



Sunfonda Group Holdings Limited
新豐泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01771

2026 INTERIM REPORT



CONTENTS

Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Corporate Governance and Other Information	28
Interim Condensed Consolidated Statement of Profit or Loss	33
Interim Condensed Consolidated Statement of Comprehensive Income	34
Interim Condensed Consolidated Statement of Financial Position	35
Interim Condensed Consolidated Statement of Changes in Equity	37
Interim Condensed Consolidated Statement of Cash Flows	38
Notes to the Interim Condensed Consolidated Financial Statements	40





CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

新豐泰集團控股有限公司

ENGLISH NAME OF THE COMPANY

Sunfonda Group Holdings Limited

INVESTOR INQUIRIES

Tel: +852 2565 9898

Fax: +852 2565 9221

Website: www.sunfonda.com.cn

E-mail: irhk@sunfonda.com.cn

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Tak Lam (*Chairman of the Board*)

Ms. Chiu Man (*Chief Executive Officer*)

Ms. Chen Wei

Mr. Wang Hao

Independent Non-executive Directors

Dr. Han Qinchun

Mr. Liu Qiming

Mr. Mou Junfa

AUDIT COMMITTEE

Dr. Han Qinchun (*Chairman*)

Mr. Liu Qiming

Mr. Mou Junfa

NOMINATION COMMITTEE

Mr. Wu Tak Lam (*Chairman*)

Ms. Chiu Man

Dr. Han Qinchun

Mr. Liu Qiming

Mr. Mou Junfa

REMUNERATION COMMITTEE

Mr. Liu Qiming (*Chairman*)

Dr. Han Qinchun

Mr. Mou Junfa

FINANCE AND INVESTMENT COMMITTEE

Mr. Wu Tak Lam (*Chairman*)

Ms. Chiu Man

Dr. Han Qinchun

AUTHORISED REPRESENTATIVES

Mr. Wu Tak Lam

Ms. Chan Sze Ting

COMPANY SECRETARY

Ms. Chan Sze Ting (*FCG, HKFCG*)

HEADQUARTERS

Sunfonda Automobile Center

No. 1555 Ouya 1st Road

Beichen Avenue

Chanba Ecological District

Xi'an City, Shaanxi Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D, 13/F, Seabright Plaza
9-23 Shell Street
North Point, Hong Kong

REGISTERED OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISORS

PRC Law

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District, Beijing
PRC

Hong Kong Law

Jingtian & Gongcheng LLP
Suites 3203-3209, 32nd Floor
Edinburgh Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants and Registered Public
Interest Entity Auditor

25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
151 Des Voeux Road Central
Central, Hong Kong

China CITIC Bank Corporation Limited, Xi'an Branch
No. 1, Zhuque Avenue
Xi'an City, Shaanxi Province
PRC

Bank of China Limited, Shaanxi Branch
No. 18, North Section of Tangyan Road
Xi'an City, Shaanxi Province
PRC

STOCK CODE

01771

WEBSITE

www.sunfonda.com.cn



FINANCIAL HIGHLIGHTS

During the period from 1 January 2026 to 30 June 2026 (the **"Period"**), Sunfonda Group Holdings Limited (the **"Company"**) and its subsidiaries (collectively the **"Group"**, **"we"**, **"our"** or **"Sunfonda Group"**) has recorded:

- Revenue of RMB2,913.1 million, which was down by 20.1% from the same period in 2025, including:
 - Sales volume of new vehicles down by 12.3% to 10,179 units, and revenue from the sales of new vehicles down by 21.5% to RMB2,332.5 million;
 - Revenue from after-sales services down by 13.5% to RMB447.2 million; and
 - Revenue from the sales of used cars down by 16.6% to RMB133.4 million.
- Gross profit of RMB109.4 million (same period in 2025: gross loss of RMB46.5 million).
- Gross profit margin of 3.8% (same period in 2025: gross loss margin of 1.3%).
- Loss before tax for the Period of RMB79.6 million, representing a decrease of 11.2% as compared with the same period in 2025.

Loss attributable to owners of the Company for the Period was RMB74.2 million, representing a decrease of 13.3% as compared with the same period in 2025.

Basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB0.12 for the Period (same period in 2025: loss of RMB0.14 per share).

MARKET REVIEW

National Macroeconomic Overview

In the first half of the year, the external environment was complex, with geopolitical conflicts bringing multiple external pressures. The Chinese domestic economy achieved stable growth and improved quality, its industrial structure continued to be optimised, and major macroeconomic indicators operated within a reasonable range. According to data released by the National Bureau of Statistics, China's gross domestic product (GDP) was RMB69,570.4 billion in the first half of the year, representing a year-on-year increase of 4.7% at constant prices; in the first half of the year, the total retail sales of consumer goods amounted to RMB24,872.2 billion, representing a year-on-year increase of 1.3%. In the first half of the year, the consumer price index (CPI) saw a moderate recovery, increasing by 1.0% year-on-year. The resilience of domestic and foreign trade has been highlighted, and the green transformation of industries has continued to accelerate. In the first half of the year, the retail penetration rate of NEV exceeded 60% for three consecutive months.

Economic Performance of the Group's Core Operating Regions

In the first half of 2026, Shaanxi Province, the primary coverage area of the Group's network, experienced stable and progressive economic operations, with solid advancement in high-quality development. According to the results of the unified accounting of regional GDP, Shaanxi Province's regional GDP was RMB1,753.345 billion, representing a year-on-year increase of 3.8% at constant prices. The value added of industrial enterprises above the designated size recorded a year-on-year increase of 4.9%. The total retail sales of social consumer goods amounted to RMB584.440 billion, representing a year-on-year increase of 1.1%. The province's total imports and exports of goods amounted to RMB472.751 billion, representing a year-on-year increase of 93.7%. Exports amounted to RMB367.586 billion, representing an increase of 1.2 times. The trade surplus continued to expand.

During the same period, Gansu Province, another major operating region of the Group, experienced stable and improving economic performance. Gansu Province's regional GDP was RMB695.91 billion, representing a year-on-year increase of 4.9% at constant prices. The value added of industrial enterprises above the designated size across the province recorded a year-on-year increase of 6.7%, 1.3 percentage points higher than the national average. Among the 39 industrial categories, 22 recorded year-on-year growth. The total retail sales of social consumer goods amounted to RMB220.12 billion, representing a year-on-year increase of 1.1%. Retail sales of NEV increased by 6.4%. The province's total import and export value was RMB39.04 billion, representing a year-on-year increase of 10.1%. Of which, exports amounted to RMB9.82 billion, representing an increase of 14.7%; and the per capita disposable income of all residents was RMB13,909, representing an increase of 6.8%, with the growth rate exceeding the national average for 13 consecutive quarters.



MANAGEMENT DISCUSSION AND ANALYSIS

Performance of the China Passenger Vehicle Market in the First Half of the Year

According to analysis by the China Association of Automobile Manufacturers, in the first half of 2026, the operation of China's automotive industry was generally stable, and the cumulative decline in production and sales narrowed month by month. Market trends primarily exhibited three distinct characteristics: First, domestic demand was under significant pressure, with sales declining by double digits; exports grew beyond expectations, forming a stable support. Second, the passenger vehicle market performed poorly, experiencing a slight decline. Third, the old and new drivers of industrial growth continued to transform, with the traditional fuel vehicle market further shrinking and NEV experiencing stable growth.

According to data released by the China Association of Automobile Manufacturers, from January to June, automobile production and sales reached 14.993 million units and 15.017 million units, respectively, representing a year-on-year decrease of 4% and 4.1%, respectively. Domestic automobile sales were 9.921 million units, representing a year-on-year decrease of 21.1%. Of these, domestic sales of traditional fuel vehicles were 4.831 million units, representing a year-on-year decrease of 27.8%. Automobile exports reached 5.096 million units, representing a year-on-year increase of 65.3%. Of which, NEV exports amounted to 2.355 million units, a year-on-year increase of 1.2 times; traditional fuel vehicle exports reached 2.741 million units, a year-on-year increase of 35.5%.

From January to June, the production and sales of passenger vehicles amounted to 12.721 million units and 12.72 million units, respectively, representing a year-on-year decrease of 5.9% and 6%, respectively. Among traditional fuel passenger vehicles, sales in mainstream price segments generally declined, with sales concentrated in A-segment models and the RMB100,000-150,000 price range. The main growth drivers for new energy passenger vehicles were concentrated in B-segment models and the RMB100,000-150,000 price range, while high-end new energy vehicle models in the RMB350,000-400,000 range also maintained steady growth. Domestic sales of passenger vehicles in the first half of the year were 8.288 million units, representing a year-on-year decrease of 24.3%; domestic sales of fuel-powered passenger vehicles were 3.694 million units, representing a year-on-year decrease of 31.9%; and exports of passenger vehicles were 4.432 million units, representing a year-on-year increase of 71.7%.

From January to June, the production and sales of NEV reached 7.438 million units and 7.446 million units, respectively, representing a year-on-year increase of 6.7% and 7.3%, respectively. New vehicle sales of NEV accounted for 49.6% of total vehicle sales. Overall industry growth was primarily driven by exports, while sales in the domestic market faced some pressure: Domestic sales of NEV were 5.09 million units, representing a year-on-year decrease of 13.4%. Of which, domestic sales of new energy passenger vehicles amounted to 4.594 million units, representing a year-on-year decrease of 16.8%. Domestic sales of new energy passenger vehicles accounted for 55.4% of domestic sales of passenger vehicles; in June, domestic sales of new energy passenger vehicles further accounted for 67.2% of domestic sales of passenger vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

According to statistics of the Ministry of Public Security, as of the end of June 2026, China's motor vehicle ownership volume reached 476 million units, of which the car ownership volume was 371 million units, and new energy vehicle ownership volume amounted to 48.97 million units, accounting for 13.19% of the total number of vehicles, representing an increase of 2.92 percentage points compared to the same period last year. The battery electric vehicle ownership volume was 33.675 million, accounting for 68.77% of the total number of NEV.

