubation of emerging businesses and expanded its international footprint, diligently cultivating new growth drivers. Through these endeavors, the Group achieved steady progress amid the industry's deep adjustment phase.

For the year ended 31 December 2025, the Group recorded a revenue of approximately RMB18,711.2 million, representing a decrease of approximately 9.8% as compared to the corresponding period last year, and a gross profit of approximately RMB222.0 million, representing a decrease of approximately 71.5% as compared to the corresponding period last year.

In 2025, the Group's stores collectively received over 300 awards and honors from automotive manufacturers, local governments, industry media, industry associations, and other entities. During the reporting period, the Group ranked 21st on the 2025 China Automobile Dealership Group Top 100 List, was included in the "2025 China Automobile Dealership Group — New Energy Vehicle Sub-ranking", and received the "Pioneer Enterprise in New Energy Transformation" and "Pioneer Enterprise in Digital and Intelligent Transformation" awards.

### **(I) Automobile dealership segment**

In 2025, the Group focused on a three-pronged strategy of solidifying its position in the traditional luxury ICE vehicle segment, accelerating new energy transformation, and expanding ancillary businesses, while driving innovation in business models and enhancing refined operational management to improve quality and efficiency, thereby supporting business growth.

#### ***1. Passenger vehicle sales business***

In 2025, the Group implemented a series of proactive measures to strengthen procurement management and optimize marketing strategies, thereby improving the new and pre-owned vehicle inventory structure and maintaining a healthy inventory status. Inventory days decreased on a month-over-month basis throughout the second half of the year. At the same time, the Group actively leveraged various subsidy policies to drive vehicle replacement business, enhance customer loyalty, and support sales growth.

With respect to procurement management, the Group implemented advanced management of monthly procurement plans and adopted a scientific approach to new and pre-owned vehicle procurement, thereby alleviating inventory pressure at the source. A weekly and monthly cross-depot inventory monitoring mechanism was established to dynamically monitor inventory levels, mitigate risks associated with stock, and strengthen process control. The Group also set up a cross-regional resource coordination and transfer mechanism for vehicles of the same brand, leveraging the Group's network advantages to maximise internal synergies. This enabled appropriate resource reallocations within sales policy guidelines, expanding sales opportunities and accelerating inventory turnover. A mandatory liquidation mechanism for aged inventory was introduced, under which long-aging vehicles are channeled into the used car market through internal coordination and resource synergies, thereby expanding sales opportunities and accelerating inventory reduction.

In terms of marketing strategy, the Group actively optimized the management of vertical media and new media platforms, which increased the number of stores whose dealer sales lead rankings on vertical media platforms reached the top 30% among dealers in the same city. At the same time, the Group guided individual stores to enhance lead generation and transaction conversion through new media channels, resulting in a sustained increase in the overall proportion of orders derived from new media. In parallel, the Group seized policy opportunities and capitalized on key marketing moments by organizing group-level sales and marketing campaigns such as the May Day Auto Festival and the Double 12 Warm Winter Service Season. These campaigns leveraged the Guomaohui platform to provide online technical support and gift incentives for vehicle orders, thereby enhancing the car-buying experience and customer satisfaction, while achieving counter-cyclical growth in sales orders during the campaign periods.

During the reporting period, the Group also placed significant emphasis on empowering sales operations through new media marketing. In 2025, the Group organized large-scale new media training sessions covering all subsidiaries, conducted one new media challenge competition, and produced 952 video postings and 1,467 live streaming sessions, which attracted 800,000 viewers. Through these initiatives, the Group generated approximately 440,000 sales leads via new media platforms such as Douyin live streaming and short videos, representing a year-on-year increase of approximately 88%. New media leads resulted in 9,867 vehicle orders, accounting for approximately 18.3% of total orders, with model stores achieving a new media order contribution of approximately 40%.

For the year ended 31 December 2025, the Group's new automobile sales totaled 57,909 units, representing a year-on-year increase of 5.19%.

## **2. *After-sales services business***

In 2025, guided by the service philosophy of “Professional Care, Seamless Support”, and building upon the refined operations and proactive marketing initiatives implemented in after-sales services in 2024, the Group further advanced the upgrade of its after-sales service toward systematization, digitalization and collaboration. With a focus on enhancing customer experience, the Company continuously improved service efficiency and customer satisfaction through process optimization, strengthened supervision, and the promotion of digitalization.

