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Sunfonda Group Holdings
SUNFONDA GROUP HOLDINGS LIMITED
新豐泰集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01771)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2025

During the year ended 31 December 2025, the Group recorded:

- Operating revenue of RMB7,345.0 million, which was down by 14.7% from the same period in 2024, including:
 - Sales volume of new vehicles down by 11.0% to 24,116 units, and revenue from the sales of new vehicles down by 13.9% to RMB6,048.0 million;
 - Revenue from after-sales services down by 14.3% to RMB989.5 million; and
 - Revenue from the sales of used cars down by 28.7% to RMB307.5 million.
- Gross profit of RMB4.4 million (2024: gross loss of RMB29.8 million).
- Gross profit margin of 0.1% (2024: gross loss margin of 0.3%).
- Loss before tax for the Year was RMB239.2 million (2024: loss of RMB187.7 million).

Loss for the year attributable to owners of the Company for the Year was RMB245.1 million (2024: loss of RMB213.0 million).

Basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB0.41 for the Year (2024: loss of RMB0.36 per share).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sunfonda Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**” or “**Sunfonda Group**”) for the year ended 31 December 2025 (the “**Year**”), together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	4(a)	7,345,048	8,608,890
Cost of sales and services	5(b)	<u>(7,340,698)</u>	<u>(8,638,707)</u>
Gross profit/(loss)		4,350	(29,817)
Other income and gains, net	4(b)	433,686	622,290
Selling and distribution expenses		(374,332)	(445,434)
Administrative expenses		<u>(220,965)</u>	<u>(238,524)</u>
Loss from operations		(157,261)	(91,485)
Finance costs		<u>(81,963)</u>	<u>(96,199)</u>
Loss before tax	5	(239,224)	(187,684)
Income tax expense	6	<u>(6,132)</u>	<u>(25,345)</u>
Loss for the year		<u>(245,356)</u>	<u>(213,029)</u>
Attributable to:			
Owners of the Company		(245,109)	(213,029)
Non-controlling interests		<u>(247)</u>	<u>–</u>
		<u>(245,356)</u>	<u>(213,029)</u>
LOSS PER SHARE	8		
Basic and diluted (RMB)		<u>(0.41)</u>	<u>(0.36)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(245,356)</u>	<u>(213,029)</u>
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>902</u>	<u>1,002</u>
Other comprehensive income for the year, net of tax	<u>902</u>	<u>1,002</u>
Total comprehensive expense for the year	<u>(244,454)</u>	<u>(212,027)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(244,207)	(212,027)
Non-controlling interests	<u>(247)</u>	<u>—</u>
	<u>(244,454)</u>	<u>(212,027)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,472,394	1,591,686
Right-of-use assets		516,721	570,029
Intangible assets		8,684	9,582
Prepayments		17,665	22,301
Goodwill		10,284	10,284
Deferred tax assets		47,447	65,189
Other non-current assets		–	163,852
Investment properties		<u>166,000</u>	<u>–</u>
Total non-current assets		<u>2,239,195</u>	<u>2,432,923</u>
CURRENT ASSETS			
Inventories	10	874,697	1,011,521
Trade receivables	11	33,046	40,536
Prepayments, other receivables and other assets		683,925	873,087
Financial assets at fair value through profit or loss		7,369	5,397
Pledged deposits		883,945	652,186
Cash in transit		2,545	2,137
Short-term deposits		46,895	59,901
Cash and cash at banks		<u>365,629</u>	<u>587,471</u>
Total current assets		<u>2,898,051</u>	<u>3,232,236</u>
CURRENT LIABILITIES			
Bank loans and other borrowings		1,402,216	1,619,952
Trade and bills payables	12	1,049,079	953,153
Other payables and accruals		234,012	277,525
Lease liabilities		2,703	9,573
Income tax payable		<u>4,154</u>	<u>18,707</u>
Total current liabilities		<u>2,692,164</u>	<u>2,878,910</u>
NET CURRENT ASSETS		<u>205,887</u>	<u>353,326</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,445,082</u></u>	<u><u>2,786,249</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Bank loans and other borrowings	359,378	442,963
Lease liabilities	19,634	55,245
Deferred tax liabilities	<u>24,764</u>	<u>34,044</u>
Total non-current liabilities	<u>403,776</u>	<u>532,252</u>
Net assets	<u>2,041,306</u>	<u>2,253,997</u>
CAPITAL AND RESERVES		
Share capital	377	377
Share premium and reserves	<u>2,032,371</u>	<u>2,253,620</u>
Equity attributable to owners of the Company	<u>2,032,748</u>	2,253,997
Non-controlling interests	<u>8,558</u>	<u>—</u>
Total equity	<u>2,041,306</u>	<u>2,253,997</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION

Sunfonda Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 January 2011 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 May 2014.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the sale and service of motor vehicles in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company of the Company is Golden Speed Enterprises Limited, which is incorporated in the British Virgin Islands (“**BVI**”).

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include application disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRS Accounting Standards for the first time for the current year’s financial statements.

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
Amendments to HKFRS Accounting Standards	<i>Disclosures about Uncertainties in the Financial Statements</i>

The application of the amendments has had no significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the principal business of the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment, which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical areas

Since all of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in the PRC and over 90% of the Group's non-current assets and liabilities were located in the PRC, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information in accordance with HKFRS 8 *Operating Segments* is presented.

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

Revenue represents the net invoiced value of goods sold and the value of services rendered after allowances for returns and trade discounts, where applicable.

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>7,345,048</u>	<u>8,608,890</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods or services		
Revenue from sale of motor vehicles	6,355,564	7,454,640
Revenue from after-sales services	<u>989,484</u>	<u>1,154,250</u>
Total revenue from contracts with customers	<u>7,345,048</u>	<u>8,608,890</u>
Timing of revenue recognition		
At a point in time	<u>7,345,048</u>	<u>8,608,890</u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of motor vehicles

Each sale of motor vehicles is a single performance obligation. The transaction price for a vehicle sale is determined with the customer at the time of sale. The performance obligation is satisfied upon delivery of the motor vehicles. The Group generally receive payment directly from the customer at the time of sale or from the third-party financial institutions within 30 days following the sale.

After-sales services

Each after-sales service related to repairs and maintenance under manufacturer warranties or customer-paid repairs and maintenance is a single performance obligation. The transaction price for automotive repair and maintenance services is based on the parts used, the number of labour hours applied, and standardised hourly labour rates. The performance obligation is satisfied upon finalisation, delivery and acceptance upon the service completion. The Group generally receives payment on the delivery date for the customer-paid repairs and maintenance services and within two to three months for repairs and maintenance services under manufacturer warranties or covered by insurance companies.

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of each of the reporting periods and recognised from performance obligations satisfied in previous periods:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of motor vehicles	98,698	119,642
After-sales services	40,761	58,741
Total contract liabilities	<u>139,459</u>	<u>178,383</u>

(b) **Other income and gains, net:**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Commission income	354,842	525,092
Logistics and storage income	20,004	23,854
Interest income	7,910	13,636
Advertisement support received from motor vehicle manufacturers	13,183	12,524
Net (loss)/gain on disposal of property, plant and equipment	(4,482)	13,993
Net loss on disposal of intangible assets	(384)	–
Net gain on disposal of right-of-use assets	1,038	2,824
Government grants	1,204	3,314
Fair value gains, net:		
Financial assets at fair value through profit or loss	1,972	663
Investment properties	2,148	–
Loss on disposal of subsidiaries	–	(6,000)
Others	36,251	32,390
Total	<u>433,686</u>	<u>622,290</u>

5. **LOSS BEFORE TAX**

The Group's loss before tax is arrived at after charging/(crediting):

(a) **Employee benefit expense (including directors' and chief executive's remuneration)**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Wages and salaries	194,975	222,971
Equity-settled share award expense	–	3,176
Other welfare	69,487	47,003
Total	<u>264,462</u>	<u>273,150</u>

(b) **Cost of sales and services**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of sales of motor vehicles	6,722,691	7,908,316
(Reversal)/accrual of impairment of inventories	(8,554)	5,932
Others*	626,561	724,459
Total	<u>7,340,698</u>	<u>8,638,707</u>

* Employee benefit expenses of RMB32,919,000 (2024: RMB46,613,000) were included in the cost of sales and services.

(c) **Other items**

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	179,571	178,761
Depreciation of right-of-use assets	24,907	27,959
Amortisation of intangible assets	706	867
Auditor's remuneration	1,400	2,280
Advertising and business promotion expenses	43,360	52,634
Loss on disposal of subsidiaries	–	6,000
Lease payments not included in the measurement of lease liabilities	6,002	3,579
Bank charges	4,115	4,280

6. INCOME TAX

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax on profits for the year	4,919	12,237
Adjustment for (over)/under provision in prior periods	(7,249)	1,263
Deferred tax	8,462	11,845
Total	6,132	25,345

The Company incorporated in the Cayman Islands is not subject to income or capital gains tax under the law of the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The subsidiary incorporated in the BVI is not subject to income tax as this subsidiary does not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

According to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), the income tax rate for the PRC subsidiaries is 25% from 1 January 2008.

Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 25% during the reporting period as approved by the relevant tax authorities or operated in designated areas with preferential CIT policies in the PRC.

A reconciliation of the income tax applicable to loss before tax using the applicable rate for the region in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	<u>(239,224)</u>	<u>(187,684)</u>
Tax at the applicable tax rate (25%)	(59,806)	(46,921)
Preferential tax rate on the income of PRC subsidiaries	(834)	(1,306)
Adjustment for (over)/under provision in prior periods	(7,249)	1,263
Expenses not deductible for tax	921	1,522
Tax losses utilised from previous periods	–	(1,102)
Tax losses not recognised and temporary differences	<u>73,100</u>	<u>71,889</u>
Tax charge at the Group's effective rate	<u>6,132</u>	<u>25,345</u>

7. DIVIDENDS

No dividends were declared and paid by the Company during the years ended 31 December 2025 and 2024.

8. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 600,000,000 (2024: 600,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of basic and diluted loss per share are based on:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss attributable to ordinary equity holders of the Company	<u>(245,109)</u>	<u>(213,029)</u>

	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year	<u>600,000,000</u>	<u>600,000,000</u>
Loss per share		
Basic and diluted (RMB)	<u>(0.41)</u>	<u>(0.36)</u>

9. PROPERTY, PLANT AND EQUIPMENT

The Group has performed a review to reassess the estimated useful lives of certain buildings based on more experiences attained by the Group's operational management, and has changed the expected useful lives of certain buildings from 20 years to 25 to 50 years to better reflect their actual useful lives. The changes have been accounted for prospectively as a change in accounting estimate in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The change in estimate leads to a decrease in depreciation expense of RMB5,317,000 for the year ended 31 December 2025.

10. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Motor vehicles	820,708	958,738
Spare parts	<u>81,456</u>	<u>88,804</u>
	902,164	1,047,542
Less: impairment	<u>(27,467)</u>	<u>(36,021)</u>
Total	<u>874,697</u>	<u>1,011,521</u>

At 31 December 2025, certain of the Group's inventories with an aggregate carrying amounts of approximately RMB579,747,000 (2024: RMB498,076,000) and RMB200,856,000 (2024: RMB406,219,000) were pledged as securities for the Group's bank loans and other borrowings and the Group's bills payable, respectively.

11. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<u>33,046</u>	<u>40,536</u>

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over the trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at each reporting date (based on the invoice date) is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	22,865	38,163
More than 3 months but less than 1 year	7,154	1,338
Over 1 year	3,027	1,035
	<hr/>	<hr/>
Total	33,046	40,536
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2025 and 2024, no provision for impairment of trade receivables was accrued.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

An ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	30,019	39,501
Overdue within 1 year but not impaired	654	–
Over 1 year past due but not impaired	2,373	1,035
	<hr/>	<hr/>
Total	33,046	40,536
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	75,868	95,820
Bills payable	<u>973,211</u>	<u>857,333</u>
Trade and bills payables	<u><u>1,049,079</u></u>	<u><u>953,153</u></u>

An ageing analysis of the trade and bills payables as at each reporting date, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	699,710	592,307
3 to 6 months	338,125	353,937
6 to 12 months	3,166	3,669
Over 12 months	<u>8,078</u>	<u>3,240</u>
	<u><u>1,049,079</u></u>	<u><u>953,153</u></u>

The trade and bills payables are non-interest-bearing. The trade and bills payables are normally settled on 90 to 180 days terms.

As at 31 December 2025, the Group's bills payable are secured by mortgages over the Group's inventories and bank deposits, which had an aggregate carrying value of approximately RMB200,856,000 (2024: RMB406,219,000) and RMB783,987,000 (2024: RMB550,690,000), respectively.

13. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

On 5 June 2025, the Group disposed of 44.65% equity interest of Xi'an Sunfonda Jinghe Logistics Development Co., Ltd for a consideration of approximately RMB31,763,000. As a result of the transaction, the Group recognised an increase in non-controlling interest of approximately RMB8,805,000 and an increase in share premium of approximately RMB22,958,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Economic Development in 2025 Advanced towards Innovation and Higher Quality, with All Expected Targets Fully Achieved

In 2025, amid complex changes in the domestic and international economic environment, China's national economy advanced steadily under pressure. The 14th Five-Year Plan period concluded successfully, and the major objectives and tasks for economic and social development were fully achieved. According to the data released by the National Bureau of Statistics, based on its preliminary accounting, gross domestic product (GDP) for the year amounted to RMB140,187.9 billion, representing a year-on-year increase of 5.0% calculated at constant prices. The total value added of the industrial enterprises above the designated size recorded a year-on-year increase of 5.9%. The total retail sales of consumer goods amounted to approximately RMB50,120.2 billion, representing a year-on-year increase of 3.7%. The consumer price index (CPI) remained flat as compared with the previous year. The national per capita disposable income was RMB43,377, and per capita consumption expenditure stood at RMB29,476, representing a year-on-year actual growth of 5.0% and 4.4%, respectively if price factors were excluded.

Overall, the national economy maintained a trend of steady progress in 2025. However, the impact of changes in the external environment deepened, and the economy continued to face both long-standing issues and emerging challenges.

In 2025, the macroeconomic policies in Shaanxi Province, where the Group's principal business is located, continued to deliver tangible results, supporting steady and progressive growth in the provincial economy. According to the results of the unified accounting of regional GDP, in 2025, Shaanxi Province's GDP was approximately RMB3,655,110 million, representing a year-on-year increase of 5.1% calculated at constant prices. The total value added of the industrial enterprises above the designated size recorded a year-on-year increase of 7.3%, with the automobile manufacturing sector growing by 20.2%. The total fixed-asset investment across the province recorded a year-on-year decline of 2.8%; however, private investment in automobile manufacturing increased by 21.1%. The total retail sales of social consumer goods amounted to RMB1,158,799 million, representing a year-on-year increase of 6.0%. The retail sales of consumer goods of entities above designated size grew by 7.3%. The trade-in policy for consumer goods delivered notable results, with sales of NEVs increasing by 30.6%.

In 2025, Gansu Province, another major operating region of the Group, reached a new milestone in economic scale, with major indicators outperforming expectations. According to the results of the unified accounting of regional GDP, in 2025, the GDP of Gansu Province amounted to approximately RMB1,369,750 million, representing a year-on-year increase of 5.8% calculated at constant prices. Since 2022, the growth rate in Gansu Province exceeded the national average for 16 consecutive quarters, demonstrating robust growth momentum. The total provincial value added of the industrial enterprises above the designated size for the year recorded a substantial year-on-year increase of 9.5%. The provincial per capita disposable income for the year was RMB28,224, representing a year-on-year growth of 6.1%. The total retail sales of social consumer goods recorded a year-on-year increase of 2.5%. Driven by policies including consumer goods trade-in programs, sales of upgraded products remained robust, with retail sales of NEVs surging by 35.5%, underscoring a clear trend towards consumption upgrading.

Review of China's Automobile Market in 2025

I. Production and sales hit new highs, with the NEV industry continuing its strong growth

In 2025, China's automobile market achieved record-high production and sales volumes. According to data released by the China Association of Automobile Manufacturers ("CAAM"), total vehicle production and sales reached 34.531 million units and 34.4 million units, respectively, maintaining China's position as the world's largest automobile market for the 17th consecutive year.

The NEV sector continued to grow strongly. The sales volume of NEVs accounted for 47.9% of total new vehicle sales in 2025, representing a year-on-year increase of 7 percentage points. Annual production and sales both exceeded 16 million units, remaining the world's largest for the 11th consecutive year.

In 2025, the production and sales of passenger vehicles in China both exceeded 30 million units, demonstrating steady overall growth. The production and sales of passenger vehicles in China amounted 30.27 million units and 30.103 million units, respectively, representing a year-on-year increase of 10.2% and 9.2%, respectively. Domestic sales volume of passenger vehicles totalled 24.065 million units, representing a year-on-year increase of 6.4%. Specifically, domestic sales volume of traditional fuel passenger vehicles declined by 4.3% to 11.060 million units; while domestic sales volume of new energy passenger vehicles increased by 17.7% to 13.005 million units, accounting for 54% of domestic sales volume of passenger vehicles.

According to the statistics of the Ministry of Public Security of China, in 2025, China's motor vehicle ownership volume reached 469 million units, of which the automobile ownership volume was 366 million units. The number of newly registered motor vehicles reached 35.35 million units, including 26.19 million automobiles. The number of newly registered motor vehicles has exceeded 30 million for 11 consecutive years. There were 103 cities with an automobile ownership volume of more than one million units in China.

In 2025, the number of newly registered NEVs reached 12.93 million units, representing an increase of 1.68 million units or 14.93%, and accounting for 49.38% of newly registered automobiles. As at the end of 2025, the NEV ownership volume in China reached 43.97 million units, accounting for 12.01% of the total volume of automobiles. Specifically, the battery electric vehicle ownership volume was 30.22 million units, accounting for 68.74% of the total number of NEVs.