As of the end of June, there were 105 cities in China with an automobile ownership volume of more than 1 million units, among which Xi'an's automobile ownership volume exceeded 5 million units.

Reforms in used vehicle circulation market continued to unleash market vitality, and convenient policies for inter-regional transactions have been implemented and yielded tangible results. In the first half of the year, national automobile ownership transfer registrations amounted to 17.05 million, and inter-regional transactions of used small passenger cars reached 3.45 million, representing a year-on-year increase of 11.98%. The demand for replacement consumption continued to be released.

Market Performance of the Group's Major Partner Brands in the First Half of the Year

According to official sources from Porsche, in the first half of 2026, Porsche's global market sales were 122,306 units, representing a year-on-year decrease of 16% and the lowest since 2020. In the sub-segments, Porsche experienced varying degrees of sales decline in all markets during the first half of the year. Of which, sales in the Chinese market saw a particularly significant year-on-year decrease of 32%, with a total of 14,501 new vehicles delivered, accounting for 11.86% of total global sales.

According to official sources from the BMW Group, its global sales for the first half of 2026 were 1,156,700 units, representing a year-on-year decrease of 4.2%. The BMW brand delivered 1,004,700 vehicles in the first half of the year, representing a year-on-year decrease of 6.2%. Sales of battery electric vehicles amounted to 204,300 units, representing a year-on-year decrease of 7.4%. In the first half of 2026, BMW (including MINI and Rolls-Royce brands) delivered a cumulative total of 261,800 vehicles in China, representing a year-on-year decrease of 20.4%.

According to sales data officially released by Mercedes-Benz, in the first half of 2026, the global sales volume of Mercedes-Benz Group's passenger car business was 837,200 units, representing a year-on-year decrease of 7%. In the first half of 2026, Mercedes-Benz Group's sales of battery electric vehicles were 97,100 units, representing a year-on-year increase of 28%. Its sales in China reached 210,200 units, representing a year-on-year decrease of 28%.

According to sales data released by Volkswagen Group, the Audi brand's cumulative sales in the first half of the year were 727,200 units, representing a year-on-year decrease of 7.2%. Public data disclosed by the media shows that in the first half of 2026, Audi's cumulative domestic sales were 218,165 units, representing a year-on-year decrease of 19.2%. In terms of sales structure, classic fuel-powered vehicles such as the Audi A6L, Q5L, A3, and A5L are its sales pillars.



MANAGEMENT DISCUSSION AND ANALYSIS

According to the terminal insurance registration data from the China Passenger Car Association, Lexus' cumulative terminal retail sales from January to June 2026 were 70,590 units, representing a year-on-year decrease of 22.7%; the total wholesale shipments from manufacturers were 71,900 units, representing a year-on-year decrease of 16%.

According to official data released by BYD, BYD's cumulative automobile sales for the first half of 2026 were 1,808,511 units, representing a year-on-year decrease of 15.72%. Growth performance in overseas markets was outstanding, with cumulative exports reaching 789,000 units in the first half of the year, representing a year-on-year increase of 70.5%. The proportion of overseas sales has exceeded 43%. BYD's high-end brand, DENZA, recorded cumulative sales of 66,541 units, with new products driving monthly sales to exceed 20,000 units in June. The Formula Leopard brand's cumulative sales in the first half of the year reached 159,474 units, representing a significant year-on-year increase of 162%. Single-month sales in June exceeded 35,600 units, representing a year-on-year increase of 188.4%. Of which, sales of the Titanium 7 series exceeded 90,000 units in the first half of the year, establishing strong user recognition in the hardcore new energy SUV market.

In the first half of 2026, the cumulative sales of Seres NEV reached 178,777 units, with its core brand, the AITO series, achieving cumulative sales of 160,770 units, representing a year-on-year increase of 5.6%. Following their launch, the AITO M6 and the new generation M9 have maintained a good delivery performance, and their recognition in the end-user market continues to improve.

BUSINESS REVIEW

In the first half of 2026, the domestic automobile market continued to experience profound transformation and stock competition, with intensifying rivalry between new and traditional energy vehicle models, normalised price competition within the industry, and weak and volatile end-user demand, leading consumers to make more rational and cautious car-purchasing decisions. The Group closely followed industry development trends and adhered to its core strategies of "deepening operations, optimising structure, digital empowerment, strengthening the ecosystem, and improving quality and efficiency". Amidst overall market pressure and increasingly fierce industry competition, the Group has overcome difficulties and achieved steady progress through various measures, including intensive cultivation of new car sales operations, solidifying the after-sales profit base, strengthening horizontal value-added businesses, upgrading the used car operating system, deepening digital marketing empowerment, and improving the full-lifecycle customer ecosystem. This has resulted in stable operations across all business segments, continuous structural optimisation, and a steady improvement in overall development resilience and comprehensive operational quality and efficiency.

As at 30 June 2026, the Group had a total of 33 operating outlets. The network layout remained stable, providing solid offline support for the Group's business operations.

New Vehicle Sales Business: Optimising Operating Structure and Steadily Responding to Market Fluctuations

In the first half of 2026, the domestic automotive industry continued to face a severe competitive landscape, with intensified fluctuations in end-user demand and persistent price wars across the sector, placing sustained pressure on the overall market environment. The Group's sales segment remained focused on the core objectives of stable operations and improving quality and efficiency, further deepening its refined management framework. Through multi-dimensional measures such as optimising business structure, enhancing profitability, strictly controlling inventory risks, standardising business processes, and streamlining the assessment system, it has effectively offset the operational pressures brought by the industry downturn, ensured the smooth and orderly conduct of sales business, and achieved phased results in lean operations, risk control, and system construction.

During the reporting period, affected by external factors such as intensified industry competition and weak end-consumer spending, the Group's new vehicle sales and new orders decreased year-on-year, and its overall sales volume experienced phased pressure. Facing market challenges, the Group proactively adjusted its sales structure, reduced operating costs, and simultaneously implemented differentiated operating strategies in line with the launch rhythm of new vehicles, precisely seizing opportunities for market growth and deeply exploring profit potential. The current industry landscape is significantly differentiated, with luxury brands facing prominent profit pressure. The balanced development of business scale and operating efficiency remains a key optimisation direction for the sales segment.

In terms of inventory operations, in response to inventory pressure caused by market fluctuations in the second quarter, the Group continued to implement a refined inventory control mechanism, dynamically optimising the pace of procurement, sales, and allocation, and the overall inventory level steadily improved. The Group will continuously strengthen its procurement and sales coordination and persistently advance the refined management of inventory and cash flow.

In terms of customer operations, the Group continued to improve its full-lifecycle customer management system, establishing standardised operational control processes around core aspects such as new vehicle insurance, licence plate registration and delivery, customer interviews, and online private domain conversion. The overall quality and efficiency of customer service and the level of private domain conversion remain stable. Through refined end-to-end customer operations and maintenance, the Group continued to unlock the value of existing customers and solidify the end-user brand reputation and market fundamentals.

In the first half of the year, the sales segment effectively resisted market volatility risks and continuously optimised its business operating structure through comprehensive refined operations and system upgrades, thereby laying a solid foundation for the segment's high-quality and sustainable development.



MANAGEMENT DISCUSSION AND ANALYSIS

After-Sales Business: Consolidating the Operational Foundation and Improving Quality and Efficiency for Stable Development

The Group continued to position its after-sales business as a core profit growth driver for the enterprise and adhered to a development strategy of “focusing on customer experience and driving improvement through lean operations”. By relying on full-lifecycle customer operations and maintenance, the establishment of a standardised system, and the optimisation of its business structure, the Group continuously strengthened its after-sales profitability and customer retention, effectively offsetting operational pressures arising from industry market fluctuations, and providing solid support for the Group’s overall stable development.

In the first half of 2026, affected by the downward trend in new car retail sales, the overall operations of the after-sales segment were under significant pressure, while tightening commercial policies by various brand manufacturers further intensified industry competition. In response to these complex operating conditions, the Group adopted targeted strategies and lean management, making every effort to cushion the operational impact through implementing various measures including business structure optimisation, deeper engagement with existing customers, operational process standardisation, and operating cost reduction. However, due to the superimposed effects of multiple external factors, the gross profit from after-sales services for the segment experienced a slight year-on-year decline, and the operational side needs to continuously strive for quality improvement and efficiency enhancement.

During the reporting period, the Group continued to develop its core incremental insurance renewal business, driving quality improvement and growth in the insurance renewal business through professional and refined operations. In the first half of the year, the Group’s scale of insurance renewal business steadily increased. The overall insurance renewal penetration rate steadily improved year-on-year, and the customer retention capability for renewals continued to strengthen.

In terms of business structure optimisation, the Group continued to advance the transformation of its after-sales business by upgrading refined maintenance services, actively advocating the “maintenance rather than new replacement” maintenance philosophy, and continuously strengthening value-added services such as minor repairs, in-depth repairs, and claims. Concurrently, the Group strategically focused on high-margin value-added services such as car washing and detailing, and maintenance, continuously enhancing the penetration rate and output contribution of specialised services to enrich after-sales profitability and develop new profit growth drivers.

