HARMONY AUTO
和諧汽車

China Harmony Auto Holding Limited
中國和諧汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3836

2026
INTERIM REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. FENG Changge *(Chairman)*
Mr. FENG Shaolun *(Deputy Chairman)*
Mr. LIU Fenglei *(President)*
Ms. MA Lintao *(Vice President)*
Mr. CHENG Junqiang *(Vice President)*

Independent Non-executive Directors

Mr. WANG Nengguang
Mr. LAU Kwok Fan *(Resigned on 30 June 2026)*
Mr. SUNG Ka Woon
Mr. LEUNG Oi Kin *(Appointed on 30 June 2026)*

AUDIT COMMITTEE

Mr. WANG Nengguang *(Chairman)*
Mr. LAU Kwok Fan *(Resigned on 30 June 2026)*
Mr. SUNG Ka Woon
Mr. LEUNG Oi Kin *(Appointed on 30 June 2026)*

REMUNERATION COMMITTEE

Mr. SUNG Ka Woon *(Chairman)*
Mr. LIU Fenglei
Mr. LAU Kwok Fan *(Resigned on 30 June 2026)*
Mr. LEUNG Oi Kin *(Appointed on 30 June 2026)*

NOMINATION COMMITTEE

Mr. FENG Changge *(Chairman)*
Mr. WANG Nengguang
Mr. SUNG Ka Woon

COMPANY SECRETARY

Ms. WONG Wai Yee, Ella

AUTHORIZED REPRESENTATIVES

Mr. LIU Fenglei
Ms. WONG Wai Yee, Ella

LEGAL ADVISER

Haiwen & Partners LLP
Suites 601–602 & 610–616, 6/F
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

AUDITORS

Beijing Xinghua Caplegend CPA Limited
1/F, GR8 Inno-Tech Centre
46 Tsun Yip Street
Kwun Tong
Hong Kong

PRINCIPAL BANKS

Zhongyuan Bank, Zhengzhou Branch
Shanghai Pudong Development Bank, Zhengzhou Branch
China Everbright Bank, Zhengzhou Branch
Industrial Bank, Zhengzhou Branch
Industrial Bank, Hong Kong Branch
Hang Seng Bank Limited

REGISTERED OFFICE

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA

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Shangwuneihuan Road
CBD Zhengdong New District
Zhengzhou, Henan Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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33 Hysan Avenue
Causeway Bay
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion, Hibiscus Way
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

www.hexieauto.com

STOCK CODE

3836

Management Discussion and Analysis

INDUSTRY REVIEW AND OUTLOOK

According to data from the China Passenger Cars Association ("**CPCA**"), retail sales of passenger vehicles in China were approximately 8.7 million units in the first half of 2026, a decrease of 20.2% compared with the same period last year. The decline principally reflected a shift in the timing of demand rather than a loss of underlying demand. Following the scheduled adjustment of the new energy vehicle ("**NEV**") purchase tax, pursuant to the announcement jointly issued by the Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology, NEVs purchased between 1 January 2026 and 31 December 2027 are subject to vehicle purchase tax at half the statutory rate, with the reduction capped at RMB15,000 per passenger vehicle, compared with a full exemption capped at RMB30,000 per passenger vehicle for purchases up to 31 December 2025. Therefore, a substantial volume of demand was brought forward into the closing months of 2025, leaving a correspondingly lower order base entering 2026. In CPCA's assessment, the NEV industry has moved "from the policy-nurtured phase into the market-mature phase".

BMW and Lexus are two core brands of China Harmony Auto Holding Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") in the Chinese Mainland market. BMW is steadily advancing its NEV product portfolio. The all-new BMW i3 long-wheelbase edition made its global debut at the April 2026 Beijing Auto Show, featuring a China Light-Duty Vehicle Test Cycle ("**CLTC**") range exceeding 1,000 km and a next-generation AI-powered smart cockpit, precisely addressing Chinese consumers' preferences for intelligent features and extended range. The model is scheduled for mass production and market launch in the fourth quarter of 2026. In addition, the new-generation iX3 long-wheelbase edition has opened for pre-orders at the August Chengdu Auto Show. This product mix is expected to serve as a key driver of sales growth going forward. Furthermore, Lexus' pure electric vehicle plant in Shanghai is scheduled for full-scale production in 2027. The facility will have an initial annual capacity of 100,000 units. This marks the official launch of Lexus' localised supply chain strategy, which is expected to reduce tariff and logistics costs, enhance pricing competitiveness and market responsiveness, and deliver sustained positive impact on Lexus' future pricing and sales performance in the Chinese Mainland market.

According to data from the China Association of Automobile Manufacturers ("**CAAM**"), in the first half of 2026, China's automobile exports reached approximately 5.1 million units, setting a record high for the corresponding period, representing a year-on-year increase of 65.3%. Among these, NEV exports amounted to approximately 2.4 million units, more than doubling year-on-year. In June 2026 alone, China's automobile exports surpassed 1.0 million units for the first time, with NEV exports reaching approximately 523,000 units, growing over 160% year-on-year. Chinese-brand vehicles continue to expand their presence in Hong Kong and overseas markets, and have become a significant force underpinning domestic production and sales of new energy vehicles.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2026, the Group delivered a strong operational performance, achieving total sales of 51,674 units. This represents a robust year-on-year increase of 68.5%, significantly outpacing the overall market growth rate and demonstrating the successful implementation of the Group's strategic initiatives. Hong Kong and Overseas markets emerged as the primary growth drivers, with sales reaching 40,183 units, accounting for 77.8% of total sales. Meanwhile, domestic sales decreased to 11,491 units, comprising 22.2% of the total sales. The Group recorded a net profit of RMB16.3 million, as compared with a net loss of RMB10.6 million for the corresponding period in 2025, turning from loss into profit.