In 2025, public security and traffic control departments in China processed 41.11 million motor vehicle ownership transfer registrations nationwide, among which 38.41 million were for automobiles, accounting for 93.44%. Since 2020, the volume of used-car transfer registrations nationwide has exceeded new car registrations for six consecutive years.

II. Luxury brands exhibited marked divergence, while domestic NEV brands rose strongly

According to the official sales data released by Porsche, Porsche delivered a total of 279,449 automobiles worldwide in 2025, representing a year-on-year decrease of 10%. Specifically, deliveries to Chinese customers were 41,938 units, representing a year-on-year decrease of 26%. In 2025, electrified models (including battery electric and plug-in hybrid vehicles) accounted for 34.4% of Porsche's global deliveries, representing an increase of 7.4 percentage points as compared with last year. Porsche stated that in 2026 it would continue to adhere to the principle of "value over volume", manage supply and demand prudently, and advance its three-track powertrain strategy across internal combustion engines, plug-in hybrids and battery electric vehicles.

According to the data released by the BMW Group, global deliveries in 2025 reached 2,463,715 vehicles, representing a year-on-year increase of 0.5%. Specifically, deliveries of electrified models totalled 642,087 units, representing a year-on-year increase of 8.3%. This included 442,072 battery electric vehicles, representing a year-on-year increase of 3.6%. China remained BMW's largest single market globally, with 625,527 BMW and MINI vehicles delivered during the year, representing a year-on-year decrease of 12.5%. According to BMW, it plans to launch approximately 20 new BMW, MINI and BMW Motorrad products in the Chinese market in 2026, marking the start of a new round of strong product offensives.

Official annual data released by Mercedes-Benz Group show that the group's global vehicle sales totalled 2.16 million units in 2025, representing a year-on-year decrease of 10%. Deliveries in China totalled 575,000 units, representing a year-on-year decrease of 19.5%. Despite the decline, Mercedes-Benz China maintained a leading share in both the core luxury segment above RMB400,000 and the ultra-luxury segment above RMB1 million, demonstrating strong systemic resilience.

Official Audi data shows that Audi's global sales totalled 1.6236 million units in 2025, representing a year-on-year decline of 2.9%. Sales in the Chinese market reached 617,500 units, representing a year-on-year decrease of 5.0%, making China Audi's largest single market, accounting for 38% of global sales. 2026 will be a major product year for Audi, with multiple new-generation petrol models scheduled for launch, including the all-new Audi Q5L, all-new Audi A6L and all-new Q3.

Official data released by Lexus show that its sales in the Chinese market exceeded 180,000 units in 2025, maintaining positive growth and becoming the only overseas luxury automotive brand to record year-on-year growth in the Chinese market that year. By the end of 2025, Lexus' cumulative sales in China had exceeded 2.2 million units, with the flagship ES series accounting for more than 1.1 million units. Data from the China Automobile Dealers Association showed that Lexus' three-year residual value rate reached 60.51%, while the ES series achieved 63.89%, ranking first among imported mid-to-large-sized vehicles.

BYD announced that it recorded cumulative sales of 4.6024 million units in 2025, setting a new annual record and retaining its position as China's best-selling automaker, China's best-selling automotive brand and the global leader in NEV sales. Meanwhile, sub-brands including Formula Leopard and DENZA also achieved record-high sales, DENZA recorded cumulative annual sales of 157,134 vehicles, representing a year-on-year increase of 24.7%, while Formula Leopard achieved annual sales of 234,637 vehicles, surging by 316.1% year-on-year.

According to data released by Seres Group, cumulative sales volume of Seres NEVs exceeded 470,000 units in 2025, consolidating its position among the industry's leading players. The flagship AITO brand delivered particularly strong performance, achieving annual deliveries of over 420,000 units during the year, ranking first among luxury brands in the Chinese market. This highlighted its leadership in China's premium NEV segment and underscored the strong rise of Chinese brands in the high-end market.

III. Competition in the automobile consumer market became increasingly intense, with the industry-wide price war continuing to escalate

Although stabilisation measures for consumption, such as the national "Two New" policies, were introduced in China's domestic automobile market in 2025 and, to a certain extent, released automobile consumption demand, automobile dealers on the distribution side nevertheless fell into significant operating difficulties, with dealers coming under mounting operating pressure across the board, due to a combination of market-level factors including the slower pace of recovery in the consumer market, intensified industry competition and fluctuations in market expectations. From the consumer side, the automobile consumer market was characterised by uneven demand release and increasingly cautious purchasing decisions. Coupled with the early exhaustion of replacement and renewal subsidies in many regions since the third quarter, phased consumer demand contracted rapidly. As a result, dealers faced greater difficulty in acquiring customers and longer transaction cycles, making it difficult to achieve their predetermined sales targets.

According to the survey data on the operating conditions of automobile dealers nationwide published by the China Automobile Dealers Association, more than half of dealers failed to meet their full-year sales targets in 2025. From the perspective of market competition and industry dynamics, the new energy vehicle market and the internal combustion engine vehicle market continued to diverge at an accelerated pace, while the industry-wide price war continued to intensify, placing pressure on the market pricing system, and price inversion at the dealer level became a widespread phenomenon. In order to maintain sales volume and reduce inventory levels, dealers had no choice but to compress their own profit margins. Losses in the new vehicle business, being the core profit-generating segment, continued to deepen, the overall proportion of loss-making participants in the industry continued to expand, and the proportion of profitable participants narrowed further. From the perspective of the market operating environment, the profit structure of automobile dealers continued to deteriorate under the impact of the market environment, and this, together with imbalances in the linkage between upstream and downstream participants in the industry, led to operating pain points becoming increasingly prominent on multiple fronts.

Business Review

In 2025, the automotive market continued to undergo the complex structural transformation seen in recent years. Competition between NEVs and traditional fuel-powered vehicles further intensified, industry-wide competitive pressure remained elevated, and consumers became increasingly rational and prudent in their vehicle purchasing decisions. Closely aligned with market dynamics, the Group adhered to its core strategy of “grasping rhythm, adjusting structure, strengthening services and building ecosystems”. Against the backdrop of intensifying competition in the new vehicle sales market, the Group addressed challenges through a series of initiatives, including standardising procurement management, refining sales performance metrics, strengthening digital enablement, reinforcing the after-sales service assurance system and deepening engagement in the used car market. These measures enabled the Group to maintain stable operations and achieve high-quality development throughout the year.

As at 31 December 2025, the Group had a total of 33 operating outlets. The network layout remained stable, providing solid offline support for the Group’s business operations.

New Vehicle Sales Business: A Multi-Dimensional Strategy to Address Market Challenges

In 2025, the Group precisely anchored its strategic direction of “optimising operational rhythm and adjusting business structure”. With refined management as the core, the Group established a multi-dimensional market response system, focused on the effective execution of key initiatives within the sales segment, mitigated market risks, and promoted a healthy transformation of its business structure towards higher NEV penetration and an optimised gross profit mix, thereby delivering remarkable results across the business.

During the year, the Group achieved total new vehicle sales of 24,116 units. Despite overall market pressure arising from macroeconomic volatility and persistent industry-wide price competition, coupled with the tightening of nationwide financing instalment policies in the second half of the year and a substantial decline in auto financing rebate commissions, the Group effectively offset downward market trends through differentiated competitive strategies and refined management measures. As a result, overall sales gross margins were maintained within a reasonable range, achieving a dynamic balance between scale and profitability.

The Group further standardised new vehicle procurement management and optimised its inventory structure. By refining metrics for assessing aged inventory and clarifying follow-up procedures, procurement processes were enhanced in terms of rationality and precision. Following a full year of implementation, inventory turnover efficiency and aged inventory levels improved significantly on a year-on-year basis, effectively safeguarding healthy and stable cash flow. At the same time, the Group optimised sales rhythm assessment mechanisms by adjusting performance indicators to focus on core performance metrics and critical execution points, thereby improving the efficiency and execution capabilities of the sales team. Through multiple cycles of market research and analysis, precise data support was provided for sales decision-making. Online marketing and customer relationship management jointly powered growth under a dual-engine model, with the new media matrix generating a substantial volume of sales opportunities through refined and targeted media deployment. In addition, the Group innovatively launched the “Loyal Customers Program” ecosystem, driving significant growth in customer referral rates and repeat purchase volumes. By focusing on the full vehicle ownership lifecycle, the Group organised word-of-mouth marketing initiatives such as test-drive experience camps and owner seminars, continuously tapping into the value of existing customers while expanding its potential customer base.

After-Sales Business: Centred on Customer Experience to Strengthen Profit Support

Positioning after-sales services as a core profit growth engine, the Group adhered to a customer-centric development strategy. Through systematic operations, the Group continued to enhance profitability and customer loyalty, supporting its overall high-quality development.

In response to intensifying market competition, the Group addressed customers' full vehicle usage lifecycle by strengthening synergies between sales and after-sales operations. Personalised, diversified products and services were promoted in parallel, thereby significantly improving product penetration and customer retention rates and laying a solid foundation for sustainable long-term development of the Company. Regarding renewal insurance business as a core driver, the Group established a specialised renewal centre. Through benchmarking initiatives and systematic, refined management, comprehensive improvements were achieved: the number of renewed insurance policies recorded a year-on-year increase of 18%, renewal premium income grew by 14% year-on-year, and renewal penetration rose by 6 percentage points. Meanwhile, the Group closely aligned with manufacturers' commercial policy directions to secure additional resource support. By advancing early-stage technical diagnostics and strengthening professional technical advantages, the Group actively shaped Sunfonda's "technology-leading" brand image. The advancement of in-depth repair projects enabled customers to solve major issues at relatively low cost, significantly enhancing customer satisfaction.