In terms of customer base development, the Group continued to strengthen full-lifecycle operation for existing customers, sustaining steady growth in the overall customer base scale, and continuously reinforcing the foundation of customer retention. Leveraging flexible service packages and exclusive customer retention programs, the Group has deepened engagement with existing customers, effectively boosted customer activity and repurchase loyalty, and further unlocked the value of its existing customer base.

Overall, in the first half of 2026, under the dual pressures of industry headwinds and tightening policies, the after-sales segment has achieved stable business operations and steady improvement in its core fundamentals through structural optimisation, lean management, and deep customer engagement. At the same time, issues such as intensified industry competition, slowing revenue growth, uneven store development, and weak profitability in some businesses still persist. The Group will continue to focus on addressing shortcomings, improving quality and efficiency, and continuously consolidating the core profit support position of after-sales services.

MANAGEMENT DISCUSSION AND ANALYSIS

Horizontal Business: Focusing on Quality and Efficiency Improvement and Performance Enhancement to Vigorously Advancing the High-quality Development of the Group's Value-added Businesses

In the first half of 2026, the Group's horizontal value-added businesses steadily promoted the normalised and systematic operation of the three major business segments: decoration, finance, and customer retention with a focus on the core objectives of annual profit growth and quality and scale enhancement. The overall operational foundation is sound, while development resilience continues to strengthen. In the second half of the year, the Group will focus on two core priorities: increasing business profitability and enhancing penetration rates through iterative upgrades of the product system, standardisation of fee structures, rigid implementation of profitability assessments, and refined data benchmarking and control. These efforts are designed to comprehensively address shortcomings in operational indicators, driving the high-quality, sustainable development of horizontal businesses.

The decoration business adheres to a dual-driven strategy of value enhancement and service quality improvement. In the first half of the year, its overall profit base remained solid, and core strengths continued to be highlighted. In the second half of the year, the decoration business will focus on increasing revenue and improving quality, and reducing costs and increasing efficiency. In the front-end new car segment, the emphasis is on creating high-value bundled packages, strengthening linked sales, and continuously increasing the gross profit from secondary recommendations for new car decorations. In the back-end after-sales segment, the Group will leverage high-frequency traffic from car wash and detailing services to drive maintenance conversions, while continuously enhancing customer loyalty and repurchase rates through standardised service processes and a tiered customer product system.

In the first half of the year, the financial business maintained stable overall operations, with the penetration rate remaining flat year-on-year. In the second half of the year, the financial business shall focus on balanced development, quality improvement, and profit enhancement, comprehensively unifying the fee standards and implementation norms for financial and registration businesses. The Group will continue to optimize the promotion structure for its financial additional products, with a focus on promoting quality products that are well-aligned with market conditions, thereby diversifying its earnings mix. Meanwhile, the Group will establish a monthly data early warning and dynamic review mechanism, narrow the operational gap among stores, and promote the comprehensive upgrade of the financial business from "basic compliance" to "quality and efficiency enhancement".

The customer retention business continued to advance its strategic deployment in the first half of the year; however, affected by the industry environment, the volume and profit of front-end new cars were under year-on-year pressure. The strategic focus of customer retention business in the second half of the year will shift from new vehicle increments in the front-end to the after-sales stock market. Core efforts will centre on deepening penetration of extended warranty products among existing customers, with a key emphasis on improving the recommendation rate and conversion rate of after-sales service visits.



MANAGEMENT DISCUSSION AND ANALYSIS

Used Car Business: Systematic Upgrading, Differentiated Operations and Efficiency Breakthroughs

In the first half of 2026, the Group's used car business, focusing on the core objectives of "systematic upgrading, differentiated operations and efficiency breakthroughs", and driven by a three-dimensional strategy of "centre-store scale expansion, single-store branding and efficient wholesale operations", continuously optimised its one-stop vehicle purchase and trade-in service system, and steadily advanced the iteration and upgrade of its business model.

In the first half of the year, as market competition in the used car industry continued to intensify, the Group focused on refined and structured operations to improve quality. Asset utilisation was substantially enhanced through model optimisation and data empowerment. The three major business models are working synergistically, and the business structure continues to be optimised, laying a solid foundation for a breakthrough in full-year profit.

Various strategic initiatives were effectively implemented in the first half of the year, comprehensively driving the upgrade of the business system. Firstly, the Group deeply cultivated single-store branding operations, focused on the retail track for our own-brand products, implemented the strategy of "offering competitive acquisition prices and attractive selling prices, while securing financing opportunities", and established a complete closed loop for own-brand product acquisition, preparation, and retail, continuously enhancing the profit margin per vehicle. Secondly, the Group promoted the scale expansion of regional centre-store. The centre-store solidified the fixed-price operating model, strengthened cross-regional external procurement capabilities, broadened channels for quality vehicle sources, continuously expanded the regional market scale, and achieved quality improvement and efficiency enhancement in regional business. Furthermore, the Group adhered to data-driven procurement decisions, accurately assessed market conditions, deepened cooperation with wholesale channels, and ensured smooth circulation of vehicle sources. Finally, the Group continued its standardised and intelligent full-process operations, relying on a mature service assurance system to build consumer trust and promote the high-quality and steady development of its used car business.

Marketing Business: Diversifying New Media Operations and Deepening AI Digital Empowerment

In the first half of 2026, inventory competition in the automotive market continued to intensify, with trade-in and replacement consumption policies emerging as the dominant trends, and consumers increasingly turning to online channels for pre-purchase research and decision-making. In response to shifting market dynamics and evolving customer preferences, the Group dynamically adjusted its marketing strategies, and further improved its new media operating system, and implemented independent operation of new media for new energy and fuel vehicle models on dual lines and dual accounts. The Group periodically conducted special training on new media operations, continuously enhanced the team's operational capabilities, placed emphasis on identifying and following up leads generated through private messages, improved downstream conversion, effectively reduced new media operating costs, and boosted conversion capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to implement a company-wide marketing strategy, creating a marketing approach that combines 1 “Blue V” + N “Top-selling KOS” + X “Vehicle-owner KOC” accounts, thereby delivering a comprehensive marketing strategy that integrates word-of-mouth trust, sales champion marketing and car owner word of mouth promotion. In the first half of the year, the company-wide marketing efforts yielded significant results in attracting traffic. Concurrently, the Group deepened the application of AI tools in marketing, leveraging AI to perform intelligent data reviews, generating posters and short videos in bulk to reduce content production costs, and launching innovative pilot projects for AI-powered live streaming to explore a new model of “AI live streaming + human live streaming”, thereby effectively reducing labour costs and enhancing team operational efficiency.

In addition, the Group has thoroughly revitalised the value of existing customers, focusing on exclusive retention activities for gold-tier customers, improving referral incentive policies for existing customers, and implementing corresponding performance assessments, thereby continuously enhancing customer loyalty and the conversion rate of new customers acquired through existing customer referrals.

Customer Management Centre: Deeply Cultivating Full-lifecycle Customer Operations, Optimising Service Experience and Solidifying the Foundation for Ecological Development

Consistently adhering to the operating principle that “customers are the core for enterprises to achieve sustainable development, and customer satisfaction is the cornerstone of management”, the Group continuously deepens customer ecosystem development through digital, systematic, and refined operations. Relying on a full-lifecycle customer management system, the Group has built a closed-loop operating model of “retention and maintenance, experience optimisation, value maximisation, and compliance control”, steadily driving the Group’s profound transformation from a business-oriented to a customer-oriented approach, and laying a solid foundation for deepening existing customer relationships and achieving incremental growth.

During the reporting period, the Customer Management Centre focused on four core dimensions, namely customer retention, service quality improvement, process compliance, and value enhancement, resulting in a steady increase in the Group’s first maintenance return visits and appointment slots. The Group continued to deepen the cultivation of customer value, implement exclusive retention mechanisms for gold-tier customers, regularly conduct customer visits, and precisely target high-value customer resources. Leveraging a tiered customer operation strategy, the Group persisted in realising full-lifecycle value from existing customer base, driving steady growth in value-added services for customers and referrals from existing customers, effectively activating existing customer assets, and broadening the Group’s business growth channels.

Overall, in the first half of the year, the refined operations of the customer service segment steadily yielded results, with continuous improvement in the customer service system and sustained release of the value of the existing customer base. Subsequently, the Group will stay focused on upgrading customer experience and enhancing service efficiency, comprehensively strengthening the customer ecosystem to support the Group’s high-quality and stable development.



MANAGEMENT DISCUSSION AND ANALYSIS

Digitalisation Construction: Global Domain Intelligentisation Upgrade and Ecosystem Value Co-creation

In the first half of 2026, the Group steadfastly adhered to its core digital strategy of “technology empowers business, data drives decision-making”, guided by the principles of “data-driven operations, intelligent leadership and ecosystem collaboration”. The Group comprehensively advanced the implementation of three core initiatives: intelligent application scenario expansion initiative, data security and governance enhancement initiative, and digital ecosystem collaboration initiative. The Group continuously deepened the integration of technology and business, leveraged digital tools to reduce costs and increase efficiency, and tapped into the value of existing customers, thereby promoting a leapfrog evolution of its smart enterprise ecosystem towards a model characterised by “global domain intelligentisation and value co-creation”.

I. Private Domain Traffic Operation: From Value Co-creation to Intelligent Growth

The Group continued to deepen its “online + offline” full-channel touchpoint network, empowering the entire private domain operation chain with intelligent technology, promoting the upgrade of user assets from “value accumulation” to “intelligent growth”, and fully realizing the commercial value of private domain traffic.