Chinese Mainland Market

As of 30 June 2026, the Group operated 72 outlets covering more than 40 cities across 17 provinces in Chinese Mainland. Following internal business integration and brand restructuring, the Group's brand portfolio currently comprises seven luxury brands (BMW, Lexus, Volvo, Audi, MINI, Jaguar and Land Rover), five ultra-luxury brands (Bentley, Rolls-Royce, Ferrari, Lamborghini and Lotus) and five other brands (MENGSHI, Ford Adventure, Chery Adventure, Geely Galaxy V Series and the new energy brand DENZA).

Despite a challenging operating environment, the Group demonstrated strong operational resilience through proactive cost optimization, strengthening high-growth businesses and disciplined after-sales margin management.

First, the Group actively negotiated rental reductions for existing outlets to curb fixed expenses, while for stores undergoing closure or brand conversion, thorough market studies and capital adequacy evaluations were conducted and an asset-light approach was adopted to streamline the dealership network and enhance operational efficiency.

Second, the Group leveraged government trade-in incentives and manufacturer subsidies to strengthen trade-in services for existing customers, effectively lifting comprehensive gross margins through the development of used car and ancillary businesses.

Third, despite a contraction in after-sales revenue, the Group leveraged manufacturer repurchase policies to boost high-turnover categories and improve accident repair return rates, and introduced a front-end dual-inspection process to enhance the conversion rate of customer-paid service items. As a result, the after-sales gross margin and absorption rate both recorded steady improvements. Notably, the BMW brand achieved an absorption rate of 115% in the first half of 2026, providing solid support for store-level profitability.

Management Discussion and Analysis

Moving into the second half of 2026, the Group will adhere to refined, profit-driven operational strategies and move away from scale expansion and price-based competition. The Company will continue to optimise the brand and outlet mix, prioritise resource allocation to higher-margin vehicle models and value-added services, and further scale up profitable ancillary businesses including after-sales services, automotive finance, insurance and auto accessories as the core profit pillar for the operation in Chinese Mainland market.

Hong Kong and Overseas Markets

During the first half of 2026, the Group continued to advance its globalization strategy through its partnership with BYD Company for the distribution and provision of after-sales services for NEV brands, particularly BYD and Denza. As of 30 June 2026, the Group has established a presence in 27 countries and 49 cities worldwide (outside Chinese Mainland), operating a total of 146 stores, comprising 113 in Asia-Pacific, 29 in Europe and 4 in the Middle East and Africa. Deliveries in Hong Kong and overseas markets reached 40,183 units, representing a substantial year-on-year increase of 155.5%.

In Hong Kong and overseas markets, the Group's after-sales service network continued to gain momentum, with total after-sales service visits reaching 60,594 units and after-sales service revenue amounting to RMB165.2 million, representing substantial growth compared with the same period last year. These achievements underscore the Group's strengthening service capabilities and improved profitability. Prudent cost control measures ensured stable operating efficiency throughout the period.

Looking ahead, the second half of 2026 represents a pivotal period for the Group to transition from scale-driven growth to quality-and profit-driven growth in Hong Kong and overseas market. Building on its solid foundation, the Group will execute a strategy focused on "Quality Leadership, Global Deepening, Diversified Development". Key areas of focus include: (i) enhancing operational quality at the store-level to improve per-store performance; (ii) strengthening cash flow resilience and improving capital efficiency; (iii) improving comprehensive gross margins through implementation of lean management and the expansion of ancillary service businesses; and (iv) cultivating a second growth curve by leveraging the Group's global presence to advance the new energy used vehicle business, explore business diversification, and foster new growth drivers.

The Group remains focused on defending its market leadership in Chinese Mainland's luxury vehicle segment while capturing NEV growth opportunities in both Chinese Mainland and Hong Kong and overseas markets. In Chinese Mainland, the Group will develop its NEV business in a selective and prudent manner, with a focus on optimizing brand mix and network layout. In Hong Kong and overseas markets, the Group will continue to deepen its strategic partnership with BYD, leveraging its leading NEV products to expand overseas market presence. The Group will continue to drive operational refinement and management efficiency improvements, underpinning its commitment to sustainable, high-quality growth and reinforcing its competitive positioning.

FINANCIAL OVERVIEW

Revenue

In the first half of 2026, the Group recorded total revenue of RMB12,149.3 million, representing an increase of 26.1% compared to RMB9,636.6 million in the corresponding period of 2025.

Revenue by type of goods or services

Sale of automobiles and others: Revenue increased by 29.5% to RMB11,108.45 million from RMB8,577.4 million in the first half of 2025, accounting for approximately 91.5% of the Group's total revenue. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas sales network and the resulting increase in vehicle sales in these markets.