With respect to service process and system optimization, the Company concurrently formulated and issued policy documents such as the Vehicle Entry and Exit Management Regulations, Service Entitlement Management Measures, and After-Sales Maintenance Management Measures, which clarified service standards and responsibilities while enhancing service response efficiency. At the same time, the Company advanced process digitalization by implementing end-to-end online services, including intelligent renewal reminders, online appointment, and repair progress follow-up, thereby improving service transparency and convenience.

In terms of strengthening accountability mechanisms and service supervision, the Company implemented a management accountability system to ensure service process traceability and clear allocation of responsibilities. Regular store inspections and joint audits were conducted to assess the implementation of policies and processes, thereby facilitating the effective execution of service standards. A closed-loop mechanism encompassing “demand identification, updates, and feedback” was also established, enabling real-time monitoring of repair progress based on vehicle usage conditions to ensure customer satisfaction.

For the year ended 31 December 2025, the Group provided after-sales service for 1,054,622 vehicles in total and recorded revenue from after-sales service of approximately RMB3,268.8 million.

### **3. *Pre-owned automobile and insurance agency business***

#### **3.1 *Pre-owned automobile business***

In 2025, driven by regulated industry policies, China's pre-owned automobile market continued to scale up and develop in a more standardized manner, with transaction volumes accelerating at an increasingly rapid pace. According to official data released by China Automobile Dealers Association, the cumulative transaction volume of pre-owned automobiles in China reached approximately 20,108,000 units in 2025, representing a year-on-year growth of approximately 2.5%.

Seizing this market opportunity, the Group refined the operating systems of its pre-owned automobile retail centers in Beijing, Shenzhen, Guangzhou, Wuhan, and other cities. Through centralized personnel management, enhanced assessment criteria, a strengthened performance-driven approach, and revitalized team dynamics, the Group continuously evolved its market-based pricing model for pre-owned automobiles. It also reinforced price controls across pre-owned automobile procurement, wholesale, and retail operations at regional stores, adjusted sales channels, and focused on strengthening retail capabilities, thereby driving steady growth in its pre-owned automobile business.

For the year ended 31 December 2025, the Group recorded a used-to-new car ratio of 32.6%, representing an increase of 4.2 percentage points as compared with the previous year.

#### **3.2 *Auto finance business***

In 2025, the Group continued to deepen its extensive collaboration with various auto finance companies and financial institutions 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, extended the terms of financial products and expanded the scale and coverage of financial product offerings, further enhancing service coverage and precision.

For the year ended 31 December 2025, the Group generated approximately RMB862.9 million in revenue from its mortgage loan support services.

### *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, primarily serves the 4S stores of ZhengTong and their existing customers, focusing on the auto insurance renewal business. During the reporting period, it successively established renewal centers in Wuhan and Beijing, consolidating regional renewal resources and leveraging specialized operational advantages to achieve improvements in both renewal volume and efficiency. The total number of insured vehicles reached 247,000 during the reporting period.

Meanwhile, Dingze Insurance Agency also provided support for the Group’s non-auto insurance business. During the reporting period, Dingze Insurance Agency continued to deepen collaboration with insurers, optimizing the Group’s “Double Insurance Worry-Free” and courtesy car insurance programs to enhance the competitiveness of the Group’s insurance products and provide more comprehensive coverage for customers’ automobiles. Additionally, it designed property insurance proposal recommendations for the Group’s stores, secured optimal property insurance premium rates, and provided professional support for subsequent claims processing, thereby safeguarding the Group’s property and protecting customer interests.

#### **Network Development and Footprint**

As a leading auto dealership group of premium brands in the PRC, the Group represents established mass-market premium brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover and Cadillac, and has also become a key dealer for the new energy vehicle brands AITO and HIMA (LUXEED, STELATO, MAEXTRO and SAIC). In addition, the Group is engaged in the distribution of mid-tier brands such as FAW-Volkswagen, FAW-Toyota, Buick, and Dongfeng Honda, as well as domestic brands including Hongqi and Great Wall Haval.

As industry transformation trends became increasingly clear, the Group decisively phased out underperforming brands. As of 31 December 2025, the Group operated 89 operational outlets across 35 cities in 14 provinces and municipalities. In addition, the Group had eight authorized and under-construction dealership outlets, all of which are new energy vehicle brands, comprising one AITO user center, five HIMA brand user centers, and one Geely Galaxy user center, etc.

The Group has established connections with multiple new energy vehicle manufacturers and maintained a continued presence in the new energy sector. During 2025, the Group opened eight new energy user centers, including two AITO user centers and six HIMA brand user centers.