1. Intelligent upgrade of the membership system

As at 30 June 2026, the Membership Centre recorded a cumulative total of 468,500 registered users. Leveraging a refined full-lifecycle operational system based on global domain user profiles and intelligent recommendation engines, intelligent scenarios such as personalised marketing, smart care, and churn early warning have been implemented, significantly enhancing the full-lifecycle value of users.

2. Full – chain empowerment of enterprise WeChat ecosystem

The enterprise WeChat private domain operation system has fully matured, achieving full-process digital management of customer services. The conversion efficiency of private domain traffic and customer satisfaction have continuously improved, and the enterprise WeChat ecosystem has become a core growth engine for the Group’s precision marketing, value-added services and customer relationship management.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Integration of Business and Finance: From Intelligent Collaboration to Value Creation

With the development objectives of “data consistency, process automation and intelligent decision-making”, the Group continuously deepened the development of its closed-loop management system for the integration of business and finance, steadily advancing the implementation of its finance shared services centre in phases and driving the evolution of business–finance collaboration from “intelligent interaction” to “value creation”.

1. Significant improvement in the efficiency of finance shared services centre processes

The construction of the group-level finance shared service centre is steadily progressing as planned, with the first phase of core modules, including accounting and financial reporting, having been completed and launched for trial operation at pilot units. This has significantly enhanced the level of process standardisation and automation, laying a solid foundation for subsequent comprehensive rollout and steadily facilitating the transformation of financial management from an “accounting-focused” function to a “strategic support” function.

2. Deeply extracting the value of business and financial data

Based on the integrated business and financial data infrastructure, the Group established a decision application system covering operational analysis, cost control, profit forecasting, and risk early warning to achieve real-time visualisation of full-dimensional business operational data, providing strong data support for the Group’s refined management and scientific decision-making, and thereby continuously extracting the value of business and financial data.

III. Data Security and Governance: Systematised Management and Control for High-Quality Development

The Group comprehensively enhanced its global domain data security management and control system and data governance capabilities to maximise the value of data assets under secure and controlled conditions, thereby safeguarding its digital transformation.

IV. Digital Ecosystem Collaboration: Industry Interconnection and Value Co-creation

The Group actively promoted the development of an industry-level digital collaborative ecosystem by deepening data interoperability and systems integration with upstream and downstream partners, building an open and win-win industrial digital community that continuously consolidates and enhances the Group’s digital competitive advantages within the industry.



MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group continued to deepen its brand matrix strategy. While maintaining the overall stability of its existing brand structure, it selectively optimised certain brand outlets to better adapt to the evolving competitive landscape. The Group placed strong emphasis on collaboration with NEV brands, maintained communication with multiple NEV brands, paid attention to the development of domestic NEV brands, and advanced the development and operation of authorised NEV brand dealerships through a light-asset operating model. As of now, in addition to the normal operation of multiple stores such as DENZA, Formula Leopard and AITO, cooperation plans have been established with other NEV brands to achieve the Group's NEV brand network in key development regions and diversify the Group's brands.

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

FINANCIAL REVIEW

Revenue

Revenue for the Period was RMB2,913.1 million, representing a decrease of RMB733.2 million or 20.1% as compared to that for the corresponding period in 2025, primarily attributable to the Group's closure of certain stores whose operating performance fell short of expectations during the prior year, which ceased contributing revenue in the current period and led to an overall year-on-year decrease in revenue. Among which, revenue from the sales of new automobiles was RMB2,332.5 million, representing a decrease of RMB637.0 million or 21.5% as compared to that for the corresponding period in 2025; revenue from after-sales service business was RMB447.2 million, representing a decrease of RMB69.7 million or 13.5% as compared to that for the corresponding period in 2025; and revenue from the sales of used cars was RMB133.4 million, representing a decrease of RMB26.5 million or 16.6% as compared to that for the corresponding period in 2025.

A substantial portion of the revenue of the Group was generated from sales of new vehicles, accounting for 80.1% of our revenue for the Period (corresponding period in 2025: 81.4%). Besides, revenue generated from after-sales service business accounted for 15.3% of the revenue for the Period (corresponding period in 2025: 14.2%), and revenue generated from used car sales accounted for 4.6% of the revenue for the Period (corresponding period in 2025: 4.4%). Revenue of the Group was mainly derived from our operations in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Amount (RMB'000)	For the six months ended 30 June/unaudited			2025	
		2026 Sales volume (Unit)	Average selling price (RMB'000)	Amount (RMB'000)	Sales volume (Unit)	Average selling price (RMB'000)
Sales of new vehicles						
Luxury and ultra-luxury brands	1,888,005	7,325	257.7	2,506,864	8,711	287.8
Mid-end market brands	444,457	2,854	155.7	462,646	2,902	159.4
Sub-total/Average	2,332,462	10,179	229.1	2,969,510	11,613	255.7
Distribution of used cars	133,424	1,853	72.0	159,904	2,144	74.6
After-sales services	447,220			516,879		
Total	2,913,106			3,646,293		

Cost of Sales and Services

Cost of sales and services for the Period was RMB2,803.7 million, representing a decrease of RMB889.1 million or 24.1% as compared to that for the corresponding period in 2025, which was basically in line with the decline in the Group's revenue during the Period. Among which, cost of sales of new automobiles was RMB2,393.1 million, representing a decrease of RMB822.9 million or 25.6% as compared to that for the corresponding period in 2025. Cost of after-sales business was RMB284.4 million, representing a decrease of RMB42.1 million or 12.9% as compared to that for the corresponding period in 2025. Cost of sales of used cars was RMB126.1 million, representing a decrease of RMB24.2 million or 16.1% as compared to that for the corresponding period in 2025.

Gross Profit

Gross profit for the Period was RMB109.4 million, as compared to gross loss of RMB46.5 million for the corresponding period in 2025. The change in gross loss to gross profit was mainly attributable to the Group's optimization of its operating structure and its focused efforts to refine and deepen its core business of vehicle sales, which led to a year-on-year improvement in the profitability of the new vehicle segment. Of which, sales of new automobiles recorded gross loss of RMB60.6 million, representing a decrease of RMB185.9 million as compared to that for the corresponding period in 2025. Gross profit of after-sales service business was RMB162.8 million, representing a decrease of RMB27.6 million or 14.5% as compared to that for the corresponding period in 2025. Gross profit of used car business was RMB7.3 million, representing a decrease of RMB2.3 million or 24.0% as compared to that for the corresponding period in 2025.

Gross profit margin for the Period was 3.8% (corresponding period in 2025: gross loss margin of 1.3%).



MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains, Net

Other income and gains, net mainly consist of commission income from automobile sales agency, insurance agency and automobile financing agency businesses, logistics and storage income, net gain on disposal of property, plant and equipment, and interest income.

Other income and gains, net for the Period was RMB87.7 million, representing a decrease of 69.4% as compared with RMB287.0 million for the corresponding period in 2025. The decrease was mainly attributable to the decline in new vehicle sales, coupled with a downward trend in commission rates in the automobile finance industry, which led to a contraction in the scale of commission income from financing-related business.

Selling and Distribution Expenses

Selling and distribution expenses for the Period amounted to RMB151.0 million, representing a decrease of RMB40.3 million or 21.1% as compared with RMB191.3 million for the corresponding period in 2025. Such decrease was mainly attributable to the contraction in overall business scale, with selling and distribution expenses decreasing in line with revenue. As a percentage of revenue, the selling and distribution expenses were unchanged from the same period of the previous year, both at 5.2%.

Administrative Expenses

Administrative expenses for the Period amounted to RMB91.1 million, representing a decrease of RMB2.3 million or 2.5% as compared with RMB93.4 million for the corresponding period in 2025. The decrease was mainly due to the network optimisation in the previous year, which resulted in a reduction in certain administrative expenses. However, as administrative expenses primarily consist of rigid fixed expenditures, the overall decrease was relatively moderate. As a percentage of revenue, the administrative expenses increased from 2.6% for the corresponding period in 2025 to 3.1% for the Period, up by 0.5 percentage point.

Finance Costs

Finance costs for the Period amounted to RMB34.6 million, representing a decrease of RMB10.7 million or 23.6% as compared with RMB45.3 million for the corresponding period in 2025. Such decrease was mainly due to the Group's strict control over the scale of inventory procurement, improved capital turnover efficiency, continuous adjustment of debt financing structure, and reduction in total financing volume, which consequently led to a decrease in interest expenses.

Loss Before Tax

As a result of the foregoing, loss before tax for the Period amounted to RMB79.6 million, representing a decrease of RMB10.0 million as compared with the loss before tax of RMB89.6 million for the corresponding period in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Credit

Income tax credit for the Period amounted to RMB5.3 million, as compared with a credit of RMB4.0 million for the corresponding period in 2025.

Loss for the Period

As a result of the foregoing, loss for the Period amounted to RMB74.4 million, representing a decrease of RMB11.2 million as compared with the loss for the period of RMB85.6 million for the corresponding period in 2025.

Loss for the Period Attributable to Owners of the Company

For the Period, loss for the period attributable to owners of the Company was RMB74.2 million, representing a decrease of RMB11.4 million as compared with the loss for the period attributable to owners of the Company of RMB85.6 million for the corresponding period in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

For the Period, the Group's net cash inflow generated from operating activities was RMB308.9 million, as compared with its net cash inflow generated from operating activities of RMB234.6 million for the six months ended 30 June 2025. The increase in net cash inflow generated from operating activities was mainly due to improved working capital turnover efficiency.

For the Period, the Group's net cash inflow generated from investing activities was RMB2.8 million, as compared with its net cash inflow from investing activities of RMB13.5 million for the six months ended 30 June 2025. The net cash inflow from investing activities decreased, mainly due to the receipt of partial payment for the disposal of the equity interest of a subsidiary during the same period of the previous year.