After-sales services: Revenue decreased slightly by 2.0% to RMB1,023.4 million from RMB1,044.7 million in the first half of 2025, accounting for approximately 8.4% of the Group's total revenue.

Finance leasing services: Revenue increased by 19.9% to RMB17.4 million from RMB14.5 million in the first half of 2025, accounting for approximately 0.1% of the Group's total revenue.

Revenue by region

Chinese Mainland: Revenue decreased by 20.5% to RMB4,560.7 million from RMB5,735.0 million in the first half of 2025, accounting for approximately 37.5% of the Group's total revenue. The decrease was mainly attributable to the decline in new vehicle sales in the Chinese Mainland amid continued weakness in the domestic luxury vehicle market and intensified market competition.

Hong Kong and Overseas: Revenue increased significantly by 94.5% to RMB7,588.6 million from RMB3,901.6 million in the first half of 2025, accounting for approximately 62.5% of the Group's total revenue. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas distribution network and the growth in sales of new energy vehicles in overseas markets.

Cost of Sales and Services

In the first half of 2026, the Group recorded cost of sales and services of RMB11,113.8 million, representing an increase of 22.4% compared to RMB9,076.8 million in the corresponding period of 2025.

Sales of automobiles and others: Cost of sales increased by 24.3% to RMB10,493.0 million from RMB8,440.7 million in the first half of 2025, broadly in line with the increase in revenue from the sale of automobiles and others.

Management Discussion and Analysis

After-sales services: Cost of sales decreased by 2.4% to RMB620.8 million from RMB636.1 million in the first half of 2025, notwithstanding the slight decrease in after-sales service revenue during the period.

Gross Profit and Gross Profit Margin

In the first half of 2026, the Group's gross profit increased by 85.0% to RMB1,035.5 million from RMB559.8 million in the corresponding period of 2025, while the gross profit margin increased by 2.7 percentage points to 8.5% from 5.8% in the corresponding period of 2025.

Sales of automobiles and others: Gross profit increased significantly by RMB478.8 million to RMB615.5 million from RMB136.7 million in the first half of 2025. The gross profit margin increased to 5.5% from 1.6% in the corresponding period of 2025.

After-sales services: Gross profit decreased by 1.5% to RMB402.6 million from RMB408.5 million in the first half of 2025. The gross profit margin increased by 0.2 percentage points to 39.3% from 39.1% in the corresponding period of 2025.

Other Income and Gains, Net

During the six months ended 30 June 2026 (the "**Reporting Period**"), the Group recorded other income and gains, net of RMB169.4 million, representing a decrease of 31.8% compared to RMB248.3 million in the corresponding period of 2025. The decrease was mainly attributable to the significant increase in exchange losses, which more than offset the slight increase in commission income.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB799.0 million, representing an increase of 45.5% compared to RMB549.2 million in the corresponding period of 2025. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas distribution network.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB236.2 million, representing an increase of 41.4% from RMB167.0 million in the corresponding period of 2025. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas operations and the corresponding increase in administrative and staff-related costs.

Profit from Operations

During the Reporting Period, the Group recorded profit from operations of RMB169.7 million, representing an increase of RMB77.9 million or 84.7% compared to RMB91.8 million in the corresponding period of 2025. The increase was mainly attributable to the significant improvement in gross profit, partially offset by the increase in selling and distribution expenses and administrative expenses.

Finance Costs

During the Reporting Period, the Group recorded finance costs of RMB116.4 million, representing an increase of 22.7% compared to RMB94.9 million in the corresponding period of 2025. The increase was mainly attributable to higher interest expenses on bank loans and other borrowings, primarily due to the increase in the Group's level of borrowings during the Reporting Period.

Loss Attributable to Owners of the Company

As a result of the above, the loss attributable to owners of the Company narrowed by 14.4% to RMB10.1 million, compared to a loss of RMB11.8 million in the corresponding period of 2025.

LIQUIDITY, FINANCIAL, RESOURCES AND CAPITAL RESOURCES

Cash Flow

The Group primarily uses cash to purchase new automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to establish new dealerships and acquire additional dealerships. The Group satisfies its liquidity requirements mainly through a combination of cash flows generated from its operating activities and bank loans, and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

As at 30 June 2026, the total cash and bank balances of the Group were RMB1,872.9 million (31 December 2025: RMB1,561.8 million).

For the six months ended 30 June 2026, the net cash used in operating activities by the Group amounted to RMB499.3 million; the net cash used in investing activities by the Group amounted to RMB251.1 million, consisting primarily of purchases of property, plant and equipment; and the net cash generated from financing activities by the Group amounted to RMB1,067.2 million.

Prepayments, Other Receivables and Other Assets

As at 30 June 2026, the prepayments, other receivables and other assets of the Group were RMB3,227.8 million, representing an increase of RMB659.0 million or 25.7% from RMB2,568.8 million as at 31 December 2025. The increase was mainly due to an increase in prepayments to suppliers (which includes prepayments to overseas manufacturers and suppliers for vehicle purchases, parts and accessories), recoverable VAT and used car inventory acquired in the course of the Group's used car business.