The following table sets forth the details of the Group's dealership stores as of 31 December 2025:

	<b>Dealership stores in operation</b>	<b>Dealership stores in development</b>	<b>Total</b>
5S/4S stores for high-end brands	55	0	55
4S stores for mid-to-high-end and new energy brands	15	8	23
Urban showrooms for high-end brands	2	0	2
Authorized repair centers for high-end brands	3	0	3
Showrooms for mid-end and new energy brands	0	0	0
Mid-end and new energy brand service centers	3	0	3
Self-operated stores	<u>11</u>	<u>0</u>	<u>11</u>
Total	<u><u>89</u></u>	<u><u>8</u></u>	<u><u>97</u></u>

The Group fully leveraged its network resources to accelerate the conversion of underperforming brands and the revitalization and leasing of properties to improve the overall resource utilization rate. During the year, the Group completed business transformation and optimization of 14 dealership outlets. The direction of transformation includes brand replacement, downsizing the original brands while adding new brands, and leasing premises to new energy OEMs or other distributors. These transformations covered a number of cities including Beijing, Shenzhen, Wuhan, Nanjing, Foshan, Zhuhai, Jieyang, Shantou and Suzhou.

In terms of long-term network expansion strategies, the Group will continue to consolidate the foundation of mid-to-high-end automobile brands, strengthen its strategic partnership status with brand OEMs and continuously optimize brand portfolio and dealership profitability. At the same time, the Group will focus on market opportunities from new energy and new distribution models, deepen comprehensive cooperation with OEMs of new energy brands and accelerate its transition toward new energy brands. The Group will proactively analyze the development trends and directions of the automobile dealership industry, consolidate the Group's resources in all aspects, and focus on areas with strong potential to improve the utilization rate of existing properties while delivering relatively stable and predictable returns, including comprehensive after-sales service, pre-owned automobile, insurance agency, internationalization and other relevant sectors, so as to develop new growth drivers.

## **(II) Supply chain business**

Shengze Jietong Supply Chain Co., Limited\* (聖澤捷通供應鏈有限公司) (“**Shengze Jietong**”), a wholly-owned subsidiary of the Group, primarily provides three core services in the automotive aftermarket (finished vehicle logistics, warehousing logistics, and parts logistics) for mainstream automotive manufacturers including Dongfeng Nissan and FAW-Volkswagen. In 2025, its total annual revenue was approximately RMB368.3 million.

In 2025, leveraging the resource advantages of the Hannan Logistics Base and the stable operation of its Finished Vehicle Logistics STS System and Parts Warehousing WMS System, Shengze Jietong achieved rapid warehouse receiving, precise sorting, and efficient distribution, further strengthening its warehousing and logistics service capabilities and market competitiveness.

During the year, Shengze Jietong completed finished vehicle logistics dispatch volume of 206,000 units. It maintained a spare parts warehouse leasing area of 45,000 square meters and a vehicle storage leasing area of 72,000 square meters. It continued to deepen its cooperation with Dongfeng Nissan and FAW-Volkswagen, while acquiring new clients such as Geely New Energy, Xpeng Motors, and Renault, and expanded into new business scenarios across finished vehicle transportation, national warehousing and distribution, and parts delivery. In addition, it rigorously controlled costs through transportation route optimization (e.g., shifting from road to water transport), adjustments to distribution hubs, and centralized procurement, while actively expanding business channels, and successfully won bids for several new projects, effectively enhancing business output and operating profit.

## **(III) Emerging business**

The international business segment represents a strategic growth segment for the Group and serves as an important pillar for expanding revenue scale and enhancing profitability. The Group proactively seized overseas market opportunities, accelerated the expansion of its international business footprint, and achieved rapid and substantial development. The Group added eight new overseas warehouses, bringing the total number of overseas warehouses to 11, covering key regions including Central Asia, the Middle East, Africa, Latin America, and Europe. Export operations entered new markets such as Poland, Spain, Libya, and Egypt for the first time. Building on this foundation, the Group further extended its overseas automotive supply chain business, establishing an “overseas warehouse plus open account” business model supported by export credit insurance, thereby enriching the supply chain solutions offered to overseas customers and creating a competitive edge. Concurrently, the Group accelerated the development of local operations in overseas markets by deploying localized teams in Thailand and Indonesia to assess and validate the feasibility of dealership models, preparing the groundwork for the development of local dealership businesses.

During the year, the business team actively expanded its outreach and conducted extensive visits to major domestic manufacturers. The Group obtained its first annual export authorization for new vehicles from Dongfeng Motor and successfully completed its inaugural transaction, while also establishing strategic cooperation intentions with FAW Bestune International, Dongfeng Import and Export, and Chery International.