For the Period, the Group's net cash outflow from financing activities was RMB263.3 million, as compared with its net cash outflow from financing activities of RMB410.8 million for the six months ended 30 June 2025. The decrease in net cash outflow from financing activities was mainly attributable to a narrowing of net repayments of bank borrowings during the Period compared to the same period of the previous year, and a year-on-year decline in interest expenses, resulting in a decrease in the total cash outflow from financing activities.

Net Current Assets

As at 30 June 2026, the Group's net current assets amounted to RMB154.1 million, as compared with its net current assets of RMB205.9 million as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

The Group's inventories primarily consist of new automobiles, used cars, spare parts and decoration accessories. As at 30 June 2026, the Group's inventories amounted to RMB674.5 million, representing a decrease of 22.9% as compared with RMB874.7 million as at 31 December 2025, which was mainly attributable to the Group's continuous and comprehensive strengthening of full-lifecycle inventory management, together with prudent control over the pace and scale of inventory procurement, which led to a decrease in inventory balance.

In the first half of 2026, the Group's average inventory turnover days (the average inventory turnover days equals the average of opening and closing inventory balances divided by the cost of sales and services for that year and multiplied by 180 days) were 51.3 days, representing an increase as compared with 47.8 days in 2025, which was mainly attributable to the decrease in cost of sales and services exceeding the decrease in inventory, thereby increasing the inventory turnover days.

Bank Loans and Other Borrowings

As at 30 June 2026, the Group's bank loans and other borrowings were RMB1,533.8 million, representing a decrease of 12.9% as compared with RMB1,761.6 million as at 31 December 2025.

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

	Effective interest rate (%)	30 June 2026 Unaudited Maturity	Amount RMB'000	Effective interest rate (%)	31 December 2025 Audited Maturity	Amount RMB'000
CURRENT						
Bank loans	2.35-5.15	2027	1,064,109	2.35-4.80	2026	1,166,630
Other borrowings	1.88-8.50	2027	154,297	2.48-8.50	2026	235,586
Total – current			1,218,406			1,402,216
NON-CURRENT						
Bank loans	4.45-5.15	2027-2034	315,355	4.35-5.80	2027-2034	359,378
Total – non-current			315,355			359,378
Total			1,533,761			1,761,594
Among which:						
Secured loans			1,334,751			1,357,116
Unsecured loans			199,010			404,478
Total			1,533,761			1,761,594

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, the Group's gearing ratio, which is net debt divided by total equity plus net debt, was 42.3% (31 December 2025: 46.1%). Net debt includes bank loans and other borrowings, trade and bills payables and other payables and accruals, less cash and cash at banks, short-term deposits, cash in transit and pledged bank deposits.

Pledge of Assets

As at 30 June 2026, certain of the Group's bank loans were secured by charges or pledges over its assets. The Group's assets subject to these charges or pledges as at 30 June 2026 consisted of: (i) inventories amounting to RMB462.0 million; (ii) property, plant and equipment amounting to RMB865.8 million; (iii) land use rights amounting to RMB360.1 million; (iv) investment properties amounting to RMB166.0 million; and (v) pledged bank deposits amounting to RMB99.0 million.

As at 30 June 2026, certain of the Group's inventories amounting to RMB208.9 million and pledged bank deposits amounting to RMB400.1 million were pledged as securities for bills payable.

Capital Expenditures and Investment

The Group's capital expenditures comprise primarily expenditures on property, plant and equipment, land use rights and intangible assets. During the Period, the Group's total capital expenditures were RMB41.3 million, representing a decrease of RMB94.9 million as compared with RMB136.2 million for the corresponding period in 2025.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 10 March 2025 and 25 April 2025, certain wholly-owned subsidiaries of the Company entered into an equity transfer agreement and a supplemental agreement with Xi'an Zhongyu Real Estate Co., Ltd. (西安中嶼房地產有限公司), respectively, for the disposal of the entire equity interest in Xi'an Sunfonda Jing River Logistics Development Co., Ltd. (西安新豐泰涇河物流開發有限公司) (the "**Target Company**"), which owns a target property (the "**Disposal**"). The Disposal constitutes a major transaction of the Company and was approved by the shareholders by way of written shareholders' approval in accordance with Rule 14.44 of the Listing Rules. As at the date of this report, the Disposal is yet to be completed and the relevant government authority had not provided any confirmation regarding whether any compensation will be provided to the Target Company for the reduction in developable area of the target property. For details, please refer to the circular of the Company dated 26 May 2025 and the announcements of the Company dated 10 March 2025, 12 March 2025, 24 March 2025, 25 April 2025 and 6 May 2025.

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

Contingent Liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities or guarantees.



MANAGEMENT DISCUSSION AND ANALYSIS

Staff Cost and Employee Remuneration Policy

As at 30 June 2026, the Group had 1,936 employees (as at 31 December 2025: 2,011 employees). Staff cost of the Group was RMB117.7 million, representing a decrease of 17.3% as compared with RMB142.3 million for the corresponding period in 2025. Such decrease was attributable, on the one hand, to a decrease in headcount resulting from the closure of some inefficient stores in the previous year, and on the other hand, to internal job restructuring and integration, as well as the optimisation of the remuneration and performance management system, which continuously improved overall staff efficiency. The Group provides its automobile sales and after-sales staff with performance-based bonuses based on their contributions to revenue, technical skills, customer satisfaction and other results of their performance assessment according to their job nature. Our employees are subject to regular job reviews which determine their promotion prospects and remuneration packages. In order to maintain the rapid development of the Group's network, the Group also continues to build up its quality talent pool and prudently manage its human resources and makes corresponding adjustments to the arrangement of positions based on the changes in overall business volume. Meanwhile, the Group attaches great importance to the reserve of talent and team building. Regular training in respect of business skills, expertise and professional attributes have been provided to key personnel. The Group also pays close attention to the career development of its employees, so as to provide primary drivers for the future development of the Group.

PRINCIPAL RISKS

Business Risk

The Group's rights on operating points of sales, the supply of automobiles and spare parts as well as other important aspects in the Group's businesses and operations are all subject to our dealership authorization agreements with automobile suppliers. The Group's dealership authorization agreements are non-exclusive, and generally have terms of one to three years with the option of renewal. The automobile suppliers may terminate the dealership authorization agreements by giving three to twelve months' written notice in general for various reasons or without reasons. Of course, the Group may terminate the dealership authorization agreements with the automobile suppliers based on reasons such as adjustment of business strategies of the Group or others. In case of any of the foregoing, the Group's business, operating conditions and future development may be affected. Accordingly, the Group communicated and exchanged views with each automobile supplier regularly with a view to achieving a win-win cooperation relationship.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations at a floating interest rate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

MANAGEMENT DISCUSSION AND ANALYSIS

Exchange Rate Risk

The Group's businesses are located in Chinese Mainland and all transactions are conducted in RMB. Most of the Group's assets and liabilities were denominated in RMB, except for certain bank balances denominated in US\$, Euro and HK\$ and certain loans denominated in HK\$.

The Group's assets and liabilities denominated in US\$ and HK\$ were mainly held by certain subsidiaries incorporated outside Chinese Mainland which had HK\$ as their functional currency, and the Group did not have material foreign currency transactions in Chinese Mainland during the Period. Therefore, the Group had immaterial foreign currency risk.

FUTURE STRATEGY AND PROSPECTS

The National Economy Expected to Maintain Steady Operation, Automotive Industry Faces Both Opportunities and Challenges

Looking ahead to the second half of the year, China's economy faces multiple challenges from an increasingly complex internal and external environment. However, it should be noted that with the continuous disbursement of fiscal funds, the accelerated cultivation of new quality productive forces, and the further unleashing of the potential of the service industry, the Chinese economy still possesses the foundation and resilience to maintain stable operation amidst a complex environment.

Xi'an, as the location of the Group's headquarters, has seen the local government introduce multiple policies to stimulate automobile consumption, striving to achieve stable growth targets in the second half of the year. According to the "Implementation Rules for Xi'an City's Automobile Trade-in Subsidy in 2026" (《2026年西安市汽車以舊換新補貼實施細則》) issued by the Xi'an Municipal Bureau of Commerce, the municipal-level tiered subsidy policy for automobile scrapping and replacement will be extended until 31 December 2026; automobile-themed promotional activities will also be planned to be held by the local government leveraging consumption nodes such as the Mid-Autumn Festival and National Day; the new energy charging infrastructure will continue to be improved, the used car circulation system will be enhanced, and an automobile consumption promotion system of "policy support, scenario-driven, and enterprise linkage" will be built to continuously unleash the consumption potential for replacement and upgrade.

Looking ahead to the second half of the year, the China Association of Automobile Manufacturers stated that the "Two New" policies will continue to be implemented in an orderly manner, consumption in the automobile aftermarket is expected to usher in new incremental opportunities, the supply of new products from enterprises will continue to be enriched, market prices will remain relatively stable, and the overall economic operation of the industry will further improve. At the same time, it must also be noted that the external situation is complex and ever-changing, uncertainties continue to increase, the problem of insufficient domestic demand remains prominent, and the industry's operations still face significant pressure. It is necessary to stabilise policy expectations, strengthen guidance and regulation, closely monitor changes in the international landscape, effectively respond to risks and challenges, and steadily explore international markets.



