中升集團控股有限公司
Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Zhongsheng Group Holdings Limited (the "**Company**", "**Zhongsheng**" or "**we**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026, as follows:

KEY HIGHLIGHTS

Financial Summary

	Unaudited		
	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Year-on-year change
	(Renminbi in millions, unless specified)		
Revenue			
Sales of motor vehicles	**50,500.8**	63,945.6	(21.0)%
Accessories and after-sales services	**12,521.5**	13,376.5	(6.4)%
thereof after-sales services (Maintenance, warranty and collision)	***11,538.8***	*11,445.3*	*0.8%*
Total revenue	**63,022.3**	77,322.1	(18.5)%

	Unaudited		
	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Year-on-year change
	(Renminbi in millions, unless specified)		
Gross profit			
Sales of motor vehicles	**(579.7)**	(2,130.8)	(72.8)%
Accessories and after-sales services	**5,632.4**	6,340.1	(11.2)%
thereof after-sales services (Maintenance, warranty and collision)	***5,585.6***	*5,440.5*	*2.7%*
Total gross profit	**5,052.7**	4,209.3	20.0%
Commission income	**392.4**	1,845.1	(78.7)%
Aggregate profit	**5,445.1**	6,054.4	(10.1)%
Profit for the period	**86.5**	924.1	(90.6)%
Profit attributable to owners of the parent	**110.6**	1,011.4	(89.1)%
Basic earnings per share attributable to ordinary equity holders of the parent *(RMB)*	**0.047**	0.427	(89.0)%

Operating Metrics

	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Year-on-year change
New vehicle sales volume *(Units)*	**188,463**	228,649	(17.6)%
Pre-owned vehicle sales volume *(Units)*	**71,302**	111,244	(35.9)%

MARKET REVIEW AND OUTLOOK

In the first half of 2026, China's economy was generally stable, supported by macro policies and resilient export demand. Gross Domestic Product (GDP) grew 4.7% year over year in the first half, though second-quarter growth moderated to 4.3%—below both the first-quarter level and the full-year growth target range of 4.5–5.0%. Retail sales of consumer goods rose 1.3% year over year, of which automobile retail sales declined 12.6%. Rising external uncertainties, coupled with a slower-than-expected recovery in domestic demand, suggest that the foundation for economic growth still requires continued reinforcement.

Against this macro backdrop, domestic automobile demand weakened significantly. First-half passenger vehicle sales dropped 18.6% year over year, with both internal combustion engine vehicles (ICE vehicles) and new energy vehicles (NEV) coming under pressure. The spike in oil prices triggered by the Middle East conflict in March exacerbated consumer anxiety over the running costs of ICE, creating a drag on their retail performance — ICE vehicle sales fell 22.9% year over year in the first half. Meanwhile, the phase-out of NEV consumption-tax and auto trade-in subsidies also sapped NEV growth momentum, driving a 14.2% year-over-year decline in domestic NEV sales. The current market weakness does not appear to be a cyclical swing, but rather a manifestation of structurally weak consumer confidence and spending power, set against a backdrop of subdued household income expectations. Over the longer term, we do not expect ICE vehicles and NEV to be substitutions. Instead, they are expected to settle into a relatively stable coexistence in specific market segments. In addition, the surge of new model and facelift launches — far exceeding the market's demand — has consumed a large share of buyer demand, while sales of older models becoming even more challenging. Such competition among indigenous NEV automakers is significantly dragging automakers' car parc build-up for economies of scale.

In recent years, although NEV brands led by Tesla have pioneered the direct-to-consumer sales model, market experience now shows that the vast majority of NEV brands still depend heavily on dealer networks — both dealership and agency models — for new vehicle distribution. However, irrespective of whether the selling entity is the OEM or the dealer, after-sales services are still all under authorized dealership model. At the same time, NEV consumers are gaining more experience with their vehicles, and respective dealer service capability, responsiveness, and quality of services. After-sales networks are increasingly becoming a brand's long-term key differentiator. For dealers, building an independent service brand, developing proprietary customer service systems, and establishing reputation around service assurance, customer experience, and local market share will be critical to long term success in the new norm. For this reason, Zhongsheng remains committed to building the most trusted automotive service brand among quality-conscious consumers, developing a closed-loop service system that covers the full vehicle lifecycle, and forging a "lifetime partnership" with our customers.

While the new automobile sales landscape has undergone pronounced structural change, the fundamental underpinnings of the after-sales market have not been shaken. ICE vehicles still account for nearly 87% of the national car parc, forming the bulk of the after-sales demand. Their maintenance and repair needs will remain for the foreseeable future, representing a major profit source for independent repair shops, authorized dealerships, and parts suppliers. The impact of NEV on the after-sales market, however, is less straightforward. As the NEV car parc continues to accumulate and average vehicle age crawls up, new demand for after-sales services will gradually emerge. The vehicle parc is expected to continue growing, so the overall after-sales services market is expected to hold steady — or even expand modestly — over the medium term.

BUSINESS REVIEW AND OUTLOOK

New Automobile Sales: Optimizing Brand Portfolio, Accelerating NEV Mix

Amid a flattening auto market, Zhongsheng has pressed ahead with structural adjustments to its brand portfolio and store networks. In the first half, 66 underperforming traditional brand stores, primarily consisting of mid-to-high-end brands, were closed, suspended, merged, or transferred. At the same time, the Group has remained resolute in executing its strategy of increasing local operational density, selectively opening new traditional-brand stores in core cities, with a vision of reinforcing regional market dominance.

Since May, a new brand portfolio has been taking shape. Zhongsheng's comprehensive partnership with Geely was being implemented: by the end of June, 20 Lynk & Co stores, 17 Geely Galaxy stores, and 1 Zeekr store had commenced operations, with dozens more Geely-family stores under construction. Collaboration with the Huawei ecosystem's new partner, Aistaland, has also yielded 9 stores, with additional Epicland brand in the pipeline. In addition, Zhongsheng opened 7 Voyah stores and 8 Leapmotor stores — both competitive indigenous NEV brands. These new outlets are expected to stimulate stronger growth in the Group's new automobile sales and profitability in the second half. Following these network optimization, as of end-June 2026, the Group operated a total of 461 brand dealership stores, of which 102 are NEV brands (including HIMA, Aistaland, Voyah, Zeekr, Lynk & Co, Geely Galaxy, Leapmotor, etc.).

Due to the discontinuation of operations from these network adjustments and the overall market condition, Zhongsheng's first-half new automobile sales volume declined 17.6% year over year to 188k units. NEV brands contributed 10.3% of the volume.