In addition, the Group actively explored the feasibility of implementing other innovative business models to enrich its business ecosystem, cultivate diverse growth drivers, and inject new vitality into the Group's high-quality development.

#### **(IV) Management improvement**

In 2025, the Group focused on key areas such as organizational optimization, internal supervision, risk prevention, digitalization, and cost reduction and efficiency enhancement, and continuously strengthened its management foundation to provide solid support for business development.

In terms of organization optimization, the Group further refined its organizational structure by restructuring the original brand divisions into business units, narrowing operational focus, enhancing regional coordination and centralized headquarters management, and optimizing performance assessment and incentive mechanisms.

In terms of internal supervision, the Group continued to improve its policies and internal control systems, and efficiently advanced the formulation and revision of management policies related to budgeting, operations, human resources, asset procurement, and leasing, thereby ensuring operational compliance, asset safety and integrity, and information reliability and accuracy.

In terms of risk prevention, the Group remained closely aligned with the practical needs of business development and continued to advance the iteration and optimization of its risk control framework. Through measures such as improving the policy management framework, conducting routine dynamic risk monitoring, and strengthening targeted risk prevention for emerging businesses, the Company's risk management capabilities are increasingly shifting toward proactive prevention, targeted breakthroughs, and in-depth oversight.

In terms of digitalization, guided by the transition objective of "customer value orientation", the Group vigorously promoted the construction and implementation of the integrated finance and operations "Cangqiong System". Anchored in enhancing employee experience and guided by a customer-centric vision, the Group has built a comprehensive digital service framework that is ecosystem-wide, multi-touchpoint, scenario-based, and available around the clock.

In terms of cost reduction and efficiency enhancement, the Group promoted a company-wide cost-conscious mindset and implemented a range of measures to control personnel costs, reduce financing expenses, and save on advertising and leasing expenditures. Meanwhile, it orderly divested non-core businesses such as real estate to alleviate operational burdens.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2025, the Group recorded a revenue of approximately RMB18,711.2 million, representing a decrease of approximately 9.8% as compared to the revenue of approximately RMB20,746.8 million in 2024. The decrease in revenue was mainly due to a decrease in sales volume of new automobiles.

Revenue of the Group was derived from the sales of passenger vehicles, after-sales services, mortgage facilitation services and other businesses. In 2025, revenue from the sales of passenger vehicles amounted to approximately RMB14,202.0 million, representing a decrease of approximately 11.1% as compared to approximately RMB15,978.6 million in 2024, and accounting for approximately 75.9% of the total revenue in 2025 (corresponding period in 2024: 77.0%).

In 2025, revenue from the after-sales services was approximately RMB3,268.8 million, representing an increase of approximately 2.3% as compared to approximately RMB3,194.6 million in 2024. In 2025, revenue from the after-sales services accounted for approximately 17.5% of the total revenue (corresponding period of last year: approximately 15.4%).

### **Cost of sales**

For the year ended 31 December 2025, the Group's cost of sales decreased by approximately 7.4% to approximately RMB18,489.2 million as compared to approximately RMB19,967.7 million in 2024, which was due to a decrease in cost of sales of new automobiles. In 2025, cost of sales for new automobiles of the Group decreased by approximately 9.1% to approximately RMB16,052.4 million from approximately RMB17,661.1 million in 2024, which was due to a decrease in average price for new automobiles procurement. Cost of after-sales services increased by approximately 8.6% to approximately RMB2,155.9 million from approximately RMB1,984.8 million in 2024, mainly due to an increase in revenue from after-sales services.

### **Gross profit and gross profit margin**

For the year ended 31 December 2025, the Group's gross profit decreased by approximately 71.5% to approximately RMB222.0 million from approximately RMB779.1 million in 2024, and the gross profit margin decreased by approximately 2.6 percentage points to approximately 1.2% from 3.8% in 2024, which was mainly due to a decrease in the selling price of new automobiles.

### **Selling and distribution expenses**

For the year ended 31 December 2025, the Group's selling and distribution expenses decreased by approximately 7.0% to approximately RMB900.1 million from approximately RMB967.4 million in 2024, which was mainly due to a reduction in depreciation of selling expenses following store closures and a decrease in staff costs.

### **Administrative expenses**

For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB901.7 million, representing a decrease of approximately 8.1% from approximately RMB981.6 million in 2024, which was mainly due to a reduction in depreciation of management expenses following store closures and a decrease in exchange loss.