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

The Group will continue to promote the "FUN TIME LANE" automobile theme fashion street zone projects. Brands such as Cadillac, Volkswagen Anhui and BYD have already moved into the "FUN TIME LANE" project, while the used car mall located on B2 of the shopping centre has officially opened for business, and the Mercedes-Benz sales showroom has completed its renovation and will officially commence operations in the third quarter of 2026, aiming to provide consumers with better, more convenient, and more professional car purchasing experience and services. The Group is also actively engaging with leading NEV brands and will progressively introduce various themed businesses including NEV vehicle business, along with the purpose-built businesses such as café and business catering to be introduced, which will drive regional consumption upgrading and become a new commercial landmark in the region. Currently, the "FUN TIME LANE" project in Lanzhou has already commenced operations, and BMW, GAC Toyota, DENZA, Audi, Formula Leopard, as well as corporate headquarters offices, parent-child education, and other sports and leisure brands are open for business. NEV, catering facilities and other related business formats will be gradually introduced in subsequent phases, with the goal of achieving a 100% opening rate.

MANAGEMENT DISCUSSION AND ANALYSIS

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

In the next stage, the domestic automobile industry is expected to face intensified stock competition, normalised price competition, and weak end-user demand, leading to overall operational pressure on the market. In response to operating risks arising from weak industry demand and intense price competition, the Group will counteract performance pressure through multiple measures, including enhancing efficiency through digital marketing, deeply exploring the value of existing customers, promoting new vehicles with differentiated strategies, and implementing refined inventory management. The Group will focus on core operations and profitability enhancement, deeply cultivate refined operations, continuously optimise its business structure, and solidify its operational foundation.

In the new vehicle sales business segment, by regularly implementing lean inventory management, the Group will dynamically adjust its procurement and sales pace, shift inventory management from passive disposal to proactive control, thereby effectively optimising inventory structure. Concurrently, it will seize the opportunities presented by new vehicle launches, optimise performance assessment mechanisms and business processes, steadily enhance operational quality and efficiency, thereby effectively counteract downward pressure in the industry. Simultaneously, it will strengthen team building and compliance management, enhance refined operations and execution capabilities, and rely on systematic and digital hard power to address market challenges, thereby ensuring the steady improvement and efficient development of overall business.

In the after-sales business segment, the Group will continue to advance the development of service standardisation, refined customer management and business diversification. The Group will deepen its existing customer base, strengthen core businesses including insurance renewal, vehicle maintenance and in-depth repair, and expand high-margin value-added businesses such as car washing and detailing and vehicle care. In response to the tightening of manufacturers' policies and reduction in rebates across the industry, the Group will enhance its ability to secure policy resources and leverage flexible service packages and tiered customer management to improve customer retention and overall revenue contribution. This will strengthen the profitability foundation of the after-sales business and enhance the competitiveness of its branded services, achieving coordinated growth in customer value and operating benefits.

In the horizontal value-added business segment, the Group will adhere to the guide of increasing both scale and efficiency and enhancing quality and profitability, relying on product iteration, service optimisation, and standardisation to solidify its growth foundation. In terms of decoration business, the Group will focus on cost reduction and efficiency improvement, optimise new car package offerings and after-sales stock conversion, activate dormant inventory, and increase gross profit per vehicle. In terms of financial business, the Group will establish a dynamic review mechanism to promote business quality improvement and upgrading. In terms of customer retention business, the Group will deepen both front-end and back-end segment, continuously enhance product penetration and output value scale through refined customer segmentation operations, thereby building a sustainable value-added business system.



MANAGEMENT DISCUSSION AND ANALYSIS

In the used car business segment, the Group will enhance quality and efficiency by leveraging a three-dimensional model of “single-store branding, centre-store scale expansion and efficient wholesale operations”. At the single-store level, the Group will improve the closed-loop system for buying and selling its own-brand products, expand derivative businesses, and enhance profitability per vehicle; at the centre-store level, the Group will broaden channels for quality vehicle sources and optimise service experience, thereby amplifying regional scale advantages; and at the wholesale level, the Group will adhere to data-driven procurement and diversified channel cooperation, strictly control inventory turnover efficiency, and continuously strengthen core business competitiveness, empowering the Group’s profit growth.

In the marketing segment, the Group will establish a refined, intelligent, and diversified marketing system, continuously deepening its comprehensive digital marketing operations. From the new media side, the Group will consolidate the independent dual-line and dual-account operating system for both fuel and new energy vehicles, and improve dashboards and conversion link management. It will continue to deeply cultivate the incubation model of “1 Blue V + N Top-selling KOS + X Vehicle-owner KOC”, supported by a material library, performance incentives, and case review mechanisms, to enhance the conversion efficiency of full-staff marketing. The Group will fully promote the implementation of AI tools, create a combined operating model of “AI live streaming + real-person live streaming”, and establish an AI content review mechanism to achieve cost reduction and efficiency improvement in the marketing process. In terms of existing customer operations, it will leverage tiered customer profiling to build a community of premium vehicle owners, collaborate with high-quality cross-industry resources to optimise customer service experience, and implement a performance appraisal mechanism to strengthen incentives for referrals from existing customers, thereby fully extracting the full-lifecycle value of existing customers. In the second half of the year, new vehicles across multiple brands under the Group will be launched intensively. Leveraging the policy guidance of first stores and debut economy, the Group will guide each store to implement a “one store, one strategy” exclusive promotion plan for new vehicles, thereby utilizing the traffic generated by new vehicles to revitalise overall store operations, driving sales of all vehicle models, and continuously consolidate regional market share.

In the customer management segment, the Group will adhere to a customer-centric approach, deepening the construction of a full-lifecycle customer ecosystem, and focusing on four key areas: customer retention, service quality improvement, compliance control and value extraction. The Group will continuously optimise the after-sales appointment and customer return systems, address shortcomings in store operations, iterate standardised processes for complaint handling and archive management, refine the operation and maintenance for high-value customers, activate the value of existing assets, and solidify the customer ecosystem foundation for the Group’s long-term development.

Future Outlook for Digitalisation Construction: Moving Towards “Comprehensive Digital and Intelligent Transformation and a New Industrial Ecosystem”

The Group will continue to take “comprehensive digital and intelligent transformation and a new industrial ecosystem” as its development direction, focusing on promoting four major strategic upgrades:

1. *Deepening and upgrading the digital and intelligent transformation of full business spectrum*

The Group will continue to deepen the application of cutting-edge technologies such as AI large models across all business scenarios, promote an upgrade from partial intelligence to comprehensive intelligence, build a digital and intelligent business system covering the entire chain, all scenarios and all roles, as well as comprehensively enhance operational efficiency and customer experience.

2. *Deepening the construction of the financial shared services centre*

The Group will continue to advance the construction of the financial shared service centre, complete the full coverage of core functional modules and the promotion and launch of major business units, further optimise processes, and improve efficiency, laying a solid foundation for the comprehensive establishment of a group-level financial shared service system by 2028.

3. *Value operation of data assetisation*

The Group will deepen the construction of the data asset operation system, explore the market-oriented path of data elements, promote the transformation of data from “resources” to “assets” and then to “capital”, fully unleash the value of data elements, and cultivate new business growth points driven by data.

4. *Expansion of industrial digitalisation ecosystem*

The Group will continue to expand the “circle of friends” in the industrial digitalisation ecosystem, deepen synergistic cooperation with more upstream and downstream partners, build a more open and win-win industrial digitalisation community, promote the digital transformation and upgrading of the entire automobile distribution industry, and lead industry change with ecological power.

Digitalisation is a crucial support for the Group’s core strategy and, moreover, an essential path for the Group to achieve high-quality development. In the future, the Group will continue to take technological innovation as its development driver, data assets as its core driver, and customer value as its fundamental orientation, constantly deepening its digital transformation, so that technology becomes the core force driving the Group’s sustained growth and leading industry change.



CORPORATE GOVERNANCE AND OTHER INFORMATION

EQUITY INTEREST

As at 30 June 2026, the authorized share capital of the Company was US\$100,000 divided into 1,000,000,000 shares, of which 600,000,000 shares were issued and credited as fully paid.

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 directors of the Company (the "**Director(s)**") and the chief executives of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be 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**"), were as follows:

(A) Interests and short positions in ordinary shares of the Company

Name of Director	Capacity/Nature of interest	Note	Number of shares	Approximate percentage* of shareholding in the Company
Mr. Wu Tak Lam	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Ms. Chiu Man	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Ms. Chen Wei	Beneficial owner		864,000 (L)	0.14%
Mr. Mou Junfa	Beneficial owner		3,005,000 (L)	0.50%

(L): Long position (S): Short position

Note:

(1) These shares are all held by Top Wheel Limited ("**Top Wheel**").

The issued share capital of Top Wheel is owned as to 70% by Golden Speed Enterprises Limited ("**Golden Speed**"), a corporation wholly-owned and controlled by Mr. Wu Tak Lam, and 30% by Win Force Enterprises Limited ("**Win Force**"), a corporation wholly-owned and controlled by Ms. Chiu Man. As Top Wheel is a controlled corporation of Mr. Wu Tak Lam, Ms. Chiu Man, Golden Speed and Win Force, they are deemed to be interested in the 434,183,000 shares held by Top Wheel pursuant to Part XV of the SFO.

