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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

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

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongsheng Group Holdings Limited (the “**Company**”, “**Zhongsheng**” or “**we**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, as follows:

KEY HIGHLIGHTS

Financial Summary

	2025	2024	Year-on-year change
	<i>(Renminbi in millions, unless specified)</i>		
Revenue			
Sales of motor vehicles	138,301.5	140,742.9	(1.7%)
Accessories and after-sales services	26,101.9	27,381.3	(4.7%)
<i>thereof after-sales services (Maintenance, warranty and collision)</i>	22,910.8	22,001.2	4.1%
Total revenue	164,403.4	168,124.2	(2.2%)

	2025	2024	Year-on-year change
	<i>(Renminbi in millions, unless specified)</i>		
Gross profit			
Sales of motor vehicles	(3,173.8)	(1,978.6)	60.4%
Accessories and after-sales services	12,011.5	12,650.5	(5.1%)
<i>thereof after-sales services</i>			
<i>(Maintenance, warranty and collision)</i>	11,049.9	10,215.8	8.2%
Total gross profit	8,837.7	10,671.9	(17.2%)
Commission income	2,573.7	4,199.8	(38.7%)
Aggregate Profit	11,411.4	14,871.7	(23.3%)
(Loss)/Profit for the year	(1,899.7)	3,070.9	N/M
(Loss)/Profit attributable to owners of the parent	(1,673.3)	3,212.2	N/M
Basic earnings per Share attributable to ordinary equity holders of the parent <i>(RMB)</i>	(0.71)	1.35	N/M
Operating Metrics			
	2025	2024	Year-on-year change
New car sales volume <i>(Units)</i>	497,316	485,307	2.5%
<i>thereof Luxury brands (Units)</i>	311,443	293,370	6.2%
Pre-owned automobiles trade volume <i>(Units)</i>	221,213	226,231	(2.2%)

N/M — Not Meaningful

MARKET REVIEW

Amidst geopolitical tensions and intensified international trade frictions, China's economy forged ahead under multiple pressures in 2025. Although economic growth achieved its target, deflationary pressure on domestic consumption remained. The Consumer Price Index (CPI) stayed flat year-on-year, indicating insufficient consumption momentum. This was particularly evident in the total retail sales of automobiles, which declined by 1.5% year-on-year, contrasting sharply with the 3.7% positive growth in total retail sales of consumer goods.

Against this macroeconomic backdrop, China's passenger vehicle market exhibited distinct characteristics of stable sales volume, structural divergence, compressed profitability, and reshaping of market order. The number of newly insured passenger automobiles showed a "rise then fall" trend throughout the year. In the first half, driven by ongoing government stimulus through trade-in programs, sales increased by 7.9% year-on-year. However, in the second half, as subsidy policies gradually tapered off and the effect of pulled-forward demand emerged, passenger automobiles weakened significantly. There were 23.28 million newly insured automobiles for the full year, a marginal decline of 0.5% year-on-year. It was also the first time that domestic new energy vehicle (NEV) sales surpassed those of internal combustion engine (ICE) vehicle, with the NEV penetration rate reaching 53.2%.

Intense market competition pushed brand dynamics into a phase of fundamental restructuring. Traditional joint venture brands accelerated their strategic transformation, re-evaluating their electrification strategies, expediting their smart technology deployment, and strengthening local supply chain integration. They actively adapted to market changes by adjusting manufacturer suggested retail prices and employing digital marketing to solidify their market share. Meanwhile, NEV brands, leveraging precise insights into user needs and rapid product iteration, continued to capture market share and progressively expand their competitive advantage. While the competition among brands in the automotive industry has been intensifying, the market landscape remains unsettled as all players continue adjusting their strategies and addressing their own weaknesses.

The ongoing rivalries in the new car market accelerated industry consolidation, subjecting dealer groups to unprecedented challenges in 2025. Amidst pervasive price wars and persistent operational pressures, dealers with weak fundamentals and inefficient operations exited the market at an accelerated pace. Original Equipment Manufacturers (OEMs) proactively optimized their dealer networks to enhance channel efficiency and quality, leading to significant reductions in the number of mainstream luxury brand dealerships during the year. The partnership dynamics between OEMs and dealers entered a period of profound restructuring. Market share continued to concentrate among leading dealer groups with solid financial standing, high operational efficiency, and superior network presence.