### **Impairment losses on goodwill and intangible assets**

For the year ended 31 December 2025, in light of the macroeconomic environment, weak spending power domestically, the imbalance between supply and demand of passenger vehicles, and promotion models of automobile dealers in China, impairment of goodwill and intangible assets — car dealerships/dealership operation rights and trademark amounted to approximately RMB78.7 million and RMB220.6 million respectively. This has been recognised in the consolidated statement of profit or loss, following impairment test with the assistance of the external valuer. For further details, please refer to Notes 9 and 10 of the Notes to the Consolidated Financial Statements.

### **Loss from operations**

For the year ended 31 December 2025, the Group's loss from operations was approximately RMB1,605.8 million, as compared to the loss from operations of approximately RMB549.0 million for the same period in 2024. The increase was mainly due to the decrease in gross profit margin from sales of new automobiles, impairment loss of goodwill and intangible assets and impairment loss of property, plant and equipment during the period.

## **Income tax**

For the year ended 31 December 2025, the Group's income tax expenses amounted to approximately RMB62.9 million, whereas the Group's income tax expenses amounted to approximately RMB47.1 million in 2024. Such increase was mainly due to the reversal of deferred tax for future benefits of tax losses.

## **Contingent liabilities**

As at 31 December 2025, the Group did not have any material contingent liabilities other than as disclosed in "Note 20 Contingent liabilities" of the Notes to the Consolidated Financial Statements.

## **Loss for the year**

For the year ended 31 December 2025, the Group's loss for the year was approximately RMB2,490.4 million, as compared with a loss of approximately RMB1,529.1 million in 2024. Such increase was mainly due to the decrease in gross profit margin from the sales of new automobiles, impairment loss of goodwill and intangible assets and impairment loss of property, plant and equipment.

## **Current assets and current liabilities**

As at 31 December 2025, the Group's current assets amounted to approximately RMB12,945.0 million, representing a decrease of approximately RMB2,376.3 million as compared to the current assets of approximately RMB15,321.3 million as at 31 December 2024, mainly due to repayment of borrowings and decrease in deposits.

As at 31 December 2025, the Group's current liabilities amounted to approximately RMB19,460.2 million, representing a decrease of approximately RMB4,194.0 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 31 December 2025, the Group had cash and cash equivalents amounting to approximately RMB844.0 million, representing an increase of approximately RMB270.9 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 year ended 31 December 2025, the Group had net cash outflow of approximately RMB102.6 million

used in its operating activities (for the year ended 31 December 2024: net cash inflow of approximately RMB31.1 million), which was primarily due to the decrease in gross profit from sales of new automobiles.

### **Capital expenditure and investment**

For the year ended 31 December 2025, the Group's capital expenditure and investment were approximately RMB483.9 million (2024: RMB286.5 million), mainly due to increased investment in real estate projects.

### **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 RMB2,810.8 million as at 31 December 2025, representing a decrease of approximately RMB496.2 million when compared with approximately RMB3,307.0 million as at 31 December 2024. Such change was mainly due to the decrease in the closing inventory of new automobiles of the Group. The Group's average inventory turnover days in 2025 was 45 days, representing a decrease of 1 day as compared to 46 days in 2024. The following table sets forth our average inventory turnover days (excluding the impact of properties under development for sale) for the period indicated:

	<b>For the year ended 31 December (number of days)</b>	
	<b>2025</b>	<b>2024</b>
Average inventory turnover days (excluding the impact of properties under development for sale)	<u><b>45</b></u>	<u><b>46</b></u>

### **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 forward exchange 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 31 December 2025, the Group's cash and cash equivalents and bank deposits were approximately RMB4,574.4 million (including: pledged bank deposits of approximately RMB3,725.2 million, cash and cash equivalents of approximately RMB844.0 million and time deposit of approximately RMB5.2 million), representing a decrease of approximately RMB1,894.0 million, from approximately RMB6,468.4 million as at 31 December 2024. As at 31 December 2025, loans and borrowings, lease liabilities of the Group amounted to approximately RMB17,444.3 million (31 December 2024: loans and borrowings, lease liabilities of the Group amounted to approximately RMB21,314.0 million). As at 31 December 2025, the net gearing ratio of the Group was approximately 813.8% (31 December 2024: approximately 1,387.8%). Net gearing ratio as at 31 December 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 degree 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 31 December 2025, the pledged assets of the Group amounted to approximately RMB6,564.8 million (31 December 2024: approximately RMB9,447.0 million).