Decoration Business: A Refined Strategy Centred on “Value Enhancement and Experience Optimisation”

In 2026, the decoration business will focus on two key directions: enhancing value at the new vehicle front-end and deepening after-sales customer experience. By offering high-value products and tailored solutions, the Group delivered a better vehicle ownership experience to customers, met the personalised needs of different customer segments, and thereby enhanced service satisfaction.

At the new vehicle front-end, the focus will be on product upgrades and project-level profitability enhancement. Guided by customer needs and market trends, the Group will implement structured upgrades to its interior customisation product portfolio, strengthen high-value and high-experience optional packages, and enhance overall gross margins through bundled offerings and differentiated configurations. At the same time, closer collaboration with the sales function will be promoted to deliver a more compelling new vehicle handover experience. By offering “visible value and tangible differentiation”, customer acceptance and conversion rates will be further enhanced.

For the existing after-sales customer base, emphasis will be placed on increasing the penetration of car wash and detailing services and optimising service experience. Taking car wash and detailing services as the entry point, the Group will strengthen penetration across maintenance and repair scenarios. Through standardised service processes, upgraded service environments and digital appointment mechanisms, customer in-store experience and service efficiency will be further improved. In addition, based on customer profiles and vehicle usage habits, differentiated detailing and maintenance programmes will be developed, complemented by festive limited-time promotions, in order to enhance customer loyalty and increase return visit frequency.

Used Car Business: High-Quality Growth through Systematic Upgrading

In 2025, leveraging its brand strength and customer network, the Group’s used car business built a one-stop vehicle purchase and trade-in service system. The segment achieved rapid, high-quality growth and became an important contributor to the Group’s profit growth.

In the second half of 2025, the gradual scaling-back of national subsidy policies affected the extent of improvement in the full-year business indicators, but core results still recorded growth: total used car transaction volume recorded a year-on-year increase of 2%; profitability strengthened, with gross margin rising by 1.2 percentage points; operational efficiency continued to improve, with average inventory turnover days shortened by 4.3 days, enhancing capital utilisation efficiency; and business structure was further optimised, with the Group’s new-to-used car ratio increasing by 2 percentage points, demonstrating enhanced business resilience.

A series of key initiatives were steadily implemented to comprehensively strengthen the business foundation. These included: (i) enhancing standardised operations across the full process of inspection, reconditioning, pricing and disposal to ensure orderly execution; (ii) deepening strategic cooperation with DaSouChe to optimise vehicle sourcing management and intelligent pricing through technology enablement, improving operational intelligence; (iii) expanding diversified vehicle sourcing channels and reinforcing the core role of trade-in operations; (iv) integrating operations across the Xi'an and Lanzhou regions to optimise resource allocation, improve workforce efficiency, reduce operating costs and strengthen regional bargaining power; and (v) upgrading the retail service experience, increasing the retail proportion to 34%, while introducing service commitments such as triple certification and a 7-day no-excuse return and exchange policy to reinforce consumer trust.

Anchoring on Customer Demand and Deepening Operations to Drive the Group's Incremental Growth across New Media Channels

In 2025, amid profound changes in the automotive market, policy orientation shifted towards long-term ecosystem development. Trade-in programmes became mainstream, consumer demand increasingly moved towards experiential and intelligent upgrades, purchasing decisions became more rational and pragmatic, while marketing models were evolving towards greater precision and value orientation. Against this backdrop, the Group accurately anchored core customer needs, deepened differentiated marketing initiatives and strengthened new media operations. By continuously expanding traffic entry points and focusing on downstream new media operations, the Group significantly improved lead quality and conversion efficiency. These efforts delivered remarkable results: annual new media channel orders exceeded 5,000 units, representing a year-on-year increase of 90% and accounting for 21% of the Group's total orders, thereby effectively driving channel-led incremental growth. In addition, the Group prioritised strategic deployment on Xiaohongshu, requiring all outlets to activate verified Blue V accounts and encouraging sales consultants to establish personal accounts to build individual IPs. This multi-dimensional approach enabled effective engagement across diverse customer segments, generating over 150 orders via the Xiaohongshu channel during the year. Aligned with younger consumers' preference for experience sharing and recommendation-driven decision-making, the Group actively encouraged customers to share their experiences and recommendations on its owned media platforms, fostering a positive word-of-mouth ecosystem and further strengthening brand affinity and user loyalty.

Customer Management Centre: Building a "Customer Ecosystem" through Digitalisation to Deepen Customer Value and Strengthen the Foundation for Long-Term Development

Consistently adhering to the principle that "customers are the core for enterprises to achieve sustainable development, and customer satisfaction is the cornerstone of customer management", the Group took customer ecosystem construction as the core driver of digital transformation, and constructed a three-dimensional framework of "data-driven – intelligent service – ecological synergy", enabling the formation of a closed-loop ecosystem of "customer acquisition – conversion – retention – value-added", facilitating a fundamental shift from a business-oriented to a customer-centric operating model and injecting lasting impetus into market expansion and business growth.

In 2025, the Group continued to deepen its digital practices and intensified customer operations. By conducting in-depth analysis of key touchpoints across the full customer life cycle and leveraging multi-dimensional data tagging to build precise customer profiles, the Group achieved accurate insight into customer needs and effectively delivered customised services. Through the new media matrix (short videos, live streaming, etc.), WeCom, WeChat mini programs and other channels, the Group established a comprehensive omnichannel engagement network spanning both public-domain traffic acquisition and private-domain operations, further strengthening its regional and all-scenario customer reach. At the same time, the Group's digital management platform incorporated an intelligent early-warning system that proactively identified potential customer churn risks through behavioural data analysis. This drove an upgrade in service delivery from “reactive response” to “proactive anticipation”, successfully transforming “churn risk points” into “value enhancement opportunities”.

In 2025, the Group fully established a virtuous cycle of “data empowering services – services creating value – value driving growth”, enabling the deep mining and sustained realisation of customer lifetime value. Contributions from existing customers and repeat purchase rates continued to rise steadily. The deepening implementation of intelligent services further strengthened brand loyalty. Ultimately, through its distinctive customer-centric ecosystem mindset, the Group injected strong and lasting internal momentum into long-term, mutually beneficial development for both the Company and its customers.

Network Development: Expanding the NEV Brand Footprint and Enhancing Brand Contribution

The Group continued to deepen its brand matrix strategy. While maintaining the overall stability of its existing brand structure, it selectively optimised certain brand outlets to better adapt to the evolving competitive landscape. The Group placed strong emphasis on collaboration with NEV brands and advanced the development and operation of authorised NEV brand dealerships through a light-asset operating model. By 2025, the Group had completed the construction of two authorised Formula Leopard brand 4S dealerships in Xi'an and Yan'an. Multiple dealerships for brands including DENZA, Formula Leopard and AITO commenced official operations, further enhancing the Group's NEV brand network in key development regions and advancing its brand diversification.

In addition, the Group continued to optimise the marketing models and management mechanisms of its NEV brands. Through a series of targeted operational improvement initiatives, it continuously strengthened the contribution of NEV brand outlets to overall business performance.

Digital Construction: Building a Global Domain New Ecosystem with Intelligence at Its Core

The Group remained committed to its core strategy of “technology empowering business and data-driven decision-making”. With deepening global domain digitalisation as its core engine, the Group comprehensively advanced the integration and coordinated upgrading of technology and business operations. Focusing on four strategic priorities, namely deepening private-domain traffic value, building intelligent decision-making systems, implementing closed-loop integration between operations and finance, and optimising end-to-end service efficiency, the Group continued to strengthen its digital infrastructure and promoted the evolution of its smart enterprise ecosystem towards a model characterised by “all-domain coordination and intelligent efficiency”.

I. Private-Domain Traffic Operations: From Precision Operations to Value Co-Creation

The Group continued to enhance its “online + offline” omnichannel engagement network and optimised the operation of its private-domain traffic matrix, enabling deeper accumulation of user assets and more efficient value realisation.

Membership System Upgrade

As at the end of 2025, the Group’s membership centre recorded a cumulative total of 384,080 registered users. Through the establishment of a refined user tagging system and the implementation of personalised service strategies, the Group significantly improved tiered user management efficiency, achieving notable growth in both member activity level and repeat purchase rate.

Deep Empowerment of the WeCom Ecosystem

Leveraging WeCom as a full life-cycle customer service channel, the Group positioned it as a core platform for precision marketing, value-added services and customer relationship management. This continuously activated the commercial value of private-domain traffic, delivering dual improvements in both operational efficiency and commercial returns.