The steady growth in car parc provided a solid foundation for the development of the automobile after-sales market. In 2025, the car parc in China steadily increased to over 370 million, underscoring the growing value of after-sales services. Collision repair, a key contributor to after-sales revenue, saw its market continuously expand, driven by the growing car parc, persistently high accident rates, and steady growth in claim value per vehicle. According to data from the National Financial Regulatory Administration and industry statistics, national auto insurance premium scale reached RMB940.9 billion in 2025, a year-on-year increase of 3.0%, while the compensation ratio rose by 0.7 percentage points to 74.8%. Concurrently, third-party data indicated that in 2025 the volume of body-and-paint repair services grew by 9.1% year-on-year, reflecting sustained market demand.

Diving into the automobile after-sales market landscape, industry trends present significant opportunities for quality service providers. Some NEV brands, utilizing showroom models, tend to allocate more resources to front-end sales, leaving their after-sales services systems underdeveloped and presenting insufficient coverage. Traditional brand 4S stores networks are visibly shrinking. Since 4S stores traditionally held a 70% share of the collision repair market, their contraction releases substantial pent-up repair demand for traditional brand automobiles. These industry shifts present significant market opportunities for brand-agnostic service providers like Zhongsheng. Concurrently, rising consumer demand for branded, professional, and transparent automotive after-sales services providers is triggering the consolidation of the automobile after-sales market towards quality service providers, potentially leading to higher industry concentration.

BUSINESS REVIEW AND OUTLOOK

New Automobile Business

In 2025, leveraging timely and effective optimization of its brand portfolio — solidifying its foundation with traditional brands while capturing incremental growth from NEV brands — Zhongsheng achieved new automobile sales of 497 thousand units, a year-on-year increase of 2.5%. The proportion of luxury brand sales increased to 62.6%, while the AITO brand contributed 8.2%, offsetting the decline in traditional ICE vehicle sales.

However, due to negative margin between purchase and sales price of traditional brand new automobiles, coupled with OEM subsidies being concentrated in the latter part of the year and insufficient to cover price inversion, our new car gross profit remained negative. The complete discontinuation of “high interest, high rebate” financing products by financial institutions at the end of June caused a sharp decline in finance commission income, a key component of new vehicle cross-selling profit, further dragging down overall new vehicle profitability. Consequently, the aggregate profit from the new car business hovered near break-even for the year.

Since the second half of 2024, we have undergone large-scale adjustments to our store network, implementing closures, suspensions, mergers, and rebranding for 50 underperforming stores and redundant stores of the same brand within the same city. Concurrently, we persisted in enhancing local market concentration and density, focusing on optimizing premises operational efficiency. We opened a total of 104 new facilities, including 84 dealership stores and 20 collision centers. By the end of 2025, Zhongsheng's branded store count reached 453, complemented by 46 collision centers.

Moving forward, in terms of brand structure and network distribution, we will continue to deepen our development path focused on high quality, high efficiency, and high profitability, steadfastly advancing network optimization and upgrades. We will further close underperforming stores, dynamically adjust procurement and sales strategies based on the profitability of various brands and models, and cease procurement and sales of loss-making models as appropriate, aiming to comprehensively enhance overall network profitability quality and asset efficiency. We will continue to increase our market share and influence in advantageous brands, with a greater focus on markets where we hold a dominant local position.

Simultaneously, we are accelerating our embrace of opportunities in the NEV sector. Building on the successful operational experience with the AITO brand, we will further expand our presence with Huawei ecosystem automotive brands and extend strategic cooperation with the Geely ecosystem. Our goal is to achieve a multiple-fold increase in the number of NEV stores by the end of 2026.