### **Investments held in foreign currency and hedging**

For the year ended 31 December 2025, the Group did not hold any investments denominated in foreign currencies.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2025, the Group employed a total of 5,220 employees (as at 31 December 2024: 5,672 employees) domestically and internationally. For the year ended 31 December 2025, the staff costs of the Group amounted to approximately RMB753.6 million (2024: approximately RMB802.3 million).

The Group has consistently adhered to a strategy of strengthening the enterprise through talent, positioning human resources as a core pillar supporting the Group's high-quality development and strategic transformation. It places great emphasis on talent acquisition and cultivation, incentive and constraint mechanisms, and workforce stability, continuously fostering an open, inclusive, collaborative, and innovative organizational ecosystem. This provides a broad platform for employee growth and development, ensuring a solid talent foundation for the Group's advancement.

During the reporting period, in close alignment with the overarching goals of new energy transformation and focusing on the core task of enhancing quality and efficiency, the Group comprehensively strengthened human resource management in all aspects. It continuously optimized the compensation system and performance management mechanisms to drive precise alignment between workforce efficiency improvement and salary guarantees, and achieved a significant year-on-year increase in per capita efficiency. The talent development system was steadily enhanced, with solid progress made in the four-tier talent cultivation programs: the Leading Innovation Program (領創計劃), Leading Wisdom Program (領睿計劃), Leading Pace Program (領跑計劃), and Leading New Talent Program (領新計劃). Specialized training initiatives such as the Vitality Program and Dandelion Program were further deepened, ensuring precise alignment between training offerings and employee development needs.

The Group actively promotes a culture of innovation and excellence, deeply embracing its core corporate values of “First-Class Benchmarking, Genuine Accountability, Striving as the Foundation, and Co-creation and Sharing (一流引領、真實擔當、奮鬥為本、共創共用)”. The Group hosted a diverse program of corporate culture activities, systematically organized a series of cultural and sporting events such as New Year celebrations, hiking and walking events, dragon boat races, employee sports meets, and themed debates. Employee interest clubs are operated on an ongoing basis, with various themed activities held regularly to broaden horizons and stimulate creativity. A well-structured recognition and incentive system has also been established, with initiatives such as the “Five Comparisons and Five Assessments (五比五看)” and annual excellence awards, fostering a vibrant atmosphere of mutual learning, healthy competition, and the pursuit of excellence. The Group continued to strengthen employee care by standardizing the operation of the employee care fund and establishing regular satisfaction surveys and feedback mechanisms, thereby enhancing employees’ sense of belonging and cohesion.

In 2025, the Group, in line with its new energy transformation strategy, comprehensively strengthened precise talent allocation and innovation in incentive mechanisms. Management efficiency and organizational vitality continued to improve, and solid achievements were made across all human resources initiatives, providing strong talent and organizational support for the implementation of the Group’s strategy and its sustained and healthy development.

## **FUTURE OUTLOOK AND STRATEGIES**

As the core platform corporate in the automotive sector of Xiamen ITG Holding Group Co., Ltd. (“**ITG Holding**”, the controlling shareholder of the Company), the Group has been committed to becoming a leading comprehensive service provider in the automotive ecosystem.

In 2025, supported by the continuation and enhancement of policies such as “trade-in” programs, China’s automotive industry maintained resilience on the demand side. However, competition on the supply side continued to intensify, particularly in the premium brand segment. The inversion of new vehicle pricing, channel efficiency divergence, and the accelerated substitution of conventional ICE vehicles by NEVs further compressed the profit margins of traditional distribution. Over the past three years, the Company has consistently focused on automotive distribution while strengthening aftermarket businesses such as after-sales services, insurance agency, and pre-owned vehicles, aiming to enhance business resilience against cyclical fluctuations and increase customer lifetime value. Nevertheless, structural challenges in the industry continued to exert significant pressure on operations. The operating loss in 2025 was primarily attributable to declines in new vehicle sales volume and gross margins, as well as impairment losses recognized following impairment testing on assets such as goodwill and distribution rights.

Against this backdrop, in 2025 the Company advanced the iteration of its operational strategy around the principles of “stopping losses, structural adjustment, and capability rebuilding”. On one hand, it continued to improve network quality and asset efficiency through measures such as closing, merging, and restructuring underperforming operations, integrating within the same cities, and revitalizing properties. It also persistently promoted store transformations, shifting toward new energy vehicle brands, particularly securing and implementing authorizations for Huawei’s HarmonyOS-based brands, to enhance channel adaptability and future growth potential. Recently, in view of the tense global trade situation and the potential impact of escalating conflicts in the Middle East on automotive dealers and others, the Company is also considering conducting spot trading of certain bulk commodities in the future. At that time, depending on actual hedging needs, the Company will further consider prudently carrying out related futures derivative businesses.