In terms of new automobile sales profitability, traditional brands benefited from OEMs' improved dealer support policies and Zhongsheng's proactive management of sales mix and inventory, resulting in a gross margin improvement year over year. NEV brands also continued to contribute positive gross margin. As for cross-selling profits, the clampdown on "high-interest, high-rebate" financial products at end-June last year not only weighed heavily on financial commission income compared to same period last year, but also materially suppressed other cross-selling products and services, resulting in significant profit decline year over year. That said, per-vehicle cross-selling profit has now stabilized on a sequential basis compared to the second half of last year.

Looking ahead to the second half, we will continue to resolutely execute network optimization drawing on the effective practices of the first half. Traditional brand new-vehicle profitability is expected to further recover as market conditions settle and our proactive adjustments take effect; NEV brands will contribute increasing volumes and profit accretion as their split expands and operations ramp up. We aim to operate a total of 300 NEV brand stores by year-end and target NEV brand sales to reach 35% of total volume on a run rate basis in December 2026.

Pre-owned Automobile Business: Strategic Contraction with a Focus on Operations Synergy

Multiple structural headwinds facing the pre-owned market remained in the first half. Industry profitability remained highly volatile, while operational uncertainties remained. During the reporting period, Zhongsheng's pre-owned sales volume was 71k units, representing a year-over-year decline of 35.9%, with gross profit also under significant strain. In light of the industry consolidation, the Group has decided to direct more resources toward our core strengths: new automobile sales and after-sales services, where our brand insights and professional operations are most advantageous. Over the near term, the pre-owned business will primarily serve to support new automobile sales and customer relationship management, as a complementary element of the full customer lifecycle service offering.

After-sales Services Business: High-Quality Growth, Reinforcing the Moat

Facing both a weak new automobile market and internal network restructuring, Zhongsheng's after-sales services business remained on a high-quality growth trajectory, continuously demonstrating operational resilience. During the period, 3.63 million service visits underpinned after-sales services revenue (maintenance, warranty, and collision), which grew 0.8% year over year. Gross profit rose 2.7% year over year, maintaining a healthy gross margin.

The closure of nearly 100 stores over the past twelve months has exerted some temporary drag on the after-sales business, slowing down its growth over this period. Nevertheless, the Group has used this as an opportunity to further improve the after-sales service mix. On one front, we focus more on higher revenue services such as customer-paid repairs and accident repairs. On another, we are recalibrating our insurance brokerage strategy related to accident repair traffic — balancing policy volume, brokerage cost and collision center throughput.

Looking into the second half, we will continue to execute our structural optimization and extract cost-efficiency. Through granular management and upgraded technical service capabilities, we aim to drive sustained gross margin improvement, laying a stronger foundation for the long-term, high-quality development of our after-sales services. On the customer-experience, we will simplify and streamline service processes to deliver more tailored and cost-effective solutions. We will leverage our extensive customer-reach network and effective customer-operations system to capture after-sales market share in local core cities. Besides, we will actively pursue repair business from vehicles not sold by the Group, fully leveraging our Zhongsheng branded collision centers and dealership facilities.

Customer Operations and Cost-Efficiency

In the first half, we consolidated more than 30 customer service operations into 10 regional hubs, achieving both cost efficiencies and a more consistent customer experience. Active customers, Zhongsheng Go membership platform subscribers, and WeCom contacts continued growing, reaching 4.60 million, 4.12 million, and 12.12 million, respectively.

Since 2023, Zhongsheng has adhered to a disciplined strategy of transformation and continuous optimization of its brand-store portfolio. While the number of dealership stores and independent maintenance service centers has steadily grown, we have adhered to a principle of minimizing capital outlay and maximizing asset utilization. Most new stores are created through the renovation or subdivision of existing properties, rigorously controlling capital expenditure and enhancing facility efficiency. The Group will continue to apply this principle to its future expansion.

Zhongsheng will continue to deepen its presence in core cities, increasing store density, business scale, customer base, and brand influence in these markets. Compared with the end of 2022, the average number of stores across our 32 core cities has risen from 12 to 15, and average number of active customers in these core cities have grown from 110k to 140k. At the same time, the Group will continue to consolidate customer-service and administrative functions, as well as collision centers, within core cities, further reducing costs, improving efficiency, and optimizing resource allocation.

Going forward, Zhongsheng will remain guided by the core principle of “optimizing efficiency and enhancing operational quality,” systematically driving cost-reduction and efficiency-enhancement initiatives to cement the foundation for long-term sustainable growth.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	**Unaudited For the six months ended 30 June 2026 RMB'000**	For the six months ended 30 June 2025 RMB'000
REVENUE	4(a)	**63,022,264**	77,322,084
Cost of sales and services provided		**(57,969,555)**	(73,112,804)
Gross profit		**5,052,709**	4,209,280
Other income and gains, net	4(b)	**299,465**	2,229,015
Selling and distribution costs		**(3,481,175)**	(3,434,209)
Administrative expenses		**(1,066,628)**	(1,099,038)
Profit from operations		**804,371**	1,905,048
Finance costs	6	**(638,520)**	(681,412)
Share of (losses)/profits of:			
Joint ventures		**(1,907)**	(2,673)
Associates		**(1)**	9
Profit before tax	5	**163,943**	1,220,972
Income tax expense	7	**(77,469)**	(296,903)
Profit for the period		**86,474**	924,069
Attributable to:			
Owners of the parent		**110,641**	1,011,351
Non-controlling interests		**(24,167)**	(87,282)
		86,474	924,069
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For profit for the period (RMB)	9	**0.047**	0.427
Diluted			
— For profit for the period (RMB)	9	**0.047**	0.427

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited	
	For the six months ended 30 June 2026 *RMB'000*	For the six months ended 30 June 2025 *RMB'000*
Profit for the period	**86,474**	924,069
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(199,968)**	(60,630)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(199,968)**	(60,630)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(84,399)**	—
Exchange differences on translation of foreign operations	**545,189**	(81,257)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**460,790**	(81,257)
Other comprehensive income/(loss) for the period, net of tax	**260,822**	(141,887)
Total comprehensive income for the period	**347,296**	782,182
Attributable to:		
Owners of the parent	**371,463**	869,464
Non-controlling interests	**(24,167)**	(87,282)
	347,296	782,182

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	(Unaudited) 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**17,665,663**	17,874,068
Right-of-use assets		**4,724,631**	5,053,530
Land use rights		**3,276,661**	3,319,009
Prepayments		**349,340**	358,537
Intangible assets		**7,767,754**	7,921,541
Goodwill		**7,082,247**	7,082,247
Investments in joint ventures		**43,740**	45,647
Investments in associates		**2,475**	2,476
Equity investments designated at fair value through other comprehensive income		**70,752**	171,453
Deferred tax assets		**1,015,064**	593,632
Total non-current assets		**41,998,327**	42,422,140
CURRENT ASSETS			
Inventories	*10*	**14,614,465**	17,934,461
Trade receivables	*11*	**2,573,885**	2,962,985
Prepayments, other receivables and other assets		**22,276,147**	19,833,319
Amounts due from related parties	*18(b)(i)*	**6,258**	6,433
Financial assets at fair value through profit or loss		**98,961**	125,791
Time deposits and pledged bank deposits		**3,380,612**	4,936,854
Cash in transit		**61,260**	79,873
Cash and cash equivalents		**13,577,972**	15,421,235
Total current assets		**56,589,560**	61,300,951