Advances to and interest receivable from Independent Aftersales Company amounted to approximately RMB819.2 million as at 31 December 2025 and 30 June 2026. As the Independent Aftersales Company has suffered cashflow issues, it failed to pay interest on time during the year ended 31 December 2025 and the six months ended 30 June 2026. The Company has been actively communicating with the Independent Aftersales Company and closely monitoring its financial situation and recovery progress. The Company remains committed to the recovery of the outstanding balance, with the objective of minimising any potential losses to the Group.

Please refer to note 16 to the condensed consolidated financial statements for detailed breakdown of "Prepayments, Other Receivables and Other Assets".

Net Current Assets

As at 30 June 2026, the net current assets of the Group were RMB1,224.1 million, representing an increase of RMB106.7 million or 9.5% from RMB1,117.4 million as at 31 December 2025.

Capital Expenditure

During the six months ended 30 June 2026, the Group's capital expenditure amounted to RMB262.1 million, which was mainly used for the purchase of property, plant and equipment in relation to the expansion of overseas sales network.

Contingent Liabilities

As at 31 December 2025 and 30 June 2026, the Group did not have any significant contingent liabilities.

Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As at 30 June 2026, inventories increased by RMB407.3 million from RMB2,351.9 million as at 31 December 2025 to RMB2,759.2 million as at 30 June 2026, representing an increase of approximately 17.3%.

The Group's average inventory turnover days during the Reporting Period were 42.2 days, representing a year-on-year increase of 2.8 days compared to 39.4 days for the corresponding period of 2025. The increase reflects market pressures from weakened consumer spending and macroeconomic volatility. The Group is implementing responsive inventory controls to mitigate excess exposure, ensuring inventory levels remain within a healthy range.

Bank Loans and Other Borrowings

As at 30 June 2026, the Group had bank loans and other borrowings in the aggregate amount of RMB5,365.5 million, representing an increase of approximately 32.8% compared to RMB4,039.5 million as at 31 December 2025.

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Current liabilities		
Bank loans	**1,987,341**	2,456,672
Other borrowings	**3,378,154**	1,582,857
	5,365,495	4,039,529

As at 30 June 2026, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 63.7%, representing an increase of approximately 2.9 percentage points compared to approximately 60.8% as at 31 December 2025.

Pledge of Assets

As at 30 June 2026, the Group's certain bank loans and other borrowings were secured by mortgages over the Group's assets, which include: (i) land use rights situated in Chinese Mainland, with a total carrying amount of approximately RMB5.2 million as at 30 June 2026 (as at 31 December 2025: RMB5.3 million); (ii) buildings with a total carrying amount of approximately RMB9.7 million as at 30 June 2026 (as at 31 December 2025: RMB10.8 million); and (iii) inventories with a total carrying amount of approximately RMB2,034.9 million as at 30 June 2026 (as at 31 December 2025: RMB1,508.7 million).

Interest Rate Risk and Foreign Exchange Risk

The Group's bank deposits, bank loans and other borrowings mainly bear interest at fixed interest rates, therefore, the Group's exposure to the risk of interest rate fluctuation is very limited. During the Reporting Period and up to the date of this interim report, the Group has not used any financial derivatives to hedge the Group's interest rate risks.

The Group's subsidiaries operate in the People's Republic of China, Asia Pacific, Europe and other regions, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and US dollar, Singapore dollar, Indonesian rupiah, Philippine peso and Thai baht. During the period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group's management believes that the Group will have sufficient foreign currency to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to foreign exchange risk.

Capital Structure and Treasury Policies

The Group's business activities are primarily funded through a combination of share capital, cash generated from operating activities, interest-bearing bank loans, and other borrowings.

The Group has adopted a prudent financial management approach towards its treasury policies and will revisit such policies from time to time, taking into account, among other things, the cash flow requirements and expansion of the Group. The Group maintained a healthy liquidity position during the Reporting Period.

Employees and Remuneration Policies

As at 30 June 2026, the Group had a total of 7,345 employees (31 December 2025: 7,200 employees). During the six months ended 30 June 2026, the Group incurred staff costs of RMB459.7 million. The salary package for employees is determined by their respective work experience, duties and performance. The management will conduct an annual review of the salary plan taking into account the employees' overall performance and market conditions.

The remuneration policies of the Group are determined and reviewed regularly based on the performance of employees. Discretionary bonus is granted to employees to encourage their contribution to the Group and promotion is offered to excellent employees by the Group depending on the Group's profitability and employees' performance. The Group also offers trainings to new employees and existing employees to enhance their technical knowledge. These initiatives are beneficial to the improvement of the production capacity and efficiency of the Group.

The Company operated a share option scheme (the "**Share Option Scheme**") which became effective on 26 June 2015 and expired on 26 June 2025. Following the expiry of the Share Option Scheme, no further options could be granted thereunder, and no share options were granted, exercised or canceled under the Share Option Scheme during the Reporting Period.

The Company also adopted a share award scheme (the "**Share Award Plan**") on 28 February 2019 which expired on 26 June 2025. Following the expiry of the Share Award Plan, no further share awards could be granted thereunder. During the Reporting Period, no share award has been granted, vested, lapsed or cancelled under the Share Award Plan.

As at both 1 January 2026 and 30 June 2026, there were no outstanding share options and unvested share awards and therefore no grantees with outstanding and unvested share awards.