II. Integration of Operations and Finance: From Process Integration to Intelligent Collaboration

With the objectives of “data consistency, process automation and intelligent decision-making”, the Group further deepened the global-domain integration of business and financial systems, establishing an all-scenario digital closed-loop management framework and driving the evolution of business–finance collaboration from “process linkage” to “intelligent interaction”.

Deepened Integration Across Business Systems

The Group achieved end-to-end integration between its entire business chain, including new vehicle sales, after-sales maintenance, parts supply chains and customer services, and its financial systems. Unified data standards and accounting methodologies enabled real-time synchronisation and accurate mapping between operational and financial data, thus significantly improving the efficiency of data flows and the accuracy of data matching.

Foundation for a Group-Level Finance Shared Services Centre

Supported by its integrated operational and financial data infrastructure, the Group laid a solid foundation for the phased construction of a group-level finance shared services centre. Core financial processes, including expense reimbursement, accounting, budget control and risk early warning, were progressively automated, facilitating the transformation of financial management from a traditional “accounting-focused” function to a modern “strategic support” function.

III. Intelligent Decision-Making System: From Data Support to Forward-Looking Insight

The Group initiated comprehensive data governance and the construction of an intelligent decision-making hub. With data assetisation as a core driver, this initiative elevated digital applications from business support to decision leadership, positioning data as a central pillar of forward-looking decision-making and scientific management.

Launch of a Unified Data Platform

By systematically dismantling data silos across business, finance, customer and supply chain systems, the Group steadily advanced the construction of a unified data platform. This enabled standardised data governance, real-time connectivity and efficient reuse of full-chain data, thereby laying a solid foundation for the deployment of intelligent application scenarios and fully unlocking the value of data.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2025 was RMB7,345.0 million, representing a decrease of RMB1,263.9 million or 14.7% as compared to that for the corresponding period in 2024, primarily due to the Group's proactive optimisation of its network footprint and downsizing of its inefficient stores. Notably, revenue from the sales of new automobiles was RMB6,048.0 million, representing a decrease of RMB975.2 million or 13.9% as compared to that for the corresponding period in 2024. Revenue from after-sales service business was RMB989.5 million, representing a decrease of RMB164.7 million or 14.3% as compared to that for the corresponding period in 2024; and revenue from the sales of used cars was RMB307.5 million, representing a decrease of RMB124.0 million or 28.7% as compared to that for the corresponding period in 2024.

A substantial portion of the revenue of the Group was generated from sales of new vehicles, accounting for 82.3% of our revenue for the year ended 31 December 2025 (2024: 81.6%). In addition, revenue generated from after-sales service business accounted for 13.5% of the revenue for the year ended 31 December 2025 (2024: 13.4%), and revenue from the sales of used cars accounted for 4.2% of the revenue for the year ended 31 December 2025 (2024: 5.0%). Revenue of the Group was mainly derived from our operations in the PRC.

The following table sets forth a breakdown of the Group's revenue and relevant information for the reporting periods:

	Year ended 31 December					
	2025			2024		
	Amount (RMB'000)	Sales volume (Unit)	Average selling price (RMB'000)	Amount (RMB'000)	Sales volume (Unit)	Average selling price (RMB'000)
Sales of new vehicles						
Luxury and ultra-luxury brands	5,093,185	18,089	281.6	5,845,626	19,155	305.2
Mid-end market brands	954,857	6,027	158.4	1,177,529	7,952	148.1
Sub-total/Average	6,048,042	24,116	250.8	7,023,155	27,107	259.1
Sales of used cars	307,522	4,114	74.8	431,485	3,751	115.0
After-sales services	989,484			1,154,250		
Total	7,345,048			8,608,890		

Cost of Sales and Services

Cost of sales and services for the year ended 31 December 2025 was RMB7,340.7 million, representing a decrease of RMB1,298.0 million or 15.0% as compared to that for the corresponding period in 2024. Among which, cost of sales of new automobiles for the year ended 31 December 2025 was RMB6,424.9 million, representing a decrease of RMB1,078.6 million or 14.4% as compared to that for the corresponding period in 2024. Cost of after-sales services business for the year ended 31 December 2025 was RMB626.6 million, representing a decrease of RMB97.8 million or 13.5% as compared to that for the corresponding period in 2024. Cost of sales of used cars for the year ended 31 December 2025 was RMB289.2 million, representing a decrease of RMB121.6 million or 29.6% as compared to that for the corresponding period in 2024.

Gross Profit

Gross profit for the year ended 31 December 2025 was RMB4.4 million, as compared to gross loss of RMB29.8 million for the corresponding period in 2024. The turnaround from gross loss to gross profit was mainly attributable to the Group's optimisation of its network footprint and downsizing of its inefficient stores, together with enhanced operational control and improved operating efficiency. Of which, gross loss of sales of new automobiles was RMB376.9 million, representing a decrease of RMB103.4 million as compared to that for the corresponding period in 2024. Gross profit of after-sales service business was RMB362.9 million, representing a decrease of RMB66.9 million or 15.6% as compared to that for the corresponding period in 2024. Gross profit of used car business was RMB18.3 million, representing a decrease of RMB2.4 million or 11.6% as compared to that for the corresponding period in 2024.

Gross profit margin for the year ended 31 December 2025 was 0.1% (2024: gross loss margin of 0.3%).

Other Income and Gains, Net

Other income and gains, net mainly consist of commission income from automobile sales agency services, insurance agency and automobile financing agency businesses, logistics and storage income, net gains from disposal of property, plant and equipment, fair value change in investment properties and interest income.

Other income and gains, net for the year ended 31 December 2025 amounted to RMB433.7 million, representing a decrease of 30.3% as compared with RMB622.3 million for the year ended 31 December 2024. The decrease was mainly attributable to the decline in new vehicle sales, coupled with a downward trend in commission rates in the automobile finance industry, which led to a contraction in the scale of commission income from financing-related business; and losses arising from the disposal of related assets during the year as a result of the downsizing of underperforming outlets.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 December 2025 amounted to RMB374.3 million, representing a decrease of RMB71.1 million or 16.0% as compared with RMB445.4 million for the year ended 31 December 2024. Such decrease was mainly attributable to the Group's brand optimisation initiatives, under which certain loss-making stores the operating performance of which fell short of expectations were downsized, thus effectively reducing selling and administrative expenses. As a percentage of revenue, selling and distribution expenses decreased as compared with the corresponding period of last year, decreasing from 5.2% for the year ended 31 December 2024 to 5.1% for the year ended 31 December 2025, down by 0.1 percentage point.

Administrative Expenses

Administrative expenses for the year ended 31 December 2025 amounted to RMB221.0 million, representing a decrease of RMB17.5 million or 7.3% as compared with RMB238.5 million for the year ended 31 December 2024. The decrease was mainly attributable to a reduction in related expenses resulting from the Group's brand optimisation initiatives, as well as lower administrative staff remuneration expenses due to the optimisation of staffing through centralised business management. As a percentage of revenue, the administrative expenses increased from 2.8% for the year ended 31 December 2024 to 3.0% for the year ended 31 December 2025, up by 0.2 percentage point.

Finance Costs

Finance costs for the year ended 31 December 2025 amounted to RMB82.0 million, representing a decrease of 14.8% as compared with RMB96.2 million for the year ended 31 December 2024. Such decrease was mainly attributable to the Group's continued control over the scale of inventory procurement and improvement in capital utilisation efficiency, which in turn optimised the financing structure and reduced the scale of financing, thereby lowering finance costs accordingly.

Loss Before Tax

As a result of the foregoing, loss before tax for the year ended 31 December 2025 amounted to RMB239.2 million, as compared with loss before tax of RMB187.7 million for the year ended 31 December 2024.

Income Tax Expense

Income tax expense for the year ended 31 December 2025 amounted to RMB6.1 million, representing a decrease of RMB19.2 million or 75.9% as compared with RMB25.3 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in taxable income for the year as compared with the corresponding period of last year.

Loss for the Year

As a result of the foregoing, loss for the year ended 31 December 2025 amounted to RMB245.4 million, as compared with a loss of RMB213.0 million for the year ended 31 December 2024.

Loss for the Year Attributable to Owners of the Company

For the year ended 31 December 2025, loss for the year attributable to owners of the Company amounted to RMB245.1 million, as compared with a loss of RMB213.0 million for the year ended 31 December 2024.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

For the year ended 31 December 2025, the Group's net cash inflow generated from operating activities was RMB193.0 million, as compared with RMB523.2 million of its net cash inflow generated from operating activities for the year ended 31 December 2024. Such decrease in net cash inflow from operating activities was mainly attributable to the Group's continued inventory optimisation efforts. As inventory levels had already been adjusted to a more optimal level during the current period as compared with the previous year, the pace of inventory reduction slowed during the period relative to the previous year, resulting in a narrower decline in inventories.

For the year ended 31 December 2025, the Group's net cash outflow from investing activities was RMB27.4 million, as compared with RMB152.4 million of its net cash outflow of investing activities for the year ended 31 December 2024. Such decrease in net cash outflow generated from investing activities was mainly due to the decrease in expenditures for the acquisition and construction of fixed assets, the decrease in time deposits with maturity over three months and the receipt of partial payment for the disposal of the equity interest of a subsidiary during the year.