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
30 June 2026

	Notes	(Unaudited) 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
CURRENT LIABILITIES			
Bank loans and other borrowings	*12*	**14,022,900**	15,940,481
Lease liabilities		**732,462**	726,432
Trade and bills payables	*13*	**13,153,483**	16,535,087
Other payables and accruals		**3,927,435**	3,883,165
Amounts due to related parties	*18(b)(ii)*	**2,689**	2,877
Income tax payable		**2,197,534**	2,073,684
Total current liabilities		**34,036,503**	39,161,726
NET CURRENT ASSETS		**22,553,057**	22,139,225
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,551,384**	64,561,365
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,933,096**	2,874,322
Bank loans and other borrowings	*12*	**13,323,291**	13,597,689
Lease liabilities		**4,063,140**	4,393,825
Derivative financial instruments		**337,210**	165,964
Total non-current liabilities		**20,656,737**	21,031,800
Net assets		**43,894,647**	43,529,565

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
30 June 2026

	Notes	(Unaudited) 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**207**	207
Treasury shares		**(193,649)**	(193,649)
Reserves		**44,232,443**	43,865,741
		44,039,001	43,672,299
Non-controlling interests		**(144,354)**	(142,734)
Total equity		**43,894,647**	43,529,565

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Unaudited														
	Attributable to owners of the parent														
	Share capital	Share premium	Share Option Reserve	Treasury shares	Equity component of convertible bonds	Discretionary reserve fund	Statutory reserve	Merger reserve	Other reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	207	3,093,278	49,391	(193,649)	20,884	37,110	4,579,317	(1,386,176)	(2,127,183)	–	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	1,011,351	1,011,351	(87,282)	924,069
Other comprehensive loss for the year:															
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	(141,887)	–	(141,887)	–	(141,887)
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	(141,887)	1,011,351	869,464	(87,282)	782,182
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(2,250)	(2,250)	(625)	(2,875)
Early redemption of 2018 convertible bonds	–	–	–	–	(20,884)	–	–	–	–	–	–	–	(20,884)	–	(20,884)
At 30 June 2025	207	3,093,278	49,391	(193,649)	–	37,110	4,579,317	(1,386,176)	(2,127,183)	–	(1,339,050)	44,962,526	47,675,771	469	47,676,240
At 1 January 2026	**207**	**1,627,546**	**49,391**	**(193,649)**	**–**	**37,110**	**4,731,226**	**(1,386,176)**	**(2,127,183)**	**(47,283)**	**(1,142,610)**	**42,123,720**	**43,672,299**	**(142,734)**	**43,529,565**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**110,641**	**110,641**	**(24,167)**	**86,474**
Other comprehensive income for the year:															
Changes in fair value of equity investments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(84,399)**	**–**	**–**	**(84,399)**	**–**	**(84,399)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**345,221**	**–**	**345,221**	**–**	**345,221**
Total comprehensive income for the year	**–**	**–**	–	–	**–**	**–**	**–**	**–**	**–**	**(84,399)**	**345,221**	**110,641**	**371,463**	**(24,167)**	**347,296**
Capital contribution from a non-controlling shareholder of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,000**	**15,000**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(4,761)**	**–**	**–**	**–**	**–**	**–**	**(4,761)**	**7,547**	**2,786**
At 30 June 2026	**207**	**1,627,546**	**49,391**	**(193,649)**	**–**	**37,110**	**4,726,465**	**(1,386,176)**	**(2,127,183)**	**(131,682)**	**(797,389)**	**42,234,361**	**44,039,001**	**(144,354)**	**43,894,647**

* These reserve accounts comprise the consolidated reserves of RMB44,232,443,000 (2025: RMB47,869,213,000).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

		Unaudited	
	Notes	**For the six months ended 30 June 2026** ***RMB'000***	For the six months ended 30 June 2025 *RMB'000*
Operating activities			
Profit before tax		**163,943**	1,220,972
Adjustments for:			
Share of losses of joint ventures and associates		**1,908**	2,664
Depreciation and impairment of property, plant and equipment	*5*	**825,334**	867,930
Depreciation of right-of-use assets	*5*	**423,421**	442,878
Amortisation of land use rights	*5*	**54,557**	58,183
Amortisation of intangible assets	*5*	**227,837**	196,655
Impairment of trade receivables	*5*	**5,181**	(4,182)
Interest income	*4(b)*	**(72,390)**	(301,848)
Net losses/(gains) on disposal of items of property, plant and equipment	*4(b)*	**126,055**	(38,715)
Net gains on disposal of intangible assets	*4(b)*	**—**	(162)
Net gains on lease termination	*4(b)*	**(15,653)**	—
Finance costs	*6*	**638,520**	681,412
Fair value losses, net:			
— Listed equity investments held for trading	*4(b)*	**22,879**	23,347
Interest income from debt investments at amortised cost	*4(b)*	**—**	(1,209)
Dividend income from listed equity investment	*4(b)*	**—**	(1,491)
Write-down of inventories to net realisable value	*5*	**39,001**	44,991
(Gains)/losses on disposal of subsidiaries	*5*	**(12,928)**	3,782
		2,427,665	3,195,207

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
For the six months ended 30 June 2026

	Unaudited	
	For the six months ended 30 June 2026 *RMB'000*	For the six months ended 30 June 2025 *RMB'000*
Decrease/(increase) in cash in transit	**18,613**	(63,107)
Decrease in trade receivables	**383,919**	5,368
Increase in prepayments, other receivables and other assets	**(2,415,329)**	(2,188,318)
Decrease in inventories	**3,280,995**	1,465,685
(Decrease)/increase in trade and bills payables	**(3,381,604)**	3,679,469
Increase in other payables and accruals	**619,602**	245,574
Decrease/(increase) in amounts due from related parties — trade related	**175**	(38)
Decrease in amounts due to related parties — trade related	**(188)**	(3,510)
Cash generated from operations	**933,848**	6,336,330
Tax paid	**(316,277)**	(387,962)
Net cash generated from operating activities	**617,571**	5,948,368