There was no share option scheme or share award plan adopted by the Company under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") during the Reporting Period and up to the date of publication of this interim report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the director (the "**Directors**") or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules were as follows:

		Ordinary Shares			Underlying Shares under Share Options		
		Capacity/Nature of Interest					
Name	Position	Personal Interests[4]	Family Interests[5]	Other interests	Personal Interests	Total Interests[6]	Approximate % of Shareholding Interest
Mr. FENG Changge	Director	—	—	708,364,660 (L)[1]	—	708,364,660 (L)	46.50%
Mr. FENG Shaolun	Director	—	—	708,364,660 (L)[3]	—	708,364,660 (L)	46.50%
Ms. MA Lintao	Director	—	708,364,660 (L)[2]	—	—	708,364,660 (L)	46.50%
Mr. LIU Fenglei	Director	778,587 (L)	—	—	—	778,587 (L)	0.05%
Mr. WANG Nengguang	Director	40,000 (L)	—	—	—	40,000 (L)	0.00%

Notes:

(1) These 708,364,660 shares in the Company are held by Eagle Seeker Company Limited ("**Eagle Seeker**"). Mr. Feng Changge is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by JTC Private Trust (Cayman) Limited through Eagle Pioneer Company Limited, whereas Mr. Feng Changge is the founder of the trust of JTC Private Trust (Cayman) Limited.

(2) Ms. Ma Lintao is Mr. Feng Changge's spouse and is therefore deemed to be interested in all the shares of the Company in which Mr. Feng Changge is interested in.

(3) These 708,364,660 shares in the Company are held by Eagle Seeker. Mr. Feng Shaolun is deemed to be interested in the said 708,364,660 shares by virtue of Eagle Seeker being held indirectly by JTC Private Trust (Cayman) Limited through Eagle Pioneer Company Limited, whereas Mr. Feng Shaolun is one of the beneficiaries of the trust of JTC Private Trust (Cayman) Limited.

(4) "Personal Interests" represents interests directly beneficially owned.

(5) "Family Interests" represents interests of spouse or child under 18.

(6) The letter "L" denotes the long position in the shares of the Company.

Save as disclosed above, as at 30 June 2026, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the following persons (other than the Directors and chief executive of the Company) had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as follows:

Name	Capacity/Nature of Interest	Number of Shares Directly or Indirectly Held[4]	Approximate % of Shareholding Interest
Eagle Seeker	Beneficial owner	708,364,660 (L)	46.50%
Eagle Pioneer Company Limited[1]	Interest of controlled corporation	708,364,660 (L)	46.50%
JTC Private Trust (Cayman) Limited[2]	Trustee	708,364,660 (L)	46.50%
Foxconn (Far East) Limited[3]	Beneficial owner	128,734,000 (L)	8.45%
Hon Hai Precision Industry Co. Ltd[3]	Interest of controlled corporation	128,734,000 (L)	8.45%

Notes:

(1) Eagle Seeker is wholly owned by Eagle Pioneer Company Limited. Accordingly, Eagle Pioneer Company Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker.

(2) Eagle Pioneer Company Limited is wholly owned by JTC Private Trust (Cayman) Limited. Accordingly, JTC Private Trust (Cayman) Limited is deemed to have interest in the 708,364,660 Shares held by Eagle Seeker (the controlling shareholder of the Company), indirectly via Eagle Pioneer Company Limited. Mr. Feng Changge, Executive Director and Chairman of the Company, is the founder of the trust of JTC Private Trust (Cayman) Limited.

(3) Foxconn (Far East) Limited ("**Foxconn**") is wholly owned by Hon Hai Precision Industry Co. Ltd. ("**Hon Hai**"), a company listed on the Taiwan Stock Exchange. Accordingly, Hon Hai is deemed to have interest in the 128,734,000 Shares held by Foxconn.

(4) The letter "L" denotes long position in such Shares.

Save as disclosed above, as at 30 June 2026, no persons (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026 and up to the date of this interim report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares (as defined in the Listing Rules)). As at 30 June 2026, the Company did not hold any treasury shares (as defined in the Listing Rules).

During the Reporting Period and until the date of this interim report, the Company has not made any issue for cash of equity securities or any sale of treasury shares (as defined in the Listing Rules) for cash.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The board of directors of the Company (the "**Board**") has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability. For the six months ended 30 June 2026, the Company has complied with the applicable principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices. The Company believes that effective corporate governance is an essential factor to create more value for the shareholders of the Company (the "**Shareholders**").

The Group is committed to developing a positive and progressive culture which focuses on simplicity, efficiency and happiness. The Company believes that such culture can enable the Company to deliver long-term sustainable performance to the Shareholders. Please visit the Company's website for more information.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the six months ended 30 June 2026.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

Effective 30 June 2026, Mr. Lau Kwok Fan resigned as (i) an independent non-executive Director of the Company; and (ii) a member of each of the audit committee and the remuneration committee of the Company due to his work arrangement. Mr. Leung Oi Kin was appointed as (i) an independent non-executive Director of the Company; and (ii) a member of each of the audit committee and the remuneration committee of the Company on the same day. For details, please refer to the Company's announcement dated 30 June 2026.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2026 and up to the date of the publication of this interim report.

SIGNIFICANT INVESTMENT

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 30 June 2026) during the six months ended 30 June 2026.