For the year ended 31 December 2025, the Group's net cash outflow from financing activities was RMB396.0 million, as compared with RMB522.9 million of its net cash outflow of financing activities for the year ended 31 December 2024. Such decrease in net cash outflow from financing activities was mainly attributable to the reduction in financing scale during the year, with the decrease in cash outflows from debt repayment exceeding the decrease in cash inflows as a result of the contraction in borrowing scale.

Net Current Assets

As at 31 December 2025, the Group's net current assets amounted to RMB205.9 million, as compared with RMB353.3 million of its net current assets as at 31 December 2024.

Inventories

The Group's inventories primarily consist of new automobiles, used cars, spare parts and decoration accessories. As at 31 December 2025, the Group's inventories amounted to RMB874.7 million, representing a decrease of 13.5% as compared with RMB1,011.5 million as at 31 December 2024, which was mainly attributable to the combined effect of (1) the Group's reasonable control over the scale of inventory procurement; and (2) the reduction in inventories due to brand optimisation.

In 2025, the Group's average inventory turnover days (the average inventory turnover days = the average of opening and closing inventory balances divided by the cost of sales and services for that year and multiplied by 360 days) were 47.8 days, representing a slight decrease as compared with 49.1 days in 2024, which was primarily attributable to the Group's ongoing efforts in implementing refined inventory control and structural optimisation, thereby enhancing inventory turnover efficiency.

Bank Loans and Other Borrowings

As at 31 December 2025, the Group's bank loans and other borrowings were RMB1,761.6 million, representing a decrease of 14.6% as compared with RMB2,062.9 million as at 31 December 2024.

The following table sets forth the Group's bank loans and other borrowings as at the dates indicated:

	As at 31 December			
	2025		2024	
	Effective interest rate (%)	Amount RMB'000	Effective interest rate (%)	Amount RMB'000
CURRENT				
Bank loans	2.35-4.80	1,166,630	2.85-5.80	1,337,664
Other borrowings	2.48-8.50	235,586	2.28-8.50	282,288
Sub-total		<u>1,402,216</u>		<u>1,619,952</u>
NON-CURRENT				
Bank loans	4.35-5.80	359,378	4.35-5.80	442,963
Sub-total		<u>359,378</u>		<u>442,963</u>
Total		<u>1,761,594</u>		<u>2,062,915</u>
Among which:				
Secured loans		1,357,116		1,315,493
Unsecured loans		404,478		747,422
Total		<u>1,761,594</u>		<u>2,062,915</u>

As at 31 December 2025, the Group's gearing ratio, which is net debt divided by the sum of total equity and net debt, was 46.1% (2024: 46.9%). Net debt includes bank loans and other borrowings, trade and bills payables and other payables and accruals, less cash and cash at banks, short-term deposits, cash in transit and pledged bank deposits.

Pledge of Assets

As at 31 December 2025, certain of the Group's bank loans were secured by charges or pledges over its assets. The Group's assets subject to these charges or pledges as at 31 December 2025 consisted of: (i) inventories amounting to RMB579.7 million; (ii) property, plant and equipment amounting to RMB858.4 million; (iii) land use rights amounting to RMB373.5 million; (iv) investment properties amounting to RMB166.0 million; and (v) pledged bank deposits amounting to RMB95.9 million.

As at 31 December 2025, certain of the Group's inventories amounting to RMB200.9 million and pledged bank deposits amounting to RMB784.0 million were pledged as securities for bills payable.

Capital Expenditures and Investment

The Group's capital expenditures comprise primarily expenditures on property, plant and equipment, land use rights and intangible assets. For the year ended 31 December 2025, the Group's total capital expenditures were RMB175.6 million, representing a decrease of RMB81.9 million as compared with the RMB257.5 million for the year ended 31 December 2024.

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees.

Staff Cost and Employee Remuneration Policy

As at 31 December 2025, the Group had 2,011 employees. Staff cost of the Group decreased by 7.0% from RMB319.8 million for the year ended 31 December 2024 to RMB297.4 million for the year ended 31 December 2025, mainly attributable to the Group's active adjustment of staffing and performance plans resulting in the improvement of human resource efficiency. The Group continuously optimised its human resources structure and effectively enhanced overall workforce efficiency through regular reviews of staffing levels and the implementation of performance-oriented incentive schemes. The Group offers competitive remuneration packages with reference to market salary levels, including fixed salaries and performance-based bonuses, in order to attract and retain outstanding talents. In terms of remuneration incentives, performance bonuses are granted to motor vehicle sales and after-sales service personnel based on performance indicators relating to their revenue contribution, professional skills, customer satisfaction and the nature of their work. The remuneration of the directors of the Company is determined by the Remuneration Committee of the Board with reference to their scope of duties, individual experience and market trends, so as to ensure that the remuneration mechanism is both fair and incentivising. To meet business development needs, the Group flexibly adjusted its staffing establishment and continuously built a reserve of high-calibre talent, thereby strengthening the flexibility and forward-looking nature of its human resources management. At the same time, we attached importance to talent pipeline development and regularly provided employees in key positions with training in business skills, professional knowledge and professional conduct, while paying close attention to their career development pathways, so as to provide sustained impetus for the Group's long-term and steady development.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 10 March 2025 and 25 April 2025, Shaanxi Sunfonda Huixiang Automobile Sale and Service Co., Ltd. (陝西新豐泰匯翔汽車銷售服務有限公司), Shaanxi Sunfonda Junmei Automobile Sale and Service Co., Ltd. (陝西新豐泰駿美汽車銷售服務有限公司), Beijing Sunfonda Boao Automobile Sale and Service Co., Ltd. (北京新豐泰博奧汽車銷售服務有限公司), Shaanxi Sunfonda Shangzhong Automobile Sale and Service Co., Ltd. (陝西新豐泰尚眾汽車銷售服務有限公司), Shaanxi Sunfonda Yingbin Automobile Sale and Service Co., Ltd. (陝西新豐泰迎賓汽車銷售服務有限公司), Yan'an Sunfonda Boao Automobile Co., Ltd. (延安新豐泰博奧汽車有限責任公司) and SUNFONDA (HONG

KONG) LIMITED (新豐泰(香港)有限公司) (collectively the “**Vendors**”) (each being an indirect wholly-owned subsidiary of the Company), entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) and a supplemental agreement (the “**Supplemental Agreement**”, together with the Equity Transfer Agreement, the “**Agreements**”) with Xi’an Zhongyu Real Estate Co., Ltd. (西安中嶼房地產有限公司) (the “**Purchaser**”), respectively, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell all the equity interests in Xi’an Sunfonda Jing River Logistics Development Co., Ltd. (西安新豐泰涇河物流開發有限公司) (the “**Target Company**”) (the “**Disposal**”). The Target Company owns a property located at Jinghe Industrial Park, Gaoling District, Xi’an City, Shaanxi Province (the “**Target Property**”).

Pursuant to such agreements, the total consideration payable by the Purchaser to the Vendors for the Disposal shall comprise (1) the initial transfer price of RMB71.1372 million; and (2) if the Target Company receives any compensation for the reduction of developable area from the government authority subsequent to the execution of the Supplemental Agreement, the Purchaser shall transfer all the compensation received by the Target Company to the Vendors within 10 days after the receipt of such compensation.

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder’s approval requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, Shareholders’ approval may be obtained by written Shareholders’ approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Agreements and the transactions contemplated thereunder.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, and the Company has obtained a written approval from Top Wheel Limited, a controlling shareholder of the Company interested in 434,183,000 shares of the Company (representing approximately 72.36% of the issued share capital of the Company) as at the dates of the Agreements, no Shareholders’ meeting was convened by the Company to approve the Disposal.

As at the date of this announcement, the Disposal is yet to be completed and the relevant government authority had not provided any confirmation regarding whether any compensation will be provided to the Target Company for the reduction in developable area of the Target Property. For details, please refer to the circular of the Company dated 26 May 2025 and the announcements of the Company dated 10 March 2025, 12 March 2025, 24 March 2025, 25 April 2025 and 6 May 2025.

Save as disclosed above, there was no other material acquisition and disposal of subsidiaries, associates and joint ventures during the period.

FUTURE STRATEGY AND PROSPECTS

Forecast of China’s Economic Trend in 2026 – Sustained and Improving Economic Performance

In its first World Economic Outlook report for 2026, the International Monetary Fund (IMF) projected that global economic growth would reach 3.3% in 2026, representing an upward revision of 0.2 percentage point from its October forecast, with the bulk of the growth expected to be driven by the United States and China. The IMF also raised its 2026 growth forecast for China to 4.5%, representing an increase of 0.3 percentage point from last October’s projection.

Guan Tao, Global Chief Economist at BOC Securities, noted that market consensus broadly expects China’s actual GDP growth target for 2026 to be set within the range of 4.5% to 5%. At present, relatively low inflation and continued room for improvement in the labour market suggest that the economy remains below its potential level. Against this backdrop, it is essential to advance policy support in parallel with reform and innovation, and to implement a more proactive macroeconomic policy stance. China’s efforts to expand domestic demand are expected to boost import demand, carrying positive implications for the global economy.