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2026

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Investing activities		
Purchase of items of property, plant and equipment	**(1,018,103)**	(1,604,966)
Proceeds from disposal of items of property, plant and equipment	**279,999**	405,161
Purchase of land use rights	**(268)**	(76,497)
Purchase of intangible assets	**(74,050)**	(5,356)
Proceeds from disposal of intangible assets	**—**	166
Proceeds from disposal of debt investments at amortised cost	**—**	73,153
Prepayments for the potential acquisitions of equity interests from third parties	**—**	(2,047)
Acquisitions of subsidiaries, net of cash acquired	**—**	(51,467)
Decrease in prepayments, other receivables and other assets	**7,900**	2,200
Interest received	**72,390**	301,848
Disposal of subsidiaries, net of cash	**21,665**	15,321
Dividends received from listed equity investments	**—**	1,491
Net cash used in investing activities	**(710,467)**	(940,993)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)
For the six months ended 30 June 2026

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Financing activities		
Proceeds from bank loans and other borrowings	**38,789,518**	44,278,047
Repayments of bank loans and other borrowings	**(40,981,497)**	(47,738,971)
Decrease/(increase) in pledged bank deposits	**1,556,242**	(2,797,644)
Lease payments	**(540,076)**	(693,897)
Capital contribution from non-controlling shareholders of subsidiaries	**15,000**	—
Redemption of convertible bonds	**—**	(2,823,798)
Interest paid for bank loans and other borrowings	**(587,694)**	(522,917)
Interest paid for convertible bonds	**—**	(528,162)
Dividends paid to the non-controlling shareholders	**—**	(2,875)
Net cash used in financing activities	**(1,748,507)**	(10,830,217)
Net decrease in cash and cash equivalents	**(1,841,403)**	(5,822,842)
Cash and cash equivalents at beginning of each period	**15,421,235**	18,687,542
Effect of foreign exchange rate changes, net	**(1,860)**	(5,414)
Cash and cash equivalents at end of each period	**13,577,972**	12,859,286

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. GENERAL INFORMATION

Zhongsheng Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in the sale and service of motor vehicles in Chinese Mainland.

The Company was incorporated on 23 June 2008 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The Company has established a principal place of business which is located at Rooms 1803–09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

In the opinion of the directors of the Company (the "**Directors**"), the ultimate Controlling Shareholders of the Company are Mr. Huang Yi and Mr. Li Guoqiang.

The interim condensed consolidated financial information for the six months ended 30 June 2026 have been presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial information was approved for issue on 31 August 2026. These interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Changes in accounting policies and disclosures *(Continued)*

The nature and impact of the amended HKFRS Accounting Standard are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to HKFRS Accounting Standards — Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is engaged in the principal business of 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 area

Since over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Chinese Mainland and over 90% of the Group's non-current assets other than deferred tax assets were located in Chinese Mainland, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segment*.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the six months ended 30 June 2026, no major customers segment information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue and other income and gains is as follows:

(a) Revenue

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or services		
Sale of motor vehicles	**50,500,808**	63,945,559
Accessories and after-sales services	**12,521,456**	13,376,525
Total	**63,022,264**	77,322,084
Geographical markets		
Chinese Mainland	**63,022,264**	77,322,084
Timing of revenue recognition		
At a point in time	**63,022,264**	77,322,084

4. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

(b) Other income and gains, net

	Unaudited **For the six months ended 30 June 2026** ***RMB'000***	For the six months ended 30 June 2025 *RMB'000*
Commission income	**392,414**	1,845,060
Rental income	**25,649**	45,495
Government grants	**2,224**	1,150
Interest income	**72,390**	301,848
Net (losses)/gains on disposal of items of property, plant and equipment	**(126,055)**	38,715
Net gains on disposal of intangible assets	**—**	162
Net gains on lease termination	**15,653**	—
Gains/(losses) on disposal of subsidiaries	**12,928**	(3,782)
Interest income from debt investments at amortised cost	**—**	1,209
Fair value losses, net:		
Financial assets at fair value through profit or loss — listed equity investments	**(22,879)**	(23,347)
Dividend income from listed equity investments	**—**	1,491
Others	**(72,859)**	21,014
Total	**299,465**	2,229,015

5. PROFIT BEFORE TAX

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

	Unaudited **For the six months ended 30 June 2026** ***RMB'000***	For the six months ended 30 June 2025 *RMB'000*
Employee benefit expense (excluding directors' and chief executive officer's remuneration)		
Wages and salaries	**1,661,469**	2,095,834
Pension scheme contributions (defined contribution scheme)	**467,492**	479,066
Other welfare	**174,804**	191,919
	2,303,765	2,766,819
Cost of inventories sold	**56,408,235**	70,827,726
Depreciation and impairment of property, plant and equipment	**825,334**	867,930
Depreciation of right-of-use assets	**423,421**	442,878
Amortisation of land use rights	**54,557**	58,183
Amortisation of intangible assets	**227,837**	196,655
Promotion and advertisement	**353,483**	495,938
Office expenses	**229,891**	145,882
Lease payments not included in the measurement of lease liabilities	**88,967**	199,572
Logistics expenses	**179,517**	188,913
Impairment of trade receivables	**5,181**	(4,182)
Write-down of inventories to net realizable value	**39,001**	44,991
Net losses/(gains) on disposal of items of property, plant and equipment	**126,055**	(38,715)
Net gains on disposal of intangible assets	**—**	(162)
Net gains on lease termination	**(15,653)**	—
Dividend income from listed equity investments	**—**	(1,491)
Interest income from debt investments at amortised cost through profit or loss	**—**	(1,209)
(Gains)/losses on disposal of subsidiaries	**(12,928)**	3,782
Fair value losses, net:		
Financial assets at fair value through profit or loss — listed equity investments	**22,879**	23,347

6. FINANCE COSTS

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Interest expense on bank borrowings	**440,756**	381,664
Interest expense on convertible bonds	**—**	21,399
Interest expense on other borrowings	**153,110**	149,530
Interest expense on lease liabilities	**136,553**	159,944
Less: Interest capitalised	**(91,899)**	(31,125)
Total	**638,520**	681,412

7. INCOME TAX

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Current Chinese Mainland corporate income tax	**440,127**	541,654
Deferred tax	**(362,658)**	(244,751)
Total	**77,469**	296,903

8. DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended 30 June 2026.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,366,993,863 (six months ended 30 June 2025: 2,366,993,863) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Unaudited For the six months ended 30 June 2026 *RMB'000*	For the six months ended 30 June 2025 *RMB'000*
Earnings		
Profit attributable to equity holders of the parent used in the basic earnings per share calculation	**110,641**	1,011,351
Interest on convertible bonds	**—**	21,399
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**110,641**	1,032,750
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,366,993,863**	2,366,993,863
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	**—**	55,460,648
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,366,993,863**	2,422,454,511
Earnings per share		
Basic	**0.047**	0.427
Diluted	**0.047**	0.427