Pre-owned Automobile Business

Zhongsheng's pre-owned automobile business achieved sales of 221 thousand units in 2025, a slight decline of only 2.2%. However, the average price per vehicle fell by 17.6% to RMB56 thousand, and gross profit per vehicle halved. Although external factors impacting pre-owned automobile profitability persist, such as increased residual value volatility due to new car price wars and a surge in older, lower-value automobiles driven by trade-in policies, the market environment remains less than ideal for significant expansion of the pre-owned automobile business. Nonetheless, Zhongsheng continues to pioneer effective new models, exploring NEV pre-owned automobile specialty stores in pilot cities and gradually advancing centralized urban pre-owned automobile retail centers alongside brand-specific pre-owned automobile operations. By continuously refining processes and honing capabilities, we ensure to achieve no-loss sales on a per-unit basis.

After-sales Services Business

In 2025, amidst external challenges of industry structural adjustment and intensified market competition, Zhongsheng's after-sales services business adhered to a development direction focused on high quality, optimal structure, and enhanced efficiency. Its operational quality and profitability improved in tandem, demonstrating robust and resilient performance overall.

The after-sales services business maintained steady growth throughout the year, with revenue increasing by 4.1% year-on-year. Gross profit grew by 8.2% year-on-year, with profit growth outpacing revenue growth, reflecting the continuous optimization of the after-sales services structure and strengthening profitability. During the reporting period, the number of service shop visits increased marginally by 0.2% year-on-year. The slowdown in growth was primarily attributed to a decrease in the number of lower-yield, lower-gross-margin OEM warranty business. In contrast, collision repair visits, characterized by higher per-unit revenue and gross margin, grew by nearly 10.0%. The after-sales services structure became healthier, with continuous improvement in per-unit revenue and gross margin levels, laying a more solid foundation for long-term, high-quality development in the after-sales services business.

We continue to deepen our cross-brand, centralized service integration model, consistently enhancing customer experience and operational efficiency. In 2025, Zhongsheng's collision centers effectively increased the volume of external automobiles serviced. Throughout the year, customers who did not purchase new automobiles from Zhongsheng contributed more than a third of collision repair visits. Going forward, Zhongsheng will optimize and streamline its smaller "store-in-store" service outlets, focusing on core cities and prioritizing the establishment of large-scale, independent collision centers. This strategy aims to fully leverage the vast customer resources and auto insurance policy advantages within regions, creating a synergistic cycle of growth in customer scale, insurance premium scale, and collision repair scale. For regular maintenance and repair services, Zhongsheng will streamline its business processes to deliver more tailored and cost-effective after-sales services to customers.

Customer Operations and Cost & Efficiency Management

Since 2023, Zhongsheng has fully integrated digital tools for customer relationship management and upgraded automotive services to a cross-brand operational model, maximizing customer acquisition, retention, and conversion.

Our Zhongsheng Go membership platform, utilizing membership points, electronic coupons, and online promotions for popular products, helps us monitor and maintain customer activity, further enhancing customer loyalty. Concurrently, we have built a professional and efficient new media operations system, deeply mining lead value to achieve efficient conversion and precisely empowering new vehicle and introducing automobile after-sale market business. Through over 30 customer service centers nationwide, we provide dedicated Zhongsheng brand services to existing and potential customers, achieving integration of offline store and online platform traffic. Over the past three years, our active customer base grew at a compound annual growth rate of 9.1%, reaching 4.6 million by the end of 2025. The Zhongsheng Go platform had 4.07 million subscribed members, nearly 11.62 million corporate WeChat contacts, over 4,500 new media accounts across all platforms, and more than 25.7 million new media followers. As our customer base continues to expand, the recognition of the “Zhongsheng” brand steadily increases, providing the strongest possible support for all strategic decisions regarding new vehicle brand portfolio and after-sales services.

Facing industry cyclical challenges, the company has adopted a core strategy focused on “optimizing efficiency and enhancing operational quality,” systematically implementing cost reduction and efficiency enhancement initiatives to solidify the foundation for long-term development.

In terms of premises utilization, the company is fully activating existing assets, enhancing space value through diversification methods such as subdivision, sharing, and repurposing. We are also considering converting some collision center showrooms into NEV brand showrooms, aiming to achieve a dual improvement in asset utilization rate and brand coverage.