Kang Yi, Director of the National Bureau of Statistics, stated at a press conference held by the State Council Information Office that, viewed over the full year of 2026, the fundamental conditions and long-term positive trend underpinning China’s economic development remain unchanged, and the momentum for high-quality growth continues, providing a solid foundation and favourable conditions for maintaining stable and improving economic performance. Kang Yi further noted that recent data point to positive developments in production, prices and expectations, with the economy continuing to make steady progress. In December 2025, the year-on-year growth rates of value-added of industrial enterprises above designated size and the service sector production index both accelerated compared with the previous month. The Consumer Price Index (CPI) rose by 0.8%, marking its highest increase since March 2023, while core CPI recorded increases of more than 1% for four consecutive months. Meanwhile, the year-on-year decline in the PPI narrowed, with month-on-month increases recorded for three consecutive months. Both the manufacturing PMI and the non-manufacturing business activity index returned to expansionary territory. From a policy perspective, the State Council executive meeting deployed a coordinated package of fiscal and financial measures aimed at boosting domestic demand, with relevant authorities accelerating implementation to support domestic consumption. The “Two New” policies continued to be refined, with the first tranche of funding allocated ahead of schedule. Together, these measures have created favourable conditions for a positive economic start in 2026.

Xi’an – Focusing on Industrial System Development, Expanding the Real Economy and Accelerating the Development of the Xi’an Metropolitan Area

Xi’an is the capital of Shaanxi Province, where the Group’s main business is located, and is also the location of the Group’s headquarters. With the convening of the 2026 Shaanxi Provincial “Two Sessions”, the Provincial Government Work Report outlined the main expected targets for the province’s economic and social development in 2026. These include GDP growth of approximately 5%; fixed-asset investment growth remaining above the national average; a 3% increase in general public budget

revenue; growth in residents' income exceeding both economic growth and the national average; and an increase in the consumer price index (CPI) of approximately 2%. In terms of expanding effective investment, 640 provincial-level key projects are planned to be implemented, with total investment expected to exceed RMB350 billion. To stimulate consumption, a series of targeted initiatives will be rolled out, including special campaigns to boost consumption, the continued implementation of consumer goods trade-in programmes, and the introduction of policies to promote consumption during public holidays. These measures are expected to drive bulk consumption in sectors such as automobiles, home appliances and digital products, add approximately 1,000 new commercial enterprises above designated size, and advance initiatives to enhance digital consumption. In particular, the "online-to-offline" integrated retail model will be promoted, with online retail sales projected to grow by more than 10% and total retail sales of consumer goods expected to increase by approximately 6%.

China's Automobile Market in 2026

In 2026, China's automobile market will enter a stage of development characterised by strong policy support and the coexistence of challenges and opportunities. Supported by the macroeconomic policy tone of stabilising growth and a series of industry policies, the market as a whole is expected to continue the pattern of low-speed growth on top of a high base. At the same time, due to phased factors such as policy transition and intensifying industry competition, the market will still face certain pressures in its development.

At the beginning of 2026, China's domestic automobile market encountered multiple phased challenges. The Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology made it clear that the purchase tax exemption for NEVs would be adjusted from full exemption to a 50% reduction. This, coupled with the pull-forward effect caused by consumers seeking to catch the last window of the 2025 policy incentives, had already brought forward demand from the beginning of the year. In addition, eight departments including the Ministry of Commerce changed the vehicle trade-in subsidy model to one linked to a proportion of the vehicle price. While this helped drive consumption upgrading, it also dampened the willingness of price-sensitive consumers to purchase vehicles. As a result, together with increasingly cautious vehicle purchasing decisions by consumers, the pace of market demand release slowed down. According to a survey conducted by the China Automobile Dealers Association, more than half of dealers adopted a cautious and conservative attitude towards the 2026 market, and expectations for industry recovery remained relatively weak.

The Central Economic Work Conference held in 2025 clarified that economic work in 2026 will continue to adhere to the principle of "seeking progress while maintaining stability, and improving quality and efficiency", with domestic demand remaining the primary driver of growth. The Ministry of Finance has made clear that it will continue to implement a more proactive fiscal policy, with ultra-long special treasury bonds continuing to be used in areas such as the "Two New" initiative. Stabilising consumption and expanding domestic demand have become key policy priorities, providing long-term policy support for automobiles as a major consumer goods category. Against this backdrop, China's automobile market as a whole has entered a development cycle characterised by high sales volume but low growth.

In January 2026, nine departments including the Ministry of Commerce jointly issued the Notice on Implementing the Green Consumption Promotion Initiative (《關於實施綠色消費推進行動的通知》), aimed at accelerating the green transformation of development models and consumption patterns and fostering new growth drivers for green consumption during the 15th Five-Year Plan period. In September 2025, eight departments including the Ministry of Industry and Information Technology released the Work Plan for Stabilising Growth in the Automobile Industry (《汽車行業穩增長工作方案》), which includes measures such as expanding automobile service consumption, the effective implementation of which is expected to support the stable operation of the industry. Through concerted efforts by various stakeholders, tangible progress has been made in addressing “cut-throat” competition. The State Administration for Market Regulation has drafted the Guideline for Price Behaviour Compliance in the Automobile Industry (《汽車行業價格行為合規指南》), which is expected to significantly enhance price transparency. In 2026, efforts to further address such competition will continue, and as industry governance effectiveness improves, the automobile sector is expected to advance towards higher-quality development.

Chen Shihua, Deputy Secretary-General of CAAM, stated that strong macroeconomic fundamentals, precise and effective policy support, continuous improvement in industry governance and broad international market opportunities will constitute favourable factors for the development of China’s automobile market in 2026, thereby supporting the industry in maintaining steady development as a whole.

The Group Will Continue its Network Optimisation to Build a Healthier Brand Portfolio

Looking ahead, the Group will seize development opportunities and aggressively expand into competitive NEV brands, while placing strong emphasis on improving service quality and profitability. A more prudent approach will be adopted in brand selection to mitigate investment risks. In future store development, the Group will prioritise investment efficiency and maintain a lean and lightweight approach to network expansion.

Based on the actual business capacity of individual brand outlets, the Group will continue to optimise its existing brand network, while deepening and expanding cooperation with leading NEV brands. These initiatives will continuously strengthen the Group’s brand footprint in its core advantage regions, including Shaanxi and Gansu. Going forward, the Group will synchronously advance terminal network optimisation, strategically allocate resources to luxury vehicle brands in key cities, further accelerate the deployment of NEV businesses, and introduce leading new energy vehicle brands, so as to continuously enhance market penetration and lay a solid foundation for sustainable development.

The Group will continue to promote the “FUN TIME LANE” automobile theme fashion street zone projects. Brands such as Cadillac, Volkswagen Anhui and BYD-Dynasty have already moved into the “FUN TIME LANE” project, while the used car mall located on B2 of the shopping centre has officially opened for business, which is another important deployment of the Group in the automobile service sector, aiming to provide consumers with better, more convenient, and more professional used car trading services. The Group is also actively engaging with leading NEV brands and will progressively introduce various themed businesses including NEV vehicle business, along with the purpose-built businesses such as café and business catering to be introduced, which will drive regional consumption

upgrading and become a new commercial landmark in the region. Currently, the “FUN TIME LANE” project in Lanzhou has already commenced operations, and BMW, GAC Toyota, DENZA, Audi as well as some other brands are open for business. Corporate offices, NEVs, catering facilities, education and other related business formats will be gradually introduced in subsequent phases, with the goal of achieving a 100% opening rate.

The Group Will Focus on Core Operations, Refine the Business Ecosystem and Drive High-Quality Development

As competition in the automobile market is expected to intensify further in 2026, the Group will build on its 2025 operational foundation and focus on core performance indicators to accurately capture profit growth opportunities. On the one hand, the Group will launch targeted “model campaigns” to capitalise on peak sales windows for new product launches and drive improvements in profitability. On the other hand, it will establish a new inventory ageing early-warning mechanism, promoting a transition in inventory management from a “reactive response” to “proactive prevention”. This will help prevent the accumulation of long-aged inventory at the source, continuously optimise inventory structure and enhance inventory turnover efficiency.

Going forward, the Group will further deepen its digital transformation, refine its end-to-end new media operating system, and optimise its customer relationship management system to unlock the full lifecycle value of customers. At the same time, the Group will strengthen team development by comprehensively enhancing the professionalism and execution capabilities of its sales force. These efforts will enable the Group to respond effectively to market challenges, ensure the successful achievement of its 2026 sales targets, and promote steady and healthy growth across all business segments.

In the after-sales business segment, the Group will continue to advance the professionalisation of service processes, the refinement of customer operations and the platform-based development of technical capabilities. While steadily improving per-store profitability, the Group will further strengthen Sunfonda’s differentiated brand advantages and comprehensive competitiveness in the aftermarket, ultimately achieving synergistic growth in both customer value and operating returns.

In the decoration business segment, the Group will leverage front-end product capability upgrades and back-end service experience optimisation to further build an operating system characterised by “clear value proposition, consistent experience and sustainable growth”, thus providing solid support for overall profit enhancement and the long-term development of the customer ecosystem.