10. INVENTORIES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Motor vehicles	**13,599,629**	16,216,238
Spare parts and others	**1,210,069**	1,874,455
	14,809,698	18,090,693
Less: provision for inventories	**195,233**	156,232
Total	**14,614,465**	17,934,461

11. TRADE RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**2,683,256**	3,067,159
Impairment	**(109,371)**	(104,174)
Net carrying amount	**2,573,885**	2,962,985

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. On 30 June 2026, the Group had certain concentrations of credit risk as 25.00% (31 December 2025: 25.22%) of the Group's trade receivables were due from the Group's five largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

11. TRADE RECEIVABLES *(Continued)*

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within 3 months	**2,270,561**	2,719,336
More than 3 months but less than 1 year	**287,500**	210,791
Over 1 year	**15,824**	32,858
Total	**2,573,885**	2,962,985

12. BANK LOANS AND OTHER BORROWINGS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Bank loans and overdrafts repayable:		
— within one year or on demand	**9,893,733**	10,895,913
— in the second year	**5,800,598**	5,557,966
— in the third to fifth years	**96,412**	396,491
	15,790,743	16,850,370
Other borrowings repayable		
— within one year	**4,129,167**	5,044,568
— in the second year	**5,062,724**	998,559
— in the third to fifth years	**—**	4,186,770
	9,191,891	10,229,897
Syndicated term loans		
— in the second year	**2,363,557**	2,457,903
	2,363,557	2,457,903
Total bank loans and other borrowings	**27,346,191**	29,538,170
Less: Portion classified as current liabilities	**14,022,900**	15,940,481
Long-term portion	**13,323,291**	13,597,689

13. TRADE AND BILLS PAYABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**2,555,385**	3,250,807
Bills payable	**10,598,098**	13,284,280
Trade and bills payables	**13,153,483**	16,535,087

The trade and bills payables are non-interest-bearing.

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**11,527,375**	15,598,169
3 to 6 months	**1,524,290**	859,477
6 to 12 months	**68,447**	26,967
Over 12 months	**33,371**	50,474
Total	**13,153,483**	16,535,087

14. SHARE CAPITAL

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Authorised:		
1,000,000,000,000 shares of HK$0.0001 each (HK$'000)	**100,000**	100,000
Issued and fully paid:		
2,385,668,363 (2025: 2,385,668,363) ordinary shares (HK$'000)	**239**	239
Equivalent to RMB'000	**207**	207

15. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the employee, management member or director of the Company, or any of the Company's subsidiaries and third-party service providers. The Scheme was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. Unless otherwise terminated, the Scheme will remain in force for 10 years from the date on which it becomes unconditional.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the Scheme. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any twelve-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time, unless the approval of the Company's shareholders is obtained.

Share options granted to a connected person are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, if the shares issued and to be issued upon exercise of all options granted and proposed to be granted to him are in excess of 0.1% of the shares of the Company then in issue or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HKD5 million, within the twelve-month period up to and including the proposed date of such grant, are subject to shareholders' approval in advance in a general meeting.

The last day for accepting an option and the Company to receive the nominal consideration of HKD1 for the option shall be determined by the Board and shall be set out on the offer letter for granting such option. The period during which a granted option may be exercised in accordance with the terms of the Scheme shall be the period of time to be notified by the Board to each grantee, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the offer date.

The amount payable for each share to be subscribed for under an option upon exercise shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the higher of: (a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

The share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

15. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Scheme during the period:

	Unaudited			
	30 June 2026		30 June 2025	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 January	**22.60**	**5,500**	22.60	5,500
At 30 June	**22.60**	**5,500**	22.60	5,500

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	30 June 2026	
Number of options	**Exercise price**	**Exercise period**
'000	*HK$ per share*	
5,500	22.60	26 April 2019 to 25 April 2028 (both dates inclusive)

The fair value of the share options granted was HK$29,068,000 (HK$5.29 each). On 30 October 2023, the Company cancelled the 5,500,000 Share Options under the Share Option Scheme. No equity-settled share option expense has been recognised by the Group in the statement of profit or loss during this period (six months ended 30 June 2025: Nil).

The fair value of these share options granted determined using the Binominal Option Pricing Model. The significant inputs into the model were the exercise price of HK$22.60 at the grant date, volatility of 33.94%, dividend yield of 3.00% and an annual risk-free interest rate of 2.22%.

The validity period of the options is 10 years. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 5,500,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,500,000 additional ordinary shares of the Company and additional share capital of HK$550 (before issue expenses).

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

16. CONTINGENT LIABILITIES

As at 30 June 2026, neither the Group nor the Company had any significant contingent liabilities.

17. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Buildings	**12,112**	15,780

18. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

The following transactions were carried out with related parties during the six months ended 30 June 2026:

	Unaudited	
	For the six months ended 30 June 2026 *RMB'000*	For the six months ended 30 June 2025 *RMB'000*
(i) Sales of goods to a joint venture:		
— Xiamen Zhongsheng	**15,493**	20,000
(ii) Purchase of goods or services from joint ventures:		
— Xiamen Zhongsheng	**1,217**	26,337
— Shanghai Zhongsheng Hehai	**—**	11,199
— TAC	**—**	1
	1,217	37,537
Purchase of goods from an associate		
— Shanghai Zhongsheng Yongtai	**—**	796

18. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Balances with related parties

The Group had the following significant balances with its related parties as at 30 June 2026:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(i) Due from joint ventures:		
Trade related		
— Xiamen Zhongsheng	**5,908**	6,083
— Zhongsheng Hehai	**350**	350
Total	**6,258**	6,433
(ii) Due to joint ventures:		
Trade related		
— Xiamen Zhongsheng	**109**	297
— Zhongsheng Tacti	**80**	80
— Zhongsheng Hehai	**2,500**	2,500
	2,689	2,877

The amounts due to related parties are unsecured, interest-free and has no fixed terms of repayment.

18. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Compensation of key management personnel of the Group:

	Unaudited	
	For the six months ended 30 June 2026	For the six months ended 30 June 2025
	RMB'000	*RMB'000*
Short term employee benefits	**37,167**	30,518
Post-employee benefits	**356**	210
Total compensation paid to key management personnel	**37,523**	30,728

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Financial assets at fair value through profit or loss	**98,961**	125,791	**98,961**	125,791
Financial assets at fair value through other comprehensive income	**70,752**	171,453	**70,752**	171,453
Total	**169,713**	297,244	**169,713**	297,244

	Carrying amounts		Fair values	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial liabilities				
Derivative financial liabilities	**337,210**	165,964	**337,210**	165,964

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* **(Unaudited)**	**Significant observable inputs (Level 2)** *RMB'000* **(Unaudited)**	**Significant unobservable inputs (Level 3)** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Financial assets at fair value through profit or loss:				
Listed equity investments, at fair value (i)	**98,961**	**—**	**—**	**98,961**
Financial assets designated at fair value through other comprehensive income:				
Listed equity investments, at fair value	**70,752**	**—**	**—**	**70,752**
Total	**169,713**	**—**	**—**	**169,713**

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000* (Audited)	Significant observable inputs (Level 2) *RMB'000* (Audited)	Significant unobservable inputs (Level 3) *RMB'000* (Audited)	Total *RMB'000* (Audited)
Financial assets at fair value through profit or loss:				
Listed equity investments, at fair value (i)	125,791	—	—	125,791
Financial assets designated at fair value through other comprehensive income:				
Listed equity investments, at fair value	171,453	—	—	171,453
Total	297,244	—	—	297,244

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Financial liabilities at fair value through other comprehensive income:				
Cross-currency interest rate swaps	**—**	**337,210**	**—**	**337,210**

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Financial liabilities at fair value through other comprehensive income:				
Cross-currency interest rate swaps	—	165,964	—	165,964

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2025: Nil).

Note:

(i) The fair values of listed equity investments and the funds issued by financial institutions are based on quoted market prices.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue for the six months ended 30 June 2026 was RMB63,022.3 million, representing a decrease of RMB14,299.8 million or 18.5% as compared to the six months ended 30 June 2025. The following table sets forth the Group's revenue by different business segments for the six months ended 30 June 2026 and the six months ended 30 June 2025:

	Unaudited **For the six months ended 30 June 2026**	For the six months ended 30 June 2025	Year-on-year change
	(Renminbi in millions, unless specified)		
New automobile sales	**46,194.5**	57,931.0	(20.3)%
Pre-owned automobile sales	**4,306.3**	6,014.6	(28.4)%
After-sales services	**11,538.8**	11,445.3	0.8%
Accessories and others	**982.7**	1,931.2	(49.1)%
Total revenue	**63,022.3**	77,322.1	(18.5)%

— Revenue from new automobile sales for the six months ended 30 June 2026 amounted to RMB46,194.5 million, representing a decrease of RMB11,736.5 million or 20.3% as compared to the six months ended 30 June 2025, primarily due to the decline in the sales volume and average selling price of new automobile during the period.

— Revenue from pre-owned automobile sales for the six months ended 30 June 2026 amounted to RMB4,306.3 million, representing a decrease of RMB1,708.3 million or 28.4% as compared to the six months ended 30 June 2025, primarily due to the decline in the sales volume of pre-owned automobiles.

— Revenue from after-sales services (maintenance, warranty and collision) for the six months ended 30 June 2026 amounted to RMB11,538.8 million, representing an increase of RMB93.5 million or 0.8% as compared to the six months ended 30 June 2025, which was primarily due to the structural change in the visits for after-sales services during the period, which has led to the increase in average value per unit.

— Revenue from accessories and others for the six months ended 30 June 2026 amounted to RMB982.7 million, representing a decrease of RMB948.5 million or 49.1% as compared to the six months ended 30 June 2025. The change is primarily due to weaker consumer spending, resulting in a decline in transaction volume for accessories and maintenance packages that are cross sold with new automobile.

New automobile sales business accounted for a substantial portion of the Group's revenue, representing 73.3% (for the six months ended 30 June 2025: 74.9%) of the total revenue for the six months ended 30 June 2026. Pre-owned automobile sales accounted for 6.8% of the total revenue for the six months ended 30 June 2026 (for the six months ended 30 June 2025: 7.8%). Accessories and after-sales services business accounted for 19.9% of the total revenue for the six months ended 30 June 2026 (for the six months ended 30 June 2025: 17.3%). During the six months ended 30 June 2026, almost all of the Group's revenue was derived from business located in the PRC.

In terms of revenue from new automobile sales, Mercedes-Benz is the Group's top selling brand, with revenue from the sales of which representing 32.7% of the Group's total revenue from new automobile sales (for the six months ended 30 June 2025: 35.1%).

Cost of Sales and Services Provided

Cost of sales and services for the six months ended 30 June 2026 amounted to RMB57,969.6 million, representing a decrease of RMB15,143.2 million or 20.7% as compared to the six months ended 30 June 2025, primarily due to a decline in sales of new automobiles and pre-owned automobiles.

Gross Profit

The Group's gross profit for the six months ended 30 June 2026 amounted to RMB5,052.7 million, representing an increase of RMB843.4 million or 20.0% as compared to the six months ended 30 June 2025. The following table sets out the Group's gross profit by different business segments for the six months ended 30 June 2026 and the six months ended 30 June 2025:

	Unaudited		
	For the six months ended 30 June 2026	For the six months ended 30 June 2025	Year-on-year change
	(Renminbi in millions, unless specified)		
New automobile sales	**(631.1)**	(2,387.8)	(73.6)%
Pre-owned automobile sales	**51.4**	257.0	(80.0)%
After-sales services	**5,585.6**	5,440.5	2.7%
Accessories and others	**46.8**	899.6	(94.8)%
Total gross profit	**5,052.7**	4,209.3	20.0%

— Gross loss from new automobile sales business for the six months ended 30 June 2026 amounted to RMB631.1 million, representing a decrease of RMB1,756.7 million or 73.6% as compared to the six months ended 30 June 2025, primarily due to the easing of the inversion between new automobiles purchase prices and sales prices, along with better profitability resulting from a restructuring of new automobiles sales portfolio.

— Gross profit from pre-owned automobile sales for the six months ended 30 June 2026 amounted to RMB51.4 million, representing a decrease of RMB205.6 million or 80.0% as compared to the six months ended 30 June 2025, primarily due to the decline in pre-owned automobiles sales volume and the pressure on the profitability affected by the market environment.

— Gross profit from after-sales services (maintenance, warranty and collision) for the six months ended 30 June 2026 amounted to RMB5,585.6 million, representing an increase of RMB145.1 million or 2.7% as compared to the six months ended 30 June 2025, primarily due to the structural change in the visits for after-sales services, which has led to the increase in average value per unit, and the increase in gross profit margin due to improvement of the cost structure.

— Gross profit from accessories and others for the six months ended 30 June 2026 amounted to RMB46.8 million, representing a decrease of RMB852.8 million or 94.8% as compared to the six months ended 30 June 2025, primarily due to weaker consumer spending, resulting in a decline in both transaction volume and gross profit margin for accessories and maintenance packages.

The Group's gross profit margin for the six months ended 30 June 2026 was 8.0% (the six months ended 30 June 2025: 5.4%).

Other Income and Gains, Net

The other income and gains mainly consisted of commission income, interest income and other gains and losses, etc. The other income and gains, net, for the six months ended 30 June 2026 amounted to RMB299.5 million, representing a decrease of RMB1,929.5 million or 86.6% as compared to the six months ended 30 June 2025.