The Group's investment strategy is to deliver a diversified and flexible investment portfolio that will maximize sustained long-term returns and strive to achieve high growth, while the traditional business of the Group will continue its stable growth.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material investments, acquisitions, and disposals of subsidiaries, associates and joint ventures undertaken by the Group during the Reporting Period.

CONNECTED TRANSACTIONS

There were no connected transactions entered into by the Group during the Reporting Period that are required to be disclosed under the Listing Rules.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the date of this interim report, the Group had not entered into any off-balance sheet transactions.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company as of the date of this interim report, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during the Reporting Period.

INTERIM DIVIDEND

At the meeting of the Board held on 31 August 2026, the Board resolved not to pay interim dividend to the Shareholders (2025: Nil).

EVENTS AFTER THE REPORTING PERIOD

From the end of the Reporting Period on 30 June 2026 to the date of this interim report, there was no significant event that would have any material impact on the Group.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the requirements of the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee consists of three members, namely Mr. Wang Nengguang, Mr. Leung Oi Kin and Mr. Sung Ka Woon, all of whom are independent non-executive Directors of the Company. Mr. Wang Nengguang is the chairman of the Audit Committee.

The Audit Committee reviewed the unaudited consolidated interim results of the Company for the six months ended 30 June 2026 and the accounting principles and practices adopted by the Group, and discussed internal control and financial matters. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have specific plans for material investments and capital assets with a value of 5% or more of the Group's total assets. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Listing Rules as and when appropriate.

ADVANCE GRANTED TO ENTITIES

For the six months ended 30 June 2026, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.20 of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

For the six months ended 30 June 2026, there was no pledge of Shares by the controlling shareholders of the Company which is subject to disclosure under Rule 13.21 of the Listing Rules.

BREACH OF LOAN AGREEMENTS

For the six months ended 30 June 2026, there was no breach of the loan agreements by the Company in which the loan involved would have a significant impact on the business operations of the Company and subject to disclosure under Rule 13.21 of the Listing Rules.

LOAN AGREEMENTS COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

For the six months ended 30 June 2026, there was no loan agreement of the Company with covenants relating to specific performance of the controlling shareholders which is subject to disclosure under Rule 13.21 of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

For the six months ended 30 June 2026, there was no financial assistance or guarantee to affiliated companies by the Company which is subject to disclosure under Rule 13.22 of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	Note	Six months ended 30 June **2026** ***RMB'000*** **(Unaudited)**	 2025 *RMB'000* (Unaudited)
REVENUE	5	**12,149,310**	9,636,608
Cost of sales and services		**(11,113,838)**	(9,076,831)
GROSS PROFIT		**1,035,472**	559,777
Other income and gains	6	**169,412**	248,285
Selling and distribution expenses		**(799,040)**	(549,248)
Administrative expenses		**(236,178)**	(166,970)
PROFIT FROM OPERATIONS		**169,666**	91,844
Finance costs	7	**(116,427)**	(94,894)
Share of losses of joint ventures		**—**	(144)
PROFIT/(LOSS) BEFORE TAX		**53,239**	(3,194)
Income tax expense	8	**(36,972)**	(7,398)
PROFIT/(LOSS) FOR THE PERIOD	9	**16,267**	(10,592)
Other comprehensive profit/(loss) after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(3,980)**	8,596
Other comprehensive profit/(loss) for the period, net of tax		**(3,980)**	8,596
Total comprehensive loss for the period		**12,287**	(1,996)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	Note	Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(10,095)**	(11,796)
Non-controlling interests		**26,362**	1,204
		16,267	(10,592)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**13,216**	(3,200)
Non-controlling interests		**(929)**	1,204
		12,287	(1,996)
Loss per share attributable to owners of the Company	11		
Basic *(RMB)*		**(0.007)**	(0.008)
Diluted *(RMB)*		**(0.007)**	(0.008)

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Note	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,068,815**	3,155,037
Right-of-use assets		**1,471,385**	1,614,225
Intangible assets		**127,386**	130,591
Goodwill		**196,210**	197,569
Prepayments and other assets		**4,448**	2,495
Finance lease receivables		**217,530**	212,054
Investment in joint ventures		**1,929**	1,929
Equity investment at fair value through other comprehensive income		**30,791**	30,791
Deferred tax assets		**151,182**	152,352
Total non-current assets		**5,269,676**	5,497,043
CURRENT ASSETS			
Finance lease receivables		**112,923**	145,606
Inventories		**2,759,159**	2,351,926
Trade receivables	13	**421,618**	388,198
Prepayments, other receivables and other assets	16	**3,227,794**	2,568,800
Financial assets at fair value through profit or loss		**1,773**	2,167
Pledged and restricted bank deposits		**242,405**	333,077
Cash in transit		**39,206**	55,409
Cash and bank balances		**1,872,929**	1,561,759
Total current assets		**8,677,807**	7,406,942