In terms of management and operations, Zhongsheng promotes lean management, continuously simplifies store operational processes, and advances flatter management structure. We optimize business structure, focusing on core activities like automobile sales and after-sales services, and explore the outsourcing of non-core businesses. Concurrently, we optimize the human resources structure by redeploying personnel from traditional brand roles to new brands, reducing redundant positions, and sharing functional roles. For 2026, our two founders have decided to reduce their annual salaries to one yuan, demonstrating a firm commitment to overcoming challenges together with all employees and driving the company’s high-quality development.

Looking ahead, the transformation and upgrading of the automotive industry continue to deepen. Amidst the waves of brand evolution, channel restructuring, and technological change lie both challenges and new development opportunities. We will remain steadfast in our goal to establish Zhongsheng as “the most trusted automotive service brand for quality consumers.” Simultaneously, we will continue optimizing our portfolio matrix of traditional luxury and new energy brands, deepen refined channel operations and cost-efficiency initiatives, accelerate value creation in the automobile after-sale market, empower the full customer lifecycle with digitalization, and steadily progress towards our long-term development goals.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended 31 December 2025 and 2024:

	2025	2024
	<i>(Renminbi in millions, unless specified)</i>	
Revenue	164,403.4	168,124.2
Cost of sales and services provided	<u>(155,565.7)</u>	<u>(157,452.3)</u>
Gross profit	<u>8,837.7</u>	<u>10,671.9</u>
Other income and gains, net	3,067.3	4,784.4
Selling and distribution expenses	(7,826.9)	(7,552.6)
Administrative expenses	(2,309.3)	(2,129.3)
Other expenses	<u>(2,291.2)</u>	<u>(99.9)</u>
(Loss)/Profit from operations	<u>(522.4)</u>	<u>5,674.5</u>
Finance costs	(1,527.6)	(1,572.9)
Share of (losses)/profits of joint ventures and associates	<u>(8.2)</u>	<u>1.8</u>
(Loss)/Profit before tax	(2,058.2)	4,103.4
Income tax credit/(expense)	<u>158.5</u>	<u>(1,032.5)</u>
(Loss)/profit for the year	<u><u>(1,899.7)</u></u>	<u><u>3,070.9</u></u>
Attributable to:		
Owners of the parent	(1,673.3)	3,212.2
Non-controlling interests	<u>(226.4)</u>	<u>(141.3)</u>
	<u><u>(1,899.7)</u></u>	<u><u>3,070.9</u></u>

Revenue

Revenue for the year ended 31 December 2025 was RMB164,403.4 million, representing a decrease of RMB3,720.8 million or 2.2% as compared to the year ended 31 December 2024. The following table sets forth the Group's revenue by different business segments for the years ended 31 December 2025 and 2024:

	2025	2024	Year-on-year change
	<i>(Renminbi in millions, unless specified)</i>		
New automobile sales	125,877.6	125,325.6	0.4%
Pre-owned automobile sales	12,423.9	15,417.3	(19.4%)
After-sales services	22,910.8	22,001.2	4.1%
Accessories and others	3,191.1	5,380.1	(40.7%)
Total revenue	<u>164,403.4</u>	<u>168,124.2</u>	<u>(2.2%)</u>

- Revenue from new automobile sales amounted to RMB125,877.6 million, representing an increase of RMB552.0 million or 0.4% as compared to the year ended 31 December 2024, remaining basically stable.
- Revenue from pre-owned automobile sales amounted to RMB12,423.9 million, representing a decrease of RMB2,993.4 million or 19.4% as compared to the year ended 31 December 2024, primarily due to the decline in the average selling price of pre-owned automobiles.
- Revenue from after-sales services (maintenance, warranty and collision) amounted to RMB22,910.8 million, representing an increase of RMB909.6 million or 4.1% as compared to the year ended 31 December 2024, which was primarily due to the structural change in the visits for after-sales services, which has led to an increase in average value per unit.
- Revenue from accessories and others amounted to RMB3,191.1 million, representing a decrease of RMB2,189.0 million or 40.7% as compared to the year ended 31 December 2024, primarily due to weaker consumer spending, which led to a decline in the transaction volume of both accessories and maintenance packages sold as cross-sell alongside new vehicle sales.