* The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(B) Long positions in the shares of associated corporations of the Company

Name of associated corporation	Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage* of shareholding in the associated corporation
Golden Speed Enterprises Limited	Mr. Wu Tak Lam	Beneficial owner	1	100%
	Ms. Chiu Man	Interest of spouse	1	100%
Top Wheel Limited	Mr. Wu Tak Lam	Interest held by a controlled corporation	14,000	70%
		Interest of spouse	6,000	30%
	Ms. Chiu Man		20,000	100%
		Interest held by a controlled corporation	6,000	30%
		Interest of spouse	14,000	70%
			20,000	100%

Note: Mr. Wu Tak Lam holds the entire issued share capital of Golden Speed which holds 70% of the issued share capital of Top Wheel. The remaining 30% of the issued share capital of Top Wheel is indirectly held by his wife, Ms. Chiu Man (an executive Director of the Company), through her wholly-owned investment company, Win Force. As Top Wheel holds more than 50% of the issued share capital of the Company and Golden Speed holds more than 50% of the issued share capital of Top Wheel, Top Wheel and Golden Speed are the associated corporations of the Company within the meaning of Part XV of the SFO.

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the associated corporation as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executives of the Company had registered an interest or a short position in the shares or 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 which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2026, the following persons (other than the Directors or chief executives of the Company) had interests and 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:

Interests and short positions in ordinary shares of the Company

Name of shareholder	Capacity/Nature of interest	Note	Number of shares	Approximate percentage* of shareholding in the Company
Top Wheel Limited	Beneficial owner	1	434,183,000 (L)	72.36%
Win Force Enterprises Limited	Interest held by a controlled corporation	1	434,183,000 (L)	72.36%
Golden Speed Enterprises Limited	Interest held by a controlled corporation	1	434,183,000 (L)	72.36%

(L): Long position (S): Short position

Note:

(1) The above interests of Top Wheel, Win Force and Golden Speed were also disclosed as the interests of each of Mr. Wu Tak Lam and Ms. Chiu Man in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

* The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, no person, other than the Directors or chief executives whose interests are set out in the section headed "**Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures**" above, had registered an interest or a short position 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.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Board believes that effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and enhance the interests of the shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company regularly reviews its corporate governance practice to ensure compliance with the CG Code. The Board is of the view that, during the six months ended 30 June 2026, the Company has complied with the rules and code provisions set out in the CG Code.

UPDATE ON DIRECTOR'S INFORMATION

Since the publication of the Company's 2025 annual report, no changes in Directors' information should be disclosed according to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules). As at 30 June 2026, the Company did not hold any Treasury Shares.

MATERIAL LITIGATION AND ARBITRATION

During the six months ended 30 June 2026, the Group was neither involved in any material litigation or arbitration, nor may be brought up or accused of any pending material litigation or claims.



CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE PERIOD

There was no significant subsequent event undertaken by the Group after 30 June 2026 that need to be disclosed under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting standards and practices that the Company adopted, and discussed matters related to risk management, internal control and financial reporting. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The Audit Committee has reviewed the Company's 2026 interim report and the announcement of interim results and unaudited condensed consolidated financial statements for the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules, as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, all of them confirmed that they had complied with the Model Code throughout the six months ended 30 June 2026.

COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the **"Relevant Employees"**) in respect of their dealings in the securities of the Company (the **"Written Guidelines"**) on terms no less exacting than the required standard set out in the Model Code. For this purpose, the **"Relevant Employees"** include any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the six months ended 30 June 2026.

Chairman of the Board

Wu Tak Lam

31 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	For the six months ended 30 June 2026 (Unaudited) RMB'000	For the six months ended 30 June 2025 (Unaudited) RMB'000
REVENUE	4(a)	2,913,106	3,646,293
Cost of sales and services	5(b)	(2,803,692)	(3,692,779)
Gross profit/(loss)		109,414	(46,486)
Other income and gains, net	4(b)	87,713	286,959
Selling and distribution expenses		(150,984)	(191,328)
Administrative expenses		(91,121)	(93,367)
Loss from operations		(44,978)	(44,222)
Finance costs	6	(34,642)	(45,346)
Loss before tax	5	(79,620)	(89,568)
Income tax credit	7	5,266	4,016
Loss for the period		(74,354)	(85,552)
Attributable to:			
Owners of the Company		(74,173)	(85,552)
Non-controlling interests		(181)	–
		(74,354)	(85,552)
LOSS PER SHARE	9		
Basic and diluted (RMB)		(0.12)	(0.14)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	For the six months ended 30 June 2026 (Unaudited) RMB'000	For the six months ended 30 June 2025 (Unaudited) RMB'000
LOSS FOR THE PERIOD	(74,354)	(85,552)
<i>Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(2,750)	(414)
Other comprehensive expense for the period, net of tax	(2,750)	(414)
Total comprehensive expense for the period	(77,104)	(85,966)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(76,923)	(85,966)
Non-controlling interests	(181)	–
	(77,104)	(85,966)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,412,677	1,472,394
Right-of-use assets		510,187	516,721
Intangible assets		8,117	8,684
Prepayments		11,606	17,665
Goodwill		10,284	10,284
Deferred tax assets		52,740	47,447
Investment properties		166,000	166,000
Total non-current assets		2,171,611	2,239,195
CURRENT ASSETS			
Inventories	11	674,463	874,697
Trade receivables	12	44,396	33,046
Prepayments, other receivables and other assets	13	557,615	683,925
Financial assets at fair value through profit or loss	20	6,773	7,369
Pledged deposits		500,109	883,945
Cash in transit		6,256	2,545
Short-term deposits		44,769	46,895
Cash and cash at banks		411,352	365,629
Total current assets		2,245,733	2,898,051
CURRENT LIABILITIES			
Bank loans and other borrowings	14	1,218,406	1,402,216
Trade and bills payables	15	653,482	1,049,079
Other payables and accruals		215,194	234,012
Lease liabilities		3,440	2,703
Income tax payable		1,130	4,154
Total current liabilities		2,091,652	2,692,164
NET CURRENT ASSETS		154,081	205,887
TOTAL ASSETS LESS CURRENT LIABILITIES		2,325,692	2,445,082



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Bank loans and other borrowings	14	315,355	359,378
Lease liabilities		20,710	19,634
Deferred tax liabilities		25,425	24,764
Total non-current liabilities		361,490	403,776
NET ASSETS		1,964,202	2,041,306
CAPITAL AND RESERVES			
Share capital	16	377	377
Share premium and reserves		1,955,448	2,032,371
Equity attributable to owners of the Company		1,955,825	2,032,748
Non-controlling interests		8,377	8,558
TOTAL EQUITY		1,964,202	2,041,306

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the Company								Sub-Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000			
As at 1 January 2026 (audited)	377	110,240	118,045	192,173	157,947	14,594	42,296	1,397,076	2,032,748	8,558	2,041,306
Loss for the period	-	-	-	-	-	-	-	(74,173)	(74,173)	(181)	(74,354)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,750)	-	(2,750)	-	(2,750)
Total comprehensive expense for the period	-	-	-	-	-	-	(2,750)	(74,173)	(76,923)	(181)	(77,104)
As at 30 June 2026 (unaudited)	377	110,240	118,045	192,173	157,947	14,594	39,546	1,322,903	1,955,825	8,377	1,964,202

	Attributable to owners of the Company								Sub-Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000			
As at 1 January 2025 (audited)	377	87,282	118,045	190,130	157,947	14,594	41,394	1,644,228	2,253,997	-	2,253,997
Loss for the period	-	-	-	-	-	-	-	(85,552)	(85,552)	-	(85,552)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(414)	-	(414)	-	(414)
Total comprehensive expense for the period	-	-	-	-	-	-	(414)	(85,552)	(85,966)	-	(85,966)
Changes in ownership interest in a subsidiary	-	22,958	-	-	-	-	-	-	22,958	8,805	31,763
As at 30 June 2025 (unaudited)	377	110,240	118,045	190,130	157,947	14,594	40,980	1,558,676	2,190,989	8,805	2,199,794

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	For the six months ended 30 June 2026 (Unaudited) RMB'000	For the six months ended 30 June 2025 (Unaudited) RMB'000
Operating activities			
Loss before tax		(79,620)	(89,568)
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	58,172	95,662
Depreciation of right-of-use assets	5(c)	9,636	12,363
Amortisation of intangible assets	5(c)	376	430
Interest income	4(b)	(2,091)	(4,100)
Net loss on disposal of intangible asset	4(b)	191	–
Net loss on disposal of property, plant and equipment	4(b)	1,981	2,680
Net loss on disposal of right-of-use assets	4(b)	–	57
Fair value loss/(gain), net:			
Financial products	4(b)	596	(1,459)
Reversal of impairment of inventories		(4,923)	(5,919)
Finance costs	6	34,642	45,346
		18,960	55,492
Decrease in inventories		205,157	310,301
Increase in trade receivables		(11,350)	(39,290)
Decrease in prepayments, other receivables and other assets		133,310	31,436
Decrease in pledged bank deposits		383,836	45,063
Increase in cash in transit		(3,711)	(6,106)
Decrease in trade and bills payables		(395,597)	(129,845)
Decrease in other payables and accruals		(19,024)	(26,503)
Cash generated from operations		311,581	240,548
Tax paid		(2,691)	(5,907)
Net cash generated from operating activities		308,890	234,641

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	For the six months ended 30 June 2026 (Unaudited) RMB'000	For the six months ended 30 June 2025 (Unaudited) RMB'000
Investing activities		
Purchase of property, plant and equipment	(41,289)	(136,186)
Proceeds from disposal of property, plant and equipment	39,912	76,097
Interest received	2,091	5,120
Decrease of time deposits of maturity over three months	2,126	36,745
Proceeds from disposal of non-controlling interest	–	31,763
Net cash generated from investing activities	2,840	13,539
Financing activities		
New bank loans and other borrowings	1,795,843	2,507,858
Repayment of bank loans and other borrowings	(2,023,676)	(2,871,036)
Interest paid for bank loans and other borrowings	(33,484)	(43,652)
Lease payments	(1,940)	(3,976)
Net cash used in financing activities	(263,257)	(410,806)
Net increase/(decrease) in cash and cash equivalents	48,473	(162,626)
Cash and cash equivalents at the beginning of the period	365,629	595,075
Effect of foreign exchange rate changes, net	(2,750)	(414)
Cash and cash equivalent at the end of period	411,352	432,035
Analysis of balances of cash and cash equivalents		
Cash and bank balances	411,352	383,740
Short-term deposits with maturity less than 3 months	–	48,295
	411,352	432,035



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. CORPORATE AND GROUP INFORMATION

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

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

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

2. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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

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.