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
CURRENT LIABILITIES			
Bank loans and other borrowings		**5,365,495**	4,039,529
Trade and bills payables	14	**714,660**	759,528
Contract liabilities		**595,793**	531,340
Other payables and accruals		**473,996**	634,806
Lease liabilities		**288,482**	313,090
Income tax payable		**15,321**	11,248
Total current liabilities		**7,453,747**	6,289,541
NET CURRENT ASSETS		**1,224,060**	1,117,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,493,736**	6,614,444
NON-CURRENT LIABILITIES			
Lease liabilities		**1,241,385**	1,373,800
Convertible notes at FVTPL		**122,060**	122,060
Deferred tax liabilities		**63,640**	64,220
Total non-current liabilities		**1,427,085**	1,560,080
NET ASSETS		**5,066,651**	5,054,364
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**12,083**	12,083
Reserves		**4,810,942**	4,797,726
		4,823,025	4,809,809
Non-controlling interests		**243,626**	244,555
TOTAL EQUITY		**5,066,651**	5,054,364

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company												
	Share capital RMB'000	Shares held under share award plan RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Fair value change reserve RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	(4,298)	2,200,473	5,173,726	79,510	5,253,236
(Loss)/profit for the period	–	–	–	–	–	–	–	–	–	(11,796)	(11,796)	1,204	(10,592)
Other comprehensive (loss)/ income for the period													
Fair value changes of finance assets at fair value through other comprehensive income	–	–	–	–	–	–	–	–	(2,888)	–	(2,888)	–	(2,888)
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	–	11,484	–	11,484	–	11,484
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	8,596	(11,796)	(3,200)	1,204	(1,996)
At 30 June 2025 (unaudited)	12,083	(95,204)	2,402,814	1,635	340,612	371,200	(154,045)	98,456	4,298	2,188,677	5,170,526	80,714	5,251,240
At 1 January 2026	**12,083**	**(95,204)**	**2,402,814**	**272,702**	**341,688**	**371,200**	**(154,045)**	**98,456**	**(4,291)**	**1,564,406**	**4,809,809**	**244,555**	**5,054,364**
(Loss)/profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(10,095)**	**(10,095)**	**26,362**	**16,267**
Other comprehensive (loss)/ income for the period													
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,311**	**–**	**23,311**	**(27,29)**	**(3,980)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,311**	**(10,095)**	**13,216**	**(929)**	**12,287**
At 30 June 2026 (unaudited)	**12,083**	**(95,204)**	**2,402,814**	**272,702**	**341,688**	**371,200**	**(154,045)**	**98,456**	**19,020**	**1,554,311**	**4,823,025**	**243,626**	**5,066,651**

Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	**(477,589)**	323,049
Income taxes paid	**(21,754)**	(8,418)
Net cash (used in)/generated from operating activities	**(499,343)**	314,631
Cash flows from investing activities		
Interest received	**4,355**	10,760
Purchases of property, plant and equipment	**(262,087)**	(364,447)
Proceeds from disposal of property, plant and equipment	**12,256**	63,871
Purchase of intangible assets	**(5,589)**	(2,498)
Disposal of investments at fair value through profit or loss	**–**	1,150
Net cash used in investing activities	**(251,063)**	(291,164)
Cash flows from financing activities		
Bank loans and other borrowings raised	**11,483,779**	7,882,531
Repayment of bank loans and other borrowings	**(10,157,813)**	(7,807,360)
Repayment of lease liabilities	**(177,928)**	(92,396)
Interest paid	**(80,791)**	(59,662)
Net cash generated from/(used in) financing activities	**1,067,247**	(76,887)
Net increase/(decrease) in cash and cash equivalents	**316,841**	(53,420)
Effect of foreign exchange rate changes, net	**(5,671)**	9,739
Cash and cash equivalents at 1 January	**1,561,759**	1,107,974
Cash and cash equivalents at 30 June	**1,872,929**	1,064,293

Note to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

These condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Reconciliation of assets measured at fair value based on level 3:

Description	Equity investments at fair value through other comprehensive income	Investments at fair value through profit or loss equity investments	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	31,669	2,957	34,626
Total gains or losses recognised	(878)	(790)	(1,668)
At 31 December 2025	30,791	2,167	32,958
Total gains or losses recognised	—	(394)	(394)
At 30 June 2026	30,791	1,773	32,564

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale of automobiles and provision of after-sales services. 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

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

The geographical location of customers is based on the location where the goods were delivered or services were provided, while the geographical location of non-current assets is based on the physical location of the assets.

	Revenues from external customers Six months ended 30 June		Non-current assets As at 30 June	As at 31 December
	2026	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**4,560,705**	5,734,979	**3,335,555**	3,414,661
Hong Kong and Overseas	**7,588,605**	3,901,629	**1,934,121**	2,082,382
	12,149,310	9,636,608	**5,269,676**	5,497,043

Information about major customers

Since no sales to a single customer amounted to 10% or more of the Group's revenue during the period, no major customer information is presented.