To this end, the Company completed the formulation of its “15th Five-Year Plan” strategic plan in the fourth quarter of 2025. During the “15th Five-Year Plan” period, guided by the mission of “leading the advantageous automobile industry, creating a better mobility life” and adhering to the vision of “becoming a leading comprehensive service provider in the automobile ecosystem”, the Company will optimize and reshape its future strategic development direction and profit model. Based on in-depth insights into industry trends and an objective analysis of the Company’s status quo, the Group has established a “1244” strategic framework wherein “1” represents a positioning to serve as an automotive ecosystem service provider; “2” represents two drivers driving development of business ecosystem optimization and capital operations; the first “4” represents four priorities comprising key business initiatives including automotive distribution, international business, and innovative businesses, together with the capital operation strategy of “maximizing the value of the Hong Kong listing platform”, which form the four engines driving the development during the 15th Five-Year Plan period; and the

second “4” represents four pillars supporting the construction of a system encompassing resource security, organizational support, talent and culture assurance, and digital and intelligent empowerment.

In terms of strategic implementation pace, the plan is clearly divided into two key phases. The first phase, from 2026 to 2028, will focus on addressing the “survival challenge”. The core tasks include stabilizing the operational foundation, accelerating business structure transformation, efficiently revitalizing underperforming assets, and methodically divesting non-core assets, thereby comprehensively strengthening the development foundation and securing valuable time and space for the Company’s transformation. The second phase, from 2029 to 2030, will shift focus to addressing the “development challenge”. Emphasis will be placed on enhancing operational efficiency, strengthening innovation-driven development, increasing investment in research and development for emerging businesses, and intensifying strategic expansion, systematically advancing the Company toward a new stage of high-quality development.

## **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. 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:

	<b>% of use of proceeds</b>	<b>Proceeds from the Connected Subscription</b>
Increasing working capital and supporting the Group’s business operation	30%	HK\$299 million
Capitalising on market opportunities for strategic investments or mergers and acquisitions (M&A) as and when they arise	20%	HK\$199 million
Repayment of existing debts	50%	HK\$498 million

During the year ended 31 December 2025 and up to the date of this announcement, the net proceeds have been fully utilized in accordance with the planned application set out above.

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.

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 above Connected Subscription, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any) during the year ended 31 December 2025.

As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

## **PUBLIC FLOAT**

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 under the Listing Rules was not satisfied.

At the request of the Company, trading in the shares on the Stock Exchange was 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.

On 18 September 2025, the Stock Exchange granted the Company a temporary waiver from strict compliance with the minimum public float requirement under the then Rules 8.08(1) and 13.32(1) of the Listing Rules for a period from 30 June 2025 to 31 December 2025. On 6 March 2026, the Stock Exchange granted the Company a further waiver from strict compliance with the minimum public float requirement under Rule 13.32B for a period from 1 January 2026 to 30 June 2026. For further details, please refer to the announcements of the Company dated 19 September 2025 and 13 March 2026.

## **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 (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its corporate governance framework. So far as the Board is aware, during the year ended 31 December 2025, the Company has complied with the code provisions set out in 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 code of conduct regarding Directors’ securities transactions (the “**Securities Code**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules. In response to a specific enquiry by the Company, each of the existing Directors confirmed that they had complied with the Securities Code and the Model Code during the year ended 31 December 2025.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Disposal of Shenzhenshi Huianqi**

On 7 January 2026 (after trading hours), Goldrich Holdings Limited (the “**Disposal Vendor**”, an indirect wholly owned subsidiary of the Company) and Shenzhenshi Huianqi Investment Advisory Co., Ltd.\* (深圳市匯安啟投資諮詢有限公司) (“**Shenzhenshi Huianqi**”, an indirect wholly-owned subsidiary of the Company) entered into an equity interest transfer agreement with Xiamen Xinda Information Co., Ltd.\* (廈門信息信達有限公司) (the “**Disposal Purchaser**”), pursuant to which (i) the Disposal Vendor has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to acquire, the entire equity interest of Shenzhenshi Huianqi (together with its subsidiary,

the “**Disposal Group**”); and (ii) the Disposal Purchaser has conditionally agreed to accept and bear certain related debts owed by the Disposal Group to the Group (the “**Disposal**”). The principal asset of the Disposal Group is a parcel of land located at Longhua District, Shenzhen, China. The provisional consideration for the Disposal is approximately RMB803.10 million (subject to an upward adjustment to reflect any increase of the related debts from 31 March 2025 to the last day of the calendar month in which completion takes place).