In the used car business segment, the Group will continue to focus on systematic upgrades and differentiated operations, driven by a three-dimensional strategy of “single-store branding, centre-store scale expansion and efficient wholesale operations”, aiming to enhance quality and efficiency. At the single-store level, the Group will focus on building a closed-loop retail system for Audi-branded used vehicles, with the target of doubling Audi retail volumes; at the centre-store level, the Group will strengthen the scale of operations at its Xi’an store and upgrade the retail service experience at its Lanzhou store, enhancing regional market penetration and gross profit margins; and at the wholesale level, the Group will adhere to a data-driven procurement strategy, deepen multi-channel cooperation

and strictly control wholesale inventory turnover days to no more than 7 days. Looking ahead, the Group will continue to strengthen the core competitiveness of its used car business, promote high-quality development and inject new growth momentum into the Group's overall expansion.

The Group Will Deepen Omnichannel Deployment to Precisely Reach Customers and Build Differentiated Competitive Advantages

The automobile consumer market is exhibiting increasingly pronounced generational characteristics. As the age of first-time car buyers continues to decline, younger consumers born in the 2000s have emerged as a new driving force in the market, with demand for personalised and diversified purchasing experiences becoming increasingly prominent. In response to such market changes, the Group has proactively adjusted its marketing strategy. Centred on integrated online and offline marketing, the Group is building a reputation-driven marketing system and differentiated competitive advantages through systematic new media matrix operations, precision-based private domain deployment and in-depth engagement with segmented communities.

In 2026, the Group will continue to focus on refined new media operations and brand-specific marketing initiatives tailored to differing customer needs, which will further enhance marketing effectiveness, consolidate and expand differentiated competitive advantages, and drive qualitative and efficiency improvements in marketing performance. With respect to new media operations, the Group will refine live streaming management by tailoring content and scheduling to vehicle models and customer profiles, with a focus on lead generation. At the same time, it will strengthen customer acquisition through short-form videos and build a dual-track collaborative system of "live streaming + short videos". The Group will also continue to expand and deepen its presence on the Xiaohongshu platform, standardise the personal IP operations of sales consultants, advance key customer seeding initiatives, optimise lead follow-up mechanisms, sustain incremental channel advantages and continuously enhance the effectiveness of new media channels.

In terms of marketing activities, the Group will implement tiered campaigns based on brand positioning and specific marketing objectives. For luxury brands, the focus will be on cross-industry collaborations, premium community engagement and immersive test-drive experiences to accurately reach high-end consumers. For mass-market brands, emphasis will be placed on converting prospective customer invitations, encouraging referrals from existing customers and organising test-drive events to stabilise showroom traffic. For NEV brands, priority will be given to KOL experience programmes, test drives and new vehicle launch events to enhance customer recognition. In addition, the Group will continue to implement effective measures such as full-staff marketing to deepen differentiated competitive advantages and expand channel growth potential, thereby enhancing customer satisfaction and loyalty and supporting sales growth across the Group.

Digital Transformation: Advancing Towards “Global Domain Intelligence and Value Co-creation”

In 2026, guided by the principles of “data-driven operations, intelligent leadership and ecosystem collaboration”, the Group will focus on advancing three core initiatives to further deepen its digital transformation:

1. *Intelligent Application Scenario Expansion Initiative*

The Group will deeply embed intelligent models across all business scenarios, including marketing, services, supply chain and financial management, enabling full process intelligent upgrades from front-end customer acquisition to back-end operations. This will simultaneously enhance operational efficiency and customer experience, and establish an intelligent business operations system.

2. *Data Security and Governance Enhancement Initiative*

The Group will refine its comprehensive data security control system, strengthen data compliance management capabilities, and continuously improve data quality and governance effectiveness, so as to ensure that data assets achieve maximum value under secure and controllable conditions, thereby supporting its digital transformation.

3. *Digital Ecosystem Collaboration Initiative*

The Group will promote deep data interoperability and system integration with upstream and downstream partners, building an industry-level digital collaboration ecosystem. Through resource sharing and value co-creation across the industrial chain, the Group will continue to consolidate and enhance its digital competitive edge within the industry.

Digital development is a critical pillar of the Group’s core strategy and an essential pathway to achieving high-quality growth. Looking ahead, the Group will continue to take technological innovation as its driving force, data assets as its core lever and customer value as its fundamental orientation. By continuously deepening its digital transformation, the Group aims to enable technology to become the central force driving sustainable growth and leading industry transformation.

CORPORATE GOVERNANCE PRACTICE OF THE COMPANY

The Board believes that effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and enhance the interests of the shareholders. The Company has adopted the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company regularly reviews its corporate governance practice to ensure the compliance with the CG Code.

The Board is of the view that the Company has complied with all the code provisions set out in the CG Code during the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sales of treasury shares (the “**Treasury Shares**”) within the meaning under the Listing Rules) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any Treasury Shares.

MATERIAL LITIGATION

During the year ended 31 December 2025, the Group was neither involved in any material litigation or arbitration, nor was it subject to any pending or threatened material litigation or claims.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END DATE

Shaanxi Sunfonda Automobile Technology Development Co., Ltd. (the “**Subsidiary**”), an indirect wholly-owned subsidiary of the Company, intends to enter into a master credit facility agreement (the “**Master Credit Facility Agreement**”) with Bank of China Limited Shaanxi Branch (the “**Lender**”) on or before 30 April 2026. Pursuant to the Master Credit Facility Agreement, the Subsidiary and the Lender will further enter into separate credit agreements for individual credit facilities (together with the Master Credit Facility Agreement, the “**Credit Agreements**”), and the Lender has agreed to provide a loan facility with a principal amount of up to RMB262,500,000 (the “**Loan Facility**”) for a term commencing from the effective date of the Master Credit Facility Agreement until the maturity date of the credit facilities between the Subsidiary and the Lender.

In view of the Master Credit Facility Agreement and the Loan Facility to be provided thereunder by the Lender, the Company intends to enter into a maximum guarantee contract (the “**Guarantee Contract**”) with the Lender on or before 30 April 2026, pursuant to which the Company agrees to provide a corporate guarantee (the “**Corporate Guarantee**”) in favour of the Lender in respect of the due performance by the Subsidiary of its obligations under the Credit Agreements, including, among other things, the repayment of the loan principal of up to RMB262,500,000 and all accrued interest, default interest, liquidated damages, damages, costs incurred in enforcing the Lender’s rights, losses suffered by the Lender as a result of the Subsidiary’s default, and all other amounts payable by the Subsidiary under the Credit Agreements.

The Board considers that the entering into of the Master Credit Facility Agreement and the Guarantee Contract is beneficial to the Group as it will provide additional financing resources for the business operations of the Subsidiary. The Board is of the view that the terms of the Master Credit Facility Agreement and the Guarantee Contract were determined after arm’s length negotiations between the parties, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Lender and its ultimate beneficial owner are independent third parties of the Company and its connected persons (as defined under the Listing Rules). Under Chapters 14 and 14A of the Listing Rules, the entering into of the Master Credit Facility Agreement and the Guarantee Contract does not constitute any notifiable transaction and/or connected transaction.

Save as disclosed above, there were no significant subsequent events that had occurred from 1 January 2026 up to the date of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all Directors, all of the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2025.

AUDIT COMMITTEE

The Board has established the audit committee of the Company (the “**Audit Committee**”) which comprises three independent non-executive Directors, namely Dr. Han Qinchun (chairman), Mr. Liu Qiming and Mr. Mou Junfa.

The Audit Committee has, together with the Board and external auditor of the Company, reviewed the accounting standards and practices adopted by the Group and the consolidated financial results of the Group for the year ended 31 December 2025. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Group, and considers the risk management and internal control systems to be effective and adequate.

SCOPE OF WORK OF BDO LIMITED

The figures above in respect of this annual results announcement for the year ended 31 December 2025 have been agreed with the Company's auditor, BDO Limited (“**BDO**”), certified public accountants, to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this announcement.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any final dividend for the year ended 31 December 2025 to shareholders of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2026 AGM of the Company will be held on Tuesday, 9 June 2026. In order to determine shareholders' entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026, both days inclusive. In order to be entitled to attend and vote at the 2026 AGM, unregistered holders of shares of the Company should ensure that all transfer documents together with the relevant share certificates are lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 3 June 2026. The record date for determining shareholders' entitlement to attend and vote at the AGM will be 9 June 2026.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.sunfonda.com.cn).

The Company's 2025 annual report will be made available to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to all of the management team and all staff for their contributions to the Group. At the same time, we would like to thank every customer, business partner and shareholders of the Company for their continuous support over the years! In the future, the Group will strive for excellence and spare no effort to drive business growth and bring greater and long-term return to the shareholders of the Company.

By Order of the Board
Sunfonda Group Holdings Limited
Mr. Wu Tak Lam
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Wu Tak Lam, Ms. Chiu Man, Ms. Chen Wei and Mr. Wang Hao; and three independent non-executive directors, namely, Dr. Han Qinchun, Mr. Liu Qiming and Mr. Mou Junfa.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and development strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited by the Group's auditor. Shareholders and potential investors of the Company should therefore not place undue reliance on such statements.