5. REVENUE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Sale of automobiles and others	**11,108,450**	8,577,419
— Provision of after-sales services	**1,023,432**	1,044,655
Revenue from other sources		
— Finance leasing services	**17,428**	14,534
	12,149,310	9,636,608

Disaggregation of revenue from contracts with customers:

Type of goods or services

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of automobiles and others	**11,108,450**	8,577,419
Provision of after-sales services	**1,023,432**	1,044,655
Total revenue from contracts with customers	**12,131,882**	9,622,074

5. REVENUE (CONTINUED)

Timing of revenue recognition

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Goods received by the customer at a point in time	**11,108,450**	8,577,419
After-sales services rendered at a point in time	**1,023,432**	1,044,655
Total revenue from contracts with customers	**12,131,882**	9,622,074

6. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commission income	**214,029**	205,325
Interest income from loans and advances to a third party	**—**	16,670
Bank interest income	**4,355**	10,760
Government grants	**537**	1,008
Net loss from foreign exchange	**(61,361)**	(300)
Others	**11,852**	14,822
	169,412	248,285

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**80,791**	59,662
Leases interests	**35,636**	35,232
	116,427	94,894

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Chinese Mainland corporate income tax		
Provision for the period	**25,827**	7,339
Deferred tax credit	**11,145**	59
	36,972	7,398

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the British Virgin Islands ("**BVI**") are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. There are no assessable profits arising in Hong Kong during the period.

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Chinese Mainland subsidiaries is 25% (2025: 25%).

9. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**2,666**	2,666
Loss on disposal of property, plant and equipment	**5,395**	(32,538)
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**391,541**	256,351
Other welfare benefits	**68,199**	49,533
Cost of sales and services:		
Cost of sales of automobiles	**10,492,993**	8,440,700
Cost of after-sales services	**620,845**	636,131
	11,113,838	9,076,831

10. DIVIDEND

The Board recommended not to declare interim dividend for the six months ended 30 June 2026 (2025: Nil).

11. LOSSES PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Losses:		
Losses for the period attributable to owners of the Company used in the basic earnings per share calculation	**(10,095)**	(11,796)
Number of shares:	***'000***	*'000*
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,523,265**	1,523,265
	1,523,265	1,523,265

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group recorded an additional property, plant and equipment of approximately RMB262,087,000 (2025: RMB364,448,000).

13. TRADE RECEIVABLES

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.

13. TRADE RECEIVABLES (CONTINUED)

The aging analysis of trade receivables as at the balance sheet date, based on the date of recognition of the service income or goods sold, is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**378,130**	314,027
3 to 6 months	**20,773**	57,807
7 to 12 months	**17,856**	10,388
Over 12 months	**4,859**	5,976
	421,618	388,198

14. TRADE AND BILLS PAYABLE

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**702,372**	727,717
3 to 6 months	**5,496**	16,810
6 to 12 months	**5,064**	15,001
Over 12 months	**1,728**	—
	714,660	759,528

15. SHARE CAPITAL

	Number of issued and fully paid shares	Amount RMB'000
At 31 December 2025 (Audited) and at 30 June 2026 (Unaudited)	1,523,264,677	12,083

All shares issued in prior years rank pari passu with the then existing shares in issue in all respects.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Prepayments for purchase of items of property, plant and equipment	**4,448**	2,495
Prepayments to suppliers	**787,781**	417,449
Rebate receivables	**1,277,074**	1,197,467
Commission receivables	**81,781**	78,076
Advances to and interest receivable from Independent Aftersales Company (note a)	**819,203**	819,203
VAT recoverable	**327,160**	283,986
Others (note c)	**704,401**	542,225
	4,001,848	3,340,901
Less: Provision on impairment loss of advances to and interest receivable from Independent Aftersales Company (note b)	**(769,606)**	(769,606)
	3,232,242	2,571,295
Less: Amount due for settlement after 12 months (shows in Non-current Assets)	**(4,448)**	(2,495)
Amount due for settlement after 12 months	**3,227,794**	2,568,800

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Note:

(a) As of 31 December 2025 and 30 June 2026, the Group had advances balance due from Independent Aftersales Company, with an amount of RMB819,203,000, of which RMB720,919,000 is unsecured, interest-bearing of 4.35%, and has no fixed repayment terms and RMB98,284,000 is unsecured, non-interest bearing and has no fixed repayment terms.

During the financial year 2025, a principal amount of RMB45,500,000 was repaid by the Independent Aftersales Company.

(b) An expected credit loss of approximately RMB769,606,000 as at 31 December 2025 and 30 June 2026 was recognised on the advances to and interest receivable from Independent Aftersales Company. As the Independent Aftersales Company suffered cashflow issues, it failed to pay interest on time during the year ended 31 December 2025 and the half year ended 30 June 2026. Management continues to closely monitor the settlement progress and the counterparty's financial position, and will recognise additional impairment losses should circumstances indicate further deterioration in recoverability. The Company has been actively communicating with the Independent Aftersales Company and closely monitoring its financial situation and recovery progress. The Company remains committed to the recovery of the outstanding balance, with the objective of minimising any potential losses to the Group.

(c) Others mainly comprise amounts due from operating units, prepaid expenses, receivables relating to used car business, staff advances, deposits and prepaid expenses. The increase as at 30 June 2026 was mainly attributable to the addition of new dealership stores during the period, which resulted in higher operating-related receivables, deposits and prepayments in the ordinary course of business.

Except for the balance listed in note a, the financial assets included in the above balances relate to receivables for which there was no recent history of default.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2025 and 30 June 2026.

18. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment and capital contribution outstanding at each reporting date not provided for in these consolidated financial statements are as follows:

	At 30 June 2026 ***RMB'000*** **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
Property, plant and equipment		
— Contracted, but not provided for	**113,977**	121,924

19. EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2026 and up to the date of publication of this interim report, there was no significant event that would have any material impact on the Group.

20. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 August 2026.