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 25% but is less than 75%, the Disposal constitutes a major transaction of the Company. As ITG Holding is a controlling shareholder of the Company and the Disposal Purchaser is wholly owned by ITG Holding, the Disposal also constitutes a connected transaction of the Company. The Disposal was approved by independent shareholders at the extraordinary general meeting of the Company held on 12 February 2026, but completion has not yet taken place as at the date of this announcement. For further details, please refer to the Company’s announcements dated 7 January 2026 and 12 February 2026, and the Company’s circular dated 23 January 2026.

#### **Acquisition of Xiamen Xindeco’s 4S dealership and automobile sales and export business**

On 5 December 2025 (after trading hours), Xiamen ZhengTong Motors Group Co., Ltd.\* (廈門正通汽車集團有限公司) (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Xiamen Xindeco Ltd.\* (廈門信達股份有限公司) (“**Xiamen Xindeco**”) and Xiamen Xindeco ITG Automobile Group Co., Ltd.\* (廈門信達國貿汽車集團股份有限公司) (“**Xindeco ITG Automobile**”, and together with its subsidiaries, the “**Xindeco ITG Automobile Group**”) for the acquisition of 100% of the equity interest of Xindeco ITG Automobile for a provisional consideration of approximately RMB793.49 million (the “**Acquisition (PRC)**”).

On the same day, Tongda Group (China) Co., Ltd. (a wholly-owned subsidiary of the Company) and Rising Wave Development Limited (another wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Hong Kong Sindanol Limited (“**Sindanol**”), Xindeco Resources (Singapore) Pte. Ltd. (“**Xindeco (Singapore)**”) and ITG Auto (Thailand) Co., Ltd. (“**ITG Auto (Thailand)**”) for the acquisition of 100% of the issued share capital of ITG Auto (Thailand) for the provisional consideration of approximately RMB22.13 million (the “**Acquisition (Thailand)**”, and together with the Acquisition (PRC), the “**Acquisition**”). Collectively, Xindeco ITG Automobile Group and ITG Auto (Thailand) represent the entire 4S dealership and automobile sales and export business of Xiamen Xindeco.

Upon aggregation, the highest applicable percentage ratio calculated pursuant to the Listing Rules for the Acquisition is more than 25% but less than 100%. Accordingly, the Acquisition constitutes a major transaction of the Company. As Xiamen Xindeco is owned as to approximately 39.93% by ITG Holding, and Sindanol and Xindeco (Singapore) are wholly-owned subsidiaries of Xiamen Xindeco, the Acquisition also constitutes a connected transaction of the Company. The Acquisition was approved by independent shareholders at the extraordinary general meeting of the Company held on 20 January 2026 and completion of the Acquisition has taken place on 12 March 2026. For further details, please refer to the Company's announcements dated 5 December 2025, 20 January 2026 and 12 March 2026, and the Company's circular dated 24 December 2025.

Upon the completion of the Acquisition (PRC), Xindeco ITG Automobile and its subsidiaries have become members of the Group. As such, the pre-existing continuing transactions between Xindeco ITG Automobile Group, on the one hand, and ITG Holding and certain of its subsidiaries, on the other hand, have become continuing connected transactions of the Company. For further details, please refer to the announcement of the Company dated 12 March 2026.

#### **Appointment of Director**

On 6 January 2026, Ms. YU Lijie was appointed as an executive Director. For further details, please refer to the announcement of the Company dated 6 January 2026.

#### **Change in Composition of ESG Committee**

On 30 March 2026, Mr. SU Yi, an executive Director, has been appointed as a member of the Environmental, Social and Governance Committee of the Company (the "ESG Committee") in place of Mr. LUO Yao Huang, a vice president of the Company, who ceased to be a member of the ESG Committee on the same day.

#### **FINAL DIVIDEND**

The Board does not recommend a final dividend for the year ended 31 December 2025.

#### **REVIEW OF ANNUAL RESULTS**

The Audit Committee comprises three independent non-executive Directors, namely, Dr. TSUI Wai Ling Carlye (Chairman of the Audit Committee), Mr. SHEN Jinjun and Ms. YU Jianrong. The Group's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

The financial figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT**

This results announcement is available for viewing on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.zhengtongauto.com>), and the annual report for the year ended 31 December 2025 of the Company 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*

Hong Kong, 30 March 2026

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