New and amendments to standards adopted by the Group

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

The application of the amendments have no significant impact on the interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

Information about geographical areas

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

Information about major customers

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue:

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Disaggregated revenue information		
Types of goods or service		
Revenue from sale of motor vehicles	2,465,886	3,129,414
Revenue from after-sales services	447,220	516,879
Total revenue from contracts with customers	2,913,106	3,646,293
Timing of revenue recognition		
At a point in time	2,913,106	3,646,293

(b) Other income and gains, net:

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Commission income	56,045	262,780
Logistics and storage income	10,174	10,048
Government grants	107	154
Interest income	2,091	4,100
Net loss on disposal of intangible asset	(191)	–
Net loss on disposal of property, plant and equipment	(1,981)	(2,680)
Net loss on disposal of right-of-use assets	–	(57)
Fair value (loss)/gain, net:		
Financial assets at fair value through profit or loss	(596)	1,459
Others	22,064	11,155
Total	87,713	286,959

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5. LOSS BEFORE TAX

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

		For the six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(a) Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries	100,974	103,366	
Other welfare	1,771	21,236	
Total	102,745	124,602	
(b) Cost of sales and services:			
Cost of sales of motor vehicles	2,519,254	3,366,238	
Others*	284,438	326,541	
Total	2,803,692	3,692,779	
(c) Other items			
Depreciation of property, plant and equipment	58,172	95,662	
Depreciation of right-of-use assets	9,636	12,363	
Amortisation of intangible assets	376	430	
Advertisement and business promotion expenses	10,486	21,723	
Lease expenses	11,658	8,479	
Bank charges	1,255	1,972	
Office expenses	16,257	11,699	
Logistics expenses	1,372	8,211	
Net loss on disposal of right-of-use assets	–	57	
Net loss on disposal of intangible asset	191	–	
Net loss on disposal of property, plant and equipment	1,981	2,680	

* There were employee benefit expenses of RMB14,927,000 (six months ended 30 June 2025: RMB17,727,000) included in the cost of sales and services.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

6. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings and other borrowings	33,991	43,652
Interest expense on lease liabilities	651	1,694
Total	34,642	45,346

7. INCOME TAX CREDIT

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax on profits for the period	(333)	6,424
Deferred tax	(4,933)	(10,440)
Total	(5,266)	(4,016)

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

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

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Group had 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 "CIT Law"), the income tax rate for the PRC subsidiaries is 25% from 1 January 2008.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

8. DIVIDENDS

No interim dividend has been paid or declared by the Company during the Period (six months ended 30 June 2025: nil).

9. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the six months ended 30 June 2026 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 600,000,000 (six months ended 30 June 2025: 600,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2026 and 30 June 2025.

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company	(74,173)	(85,552)
	For the six months ended 30 June	
	2026	2025
Shares		
Weighted average number of ordinary shares in issue during the period	600,000,000	600,000,000
Loss per share		
Basic and diluted (RMB)	(0.12)	(0.14)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB40,348,000 (30 June 2025: RMB155,062,000).

Assets with a net book value of RMB41,893,000 were disposed of by the Group during the six months ended 30 June 2026 (30 June 2025: RMB78,777,000), resulting in a net loss of RMB1,981,000 (30 June 2025: a net loss of RMB2,680,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

11. INVENTORIES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Motor vehicles	634,518	820,708
Spare parts	62,489	81,456
	697,007	902,164
Less: impairment	(22,544)	(27,467)
Total	674,463	874,697

As at 30 June 2026, certain of the Group's inventories with an aggregate carrying amount of approximately RMB461,982,000 (31 December 2025: RMB579,747,000) and RMB208,923,000 (31 December 2025: RMB200,856,000) were pledged as securities for the Group's bank loans and other borrowings (note 14(a)(iv)) and bills payable (note 15), respectively.

12. TRADE RECEIVABLES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade receivables	44,396	33,046

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

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 3 months	35,184	22,865
More than 3 months but less than 1 year	7,801	7,154
Over 1 year	1,411	3,027
Total	44,396	33,046

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Prepayments and deposits to suppliers	199,400	181,166
Vendor rebate receivables	156,188	255,839
VAT recoverable	67,981	93,987
Others	134,046	152,933
Total	557,615	683,925

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2026 and 31 December 2025, the loss allowance was assessed to be minimal.

14. BANK LOANS AND OTHER BORROWINGS

	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Effective interest rate (%)	Maturity	Amount RMB'000	Effective interest rate (%)	Maturity	Amount RMB'000
Current						
Bank loans	2.35-5.15	2027	1,064,109	2.35-4.80	2026	1,166,630
Other borrowings	1.88-8.50	2027	154,297	2.48-8.50	2026	235,586
Total – current			1,218,406			1,402,216
Non-current						
Bank loans	4.45-5.15	2027-2034	315,355	4.35-5.80	2027-2034	359,378
Total – non-current			315,355			359,378
Total			1,533,761			1,761,594
Bank loans and other borrowings represent:						
secured loans (a)			1,334,751			1,357,116
unsecured loans			199,010			404,478
Total			1,533,761			1,761,594

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

14. BANK LOANS AND OTHER BORROWINGS (continued)

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Analysed into		
Bank loans repayable:		
Within one year	1,064,109	1,166,630
In the second year	75,388	24,000
In the third to fifth years, inclusive	181,026	207,675
Over five years	58,941	127,703
	1,379,464	1,526,008
Other borrowings repayable:		
Within one year	154,297	235,586
Total	1,533,761	1,761,594

- (a) As at 30 June 2026, certain of the Group's bank loans and other borrowings are secured by:
- (i) mortgages over the Group's land use rights situated in the PRC, which had an aggregate carrying value of approximately RMB360,071,000 (31 December 2025: RMB373,504,000);
 - (ii) mortgages over the Group's buildings, which had an aggregate net book value of approximately RMB865,799,000 (31 December 2025: RMB858,439,000);
 - (iii) mortgages over the Group's investment properties, which had an aggregate carrying amount of approximately RMB166,000,000 (31 December 2025: RMB166,000,000);
 - (iv) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB461,982,000 (31 December 2025: RMB579,747,000);
 - (v) mortgages over the Group's bank deposits, which had an aggregate carrying value of approximately RMB98,995,000 (31 December 2025: RMB95,850,000).
- (b) As at 30 June 2026 and 31 December 2025, all bank loans and other borrowings were denominated in RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

15. TRADE AND BILLS PAYABLES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade payables	63,191	75,868
Bills payable	590,291	973,211
Trade and bills payables	653,482	1,049,079

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 3 months	120,313	699,710
3 to 6 months	520,488	338,125
6 to 12 months	6,203	3,166
Over 12 months	6,478	8,078
Total	653,482	1,049,079

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

As at 30 June 2026, the Group's bills payable are secured by mortgages over the Group's inventories and bank deposits, which had an aggregate carrying value of approximately RMB208,923,000 (31 December 2025: RMB200,856,000) and RMB400,115,000 (31 December 2025: RMB783,987,000), respectively.

16. SHARE CAPITAL

Issued and fully paid

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Issued and fully paid 600,000,000 (2025: 600,000,000) ordinary shares of USD0.0001	377	377



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

17. SHARE-BASED PAYMENTS

(a) Pre-IPO SHARE AWARD SCHEME

During the periods ended 30 June 2026 and 30 June 2025, no share awards was granted by the Company under the Pre-IPO Share Award Scheme.

The Company did not have any outstanding share awards as at 30 June 2026 and 31 December 2025.

(b) Share Option Scheme

During the periods ended 30 June 2026 and 30 June 2025, no option was granted by the Company under the Share Option Scheme. The Company did not have any outstanding share options as at 30 June 2026 and 31 December 2025.

18. COMMITMENTS

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Contracted, but not provided for buildings	391	280

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

19. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Wu Tak Lam and Ms. Chiu Man are collectively the Controlling Shareholders (the “**Controlling Shareholders**”) of the Group. They are also the key management personnel and considered to be related parties of the Group.

Mr. Zhao Yijian is a close family member of the Controlling Shareholders and considered to be a related party of the Group.

The Group had the following transactions with related parties during the reporting period:

(a) Transactions with a related party

The following transactions were carried out with a related party during the period:

		For the six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(i)	Sales of motor vehicles and spare parts Yangzhou Sunfonda Automobile Co., Ltd.*	–	6
(ii)	Purchase of motor vehicles and spare parts Yangzhou Sunfonda Automobile Co., Ltd.*	–	–

* Yangzhou Sunfonda Automobile Co., Ltd. is controlled by Mr. Zhao Yijian.

The related party transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

19. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

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

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Short term employee benefits	1,830	1,859
Post-employment benefits	100	108
Total compensation paid to key management personnel	1,930	1,967

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Financial products	6,773	7,369

The financial products were wealth management products issued by financial institutions. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Group after 30 June 2026.

22. APPROVAL OF THE FINANCIAL STATEMENTS

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