Among which, the commission income (commission from automobile insurance, automobile financing and automobile registration services, etc.) for the six months ended 30 June 2026 amounted to RMB392.4 million, representing a decrease of RMB1,452.7 million or 78.7% as compared to the six months ended 30 June 2025. Due to the impact of industry policies, the commission rebate ratio for automobile financing has declined since the second half of 2025, resulting in a significant year-on-year drop in the Group's commission income from automobile financing.

Selling and Distribution Expenses

Selling and distribution expenses for the six months ended 30 June 2026 amounted to RMB3,481.2 million, representing an increase of RMB47.0 million or 1.4% as compared to the six months ended 30 June 2025, which was a relatively minor change.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2026 amounted to RMB1,066.6 million, representing a decrease of RMB32.4 million or 2.9% as compared to the six months ended 30 June 2025, which was a relatively minor change.

Profit from Operations

The profit from operations for the six months ended 30 June 2026 amounted to RMB804.4 million, representing a decrease of RMB1,100.6 million or 57.8% as compared to the six months ended 30 June 2025 primarily due to aforementioned changes in gross profit of each operations and decline in commission income. The operating profit margin for the six months ended 30 June 2026 was 1.3% (for the six months ended 30 June 2025: 2.5%).

Finance Costs

Finance costs for the six months ended 30 June 2026 amounted to RMB638.5 million, representing a decrease of RMB42.9 million or 6.3% as compared to the six months ended 30 June 2025, primarily due to the decrease in interest on lease liabilities and the full repayment of the convertible bonds.

Share of losses of Joint Ventures and Associates

The share of net losses of joint ventures and associates for the six months ended 30 June 2026 amounted to RMB1.9 million, as compared to the share of losses of joint ventures and associates for the six months ended 30 June 2025 of RMB2.7 million.

Income Tax Expense

Income tax expense for the six months ended 30 June 2026 amounted to RMB77.5 million, representing a decrease of RMB219.4 million or 73.9% as compared to the six months ended 30 June 2025, primarily attributable to the decline in profit from operations for the period.

Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent for the six months ended 30 June 2026 amounted to RMB110.6 million, representing a decrease of RMB900.8 million or 89.1% as compared to the six months ended 30 June 2025.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flow

The Group primarily uses cash to pay for new automobiles, pre-owned automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to newly establish, acquire and rebuild outlets. The Group finances its liquidity requirements mainly through a combination of cash flows generated from its operating activities, bank loans and other borrowings and other funds raised from the capital markets and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

The cash position of the Group as at 30 June 2026 and 31 December 2025 was as follows:

	Unaudited 30 June 2026	Audited 31 December 2025
	(Renminbi in millions, unless specified)	
Cash and cash equivalents	**13,578.0**	15,421.2
Cash in transit	**61.3**	79.9
Time deposits and pledged bank deposits	**3,380.6**	4,936.9
Total cash	**17,019.9**	20,438.0

As at 30 June 2026, the cash balance of the Group was RMB17,019.9 million, representing a decrease of RMB3,418.1 million in cash balance as compared to that as at 31 December 2025, which was mainly attributable to the use of cash in the financing activities and investing activities.

For the six months ended 30 June 2026, the Group generated the net free cash outflow of RMB734.9 million, which was the net cash flow from operating activities of RMB617.6 million, partially offset by the Group's net cash outflow from capital expenditures of RMB812.4 million and lease payments of RMB540.1 million.

Cash Flow Generated from Operating Activities

For the six months ended 30 June 2026, the net cash generated from operating activities by the Group amounted to RMB617.6 million, representing a decrease of RMB5,948.4 million as compared to that for the six months ended 30 June 2025, primarily due to the decline in profit for the period, and the increase in working capital usage resulting from the reduction in trade and bills payables.

Cash Flow Used in Investing Activities

For the six months ended 30 June 2026, the net cash used in investing activities by the Group amounted to RMB710.5 million, primarily used for the acquisitions of property, plant and equipment (fleet).

Cash Flow Used in Financing Activities

For the six months ended 30 June 2026, the net cash used in financing activities by the Group amounted to RMB1,748.5 million, primarily used for the repayment of bank loans, payment of lease and financing interest and others.

Bank Loans and Other Borrowings

As at 30 June 2026, the Group's bank loans and other borrowings amounted to RMB27,346.2 million (31 December 2025: RMB29,538.2 million). The decrease in the Group's bank loans and other borrowings during the six months ended 30 June 2026 was primarily due to the decrease in borrowing of inventory financing as a result of reduced inventory scale. The annual interest rates of the bank loans and other borrowings ranged from 1% to 6%.

BONDS

2028 Bonds

On 23 July 2024, the Company and Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited (the "**2028 Bond Managers**") entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2028 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 5.98% bonds due January 2028 in an aggregate principal amount of US$600 million (the "**2028 Bonds**"). The maturity date of the 2028 Bonds is 30 January 2028.

As at 31 July 2026, the Company has completed the repurchase of US$117,910,000 in aggregate principal amount of the 2028 Bonds (the "**Repurchased 2028 Bonds**") in the open market, representing approximately 19.7% of the aggregate principal amount of the 2028 Bonds originally issued. On 6 August 2026, the Repurchased 2028 Bonds have been cancelled in accordance with the terms and conditions of the 2028 Bonds, and as at the date of this announcement, US$482,090,000 in aggregate principal amount of the 2028 Bonds remains outstanding, representing approximately 80.3% of the initial aggregate principal amount of the 2028 Bonds. The Company is scheduled to redeem each outstanding 2028 Bond at its principal amount on its maturity date.

Please refer to the announcements of the Company dated 22, 24, 30 and 31 July 2024 and 6 August 2026, respectively, for further details on the 2028 Bonds.

Panda Bonds

On 20 May 2024, the Company made an application (the "**Application**") to the National Association of Financial Market Institutional Investors (the "**Association**") for registration of debt financing instruments in the aggregate amount of not more than RMB5 billion (the "**Panda Bonds**") to be issued in one or multiple tranches as and when appropriate within two years from the date of receipt of the notice of acceptance of the registration of the Panda Bonds from the Association. The Application was approved by the Association on 19 July 2024.

The issue of the first tranche of the Panda Bonds was completed on 1 August 2024. Based on the bookbuilding and placement results, the total issue size of the first tranche of the Panda Bonds was RMB1 billion, with a coupon rate of 3.5% and a maturity of three years.

Please refer to the announcements of the Company dated 20 May, 24 July and 1 August 2024, respectively, for further details on the Panda Bonds.

OTHER FINANCIAL INFORMATION

Capital Expenditures and Investment

The Group's capital expenditures comprised of expenditures on property, plant and equipment (other than motor vehicles), land use rights and business acquisition. For the six months ended 30 June 2026, the Group's total capital expenditures amounted to RMB456.0 million (for the six months ended 30 June 2025: RMB818.7 million). Save as disclosed above, the Group did not make any significant investments during the six months ended 30 June 2026.

Inventory Analysis

The Group's inventories primarily consisted of new automobiles, pre-owned automobiles, spare parts and automobile accessories. Generally, each of the store network of the Group individually manages the planning and orders for new automobiles and spare parts. To leverage scale advantage and centralisation efficiency, the Group also coordinates and aggregates orders for pre-owned automobiles, automobile accessories and other automobile-related products through its dealership network and centralised platform. The Group manages its orders and inventory levels through its information technology systems, including an Enterprise Resource Planning (ERP) system.

The Group's inventories decreased from RMB17,934.5 million as at 31 December 2025 to RMB14,614.5 million as at 30 June 2026, primarily due to the Group's adjustment and optimisation of its inventory structure.

The following table sets forth the average inventory turnover days of the Group for the periods indicated:

	For the six months ended 30 June	
	2026	2025
Average inventory turnover days	**40.9**	38.3

The inventory turnover days of the Group showed an increase during the six months ended 30 June 2026 as compared to the six months ended 30 June 2025, and the Group had taken effective measures in managing and reducing inventory level, and the Group's inventory mix will gradually optimise.

Interest Rate Risk and Foreign Exchange Rate Risk

As at 30 June 2026, the Group did not use any derivatives to hedge interest rate risk. The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Most cash and bank deposits of the Group are denominated in RMB. In general, the Group's bank loans and other borrowings were denominated in RMB, United States dollars and Hong Kong dollars. The Group has used derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency exposure. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

Pledge of the Group's Assets

The Group pledged its assets as securities for bank and other loans, banking facilities and bills payable which were used to finance daily business operations. As at 30 June 2026, the pledged assets of the Group amounted to RMB13.4 billion (31 December 2025: RMB13.8 billion).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2026, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As at 30 June 2026, the Group did not have any detailed future plans for material investments or capital assets.

Gearing Ratio

As at 30 June 2026, the gearing ratio of the Group was 42.3% (31 December 2025: 44.3%), which was calculated from net debt divided by the sum of net debt and total equity.

Share Option Scheme

The Share Option Scheme (as defined in the Company's prospectus dated 16 March 2010) was conditionally approved by a resolution of the shareholders of the Company (the "**Shareholders**") on 9 February 2010 and adopted by a resolution of the Board on the same day. The Share Option Scheme expired on 25 March 2020. No further options can be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of the Share Option Scheme or otherwise as handled in accordance with the provisions of the Share Option Scheme.

Details of the outstanding options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the six months ended 30 June 2026 are set out below:

			Number of Share Options				
Name of Grantees	**Date of grant**	**Exercise price per Share**	**Outstanding as at 31 December 2025**	**Granted during the period**	**Exercised during the period**	**Lapsed/ Cancelled during the period**	**Outstanding as at 30 June 2026**
Mr. Zhang Zhicheng — Executive Director	26 April 2018	HK$22.60	5,500,000[(1)]	—	—	—	5,500,000
Total							5,500,000

Note:

(1) On 26 April 2018, the Company offered to grant share options (the "**Share Options**") to Mr. Zhang Zhicheng under the Share Option Scheme, which entitle him to subscribe for an aggregate of 5,500,000 new Shares. The vesting period of the Share Options were one year from the date of grant of the Share Options. The Share Options were fully vested on 26 April 2019. The Share Options are exercisable from 26 April 2019 to 25 April 2028 (both dates inclusive) at a price of HK$22.60 per Share. The closing price of the Shares immediately before 26 April 2018 was HK$22.35 per Share.

During the six months ended 30 June 2026, no options had been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 30 June 2026, the total number of Shares that may be issued under the Share Option Scheme was 5,500,000 Shares, representing approximately 0.23% of the issued share capital of the Company (excluding treasury shares) as at the date of this announcement, and approximately 0.23% of the weighted average number of Shares in issue during the six months ended 30 June 2026.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the six months ended 30 June 2026 that is required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. Throughout the six months ended 30 June 2026 and up to the date of this announcement, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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. Specific enquiries have been made to all the directors of the Company (the "**Directors**") and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2026 and up to the date of this announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2026.

As at 30 June 2026 and up to the date of this announcement, 18,674,500 Shares repurchased are held by the Company as treasury shares, and none of such treasury shares has been sold by the Company.

Employee and Remuneration Policy

The Group is well aware that a professional talent team is the core competitiveness. We attach great importance to human resource management, are committed to attracting and retaining high-quality talents, and strengthening the talent reserve and team building in the new energy brand to support the long-term strategic development of the Group.

As at 30 June 2026, the Group had 25,361 employees (31 December 2025: 30,287). The Group strives to offer a flexible, efficient and productive working environment; to provide comprehensive and systematic training programs as well as attractive compensation packages. Remuneration packages are set to ensure comparability and competitiveness with industry salary levels when striving for outstanding talents in the industry.

The Group adheres to motivating its employees with performance-based bonuses and awarding cash bonuses to outstanding employees. It also implements an honor award program to further closely integrate employee benefits with the Company's operating results, continuously attract outstanding talents to join, provide a long-term development platform for employees, and inject lasting impetus into the sustainable development of the enterprise.

Review of Interim Results

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, being Mr. Bai Fengjiu, Mr. Chin Siu Wa Alfred and Ms. Cheng Po Chuen.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026. The Audit Committee considers that the interim financial results for the six months ended 30 June 2026 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been made.

INTERIM DIVIDEND

The Board proposed not to declare any interim dividend for the six months ended 30 June 2026.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zs-group.com.cn).

The interim report of the Company for the six months ended 30 June 2026 will be published on the above websites in due course.

APPRECIATION

Throughout our journey, our growth at every step owes much to the steadfast trust of our shareholders, the collaborative spirit of our partners, the dedication and hard work of all our employees, as well as the enduring trust of our valued customers. On behalf of the Board, I would like to extend our most sincere gratitude to every stakeholder who has supported Zhongsheng's development along the way.

By order of the Board of
Zhongsheng Group Holdings Limited
Huang Yi
Chairman

Hong Kong, 31 August 2026

As at the date of this announcement, the executive Directors are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Zhang Zhicheng, Mr. Tang Xianfeng, Ms. Zhou Xin and Mr. Yu Jian; and the independent non-executive Directors are Mr. Chin Siu Wa Alfred, Mr. Li Yanwei, Ms. Cheng Po Chuen and Mr. Bai Fengjiu.

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.