New automobile sales business accounted for a substantial portion of the Group's revenue, representing 76.6% (the year ended 31 December 2024: 74.5%) of the total revenue for the year ended 31 December 2025. Pre-owned automobile sales accounted for 7.5% of the total revenue for the year ended 31 December 2025 (the year ended 31 December 2024: 9.2%). Accessories and after-sales services business accounted for 15.9% of the total revenue for the year ended 31 December 2025 (the year ended 31 December 2024: 16.3%). During the year ended 31 December 2025, almost all of the Group's revenue was derived from business located in the PRC.

In terms of revenue from new automobile sales, Mercedes-Benz is the Group's top selling brand, with revenue from the sales of which representing 31.5% of the Group's total revenue from new automobile sales (the year ended 31 December 2024: 40.0%).

Cost of Sales and Services Provided

Cost of sales and services for the year ended 31 December 2025 amounted to RMB155,565.7 million, representing a decrease of RMB1,886.6 million or 1.2% as compared to the year ended 31 December 2024. Such change was generally in line with the change in revenue.

Gross Profit

The Group's gross profit for the year ended 31 December 2025 amounted to RMB8,837.7 million, representing a decrease of RMB1,834.2 million or 17.2% as compared to the year ended 31 December 2024. The following table sets out the Group's gross profit by different business segments for the years ended 31 December 2025 and 2024:

	2025	2024	Year-on-year change
	<i>(Renminbi in millions, unless specified)</i>		
New automobile sales	(3,708.9)	(3,208.4)	15.6%
Pre-owned automobile sales	535.1	1,229.8	(56.5%)
After-sales services	11,049.9	10,215.8	8.2%
Accessories and others	961.6	2,434.7	(60.5%)
	<u>8,837.7</u>	<u>10,671.9</u>	<u>(17.2%)</u>

— Gross loss from new automobile sales business amounted to RMB3,708.9 million, representing an increase of RMB500.5 million or 15.6% as compared to the year ended 31 December 2024, primarily due to intensified competition in the passenger vehicle market, steep discount offered at the retail end, and insufficient rebates provided by OEMs to cover the negative margins between dealer's purchase and sales price, resulting in the Group's continuous losses in new automobile sales.

- Gross profit from pre-owned automobile sales amounted to RMB535.1 million, representing a decrease of RMB694.7 million or 56.5% as compared to the year ended 31 December 2024, primarily due to the decline in the unit value of pre-owned automobiles during the period, which compressed profit margins.
- Gross profit from after-sales services (maintenance, warranty and collision) amounted to RMB11,049.9 million, representing an increase of RMB834.1 million or 8.2% as compared to the year ended 31 December 2024, primarily due to the structural change in the visits for after-sales services, which has led to an increase in average value per unit, and the increase in gross profit margin due to improvement of the cost structure.
- Gross profit from accessories and others amounted to RMB961.6 million, representing a decrease of RMB1,473.1 million or 60.5% as compared to the year ended 31 December 2024, primarily due to weaker consumer spending, which led to a decline in both transaction volume and gross profit margin for accessories and maintenance packages.

The Group's gross profit margin for the year ended 31 December 2025 was 5.4% (the year ended 31 December 2024: 6.3%).

Other Income and Gains, Net

The other income and gains mainly consisted of commission income, interest income and other gains and losses, etc. The other income and gains, net, for the year ended 31 December 2025 amounted to RMB3,067.3 million, representing a decrease of RMB1,717.1 million or 35.9% as compared to the year ended 31 December 2024.

Among which, the commission income (commission from automobile insurance, automobile financing and automobile registration services, etc.) amounted to RMB2,573.7 million for the year ended 31 December 2025, representing a decrease of RMB1,626.1 million or 38.7% as compared to the year ended 31 December 2024. Due to the impact of industry policies, the commission rebate rate for auto finance mortgages has declined, resulting in a significant drop in the Group's commission income from automobile financing.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 December 2025 amounted to RMB7,826.9 million, representing an increase of RMB274.3 million or 3.6% as compared to the year ended 31 December 2024, primarily due to a slight increase in promotion and advertisement expenses.

Administrative Expenses

Administrative expenses for the year ended 31 December 2025 amounted to RMB2,309.3 million, representing an increase of RMB180.0 million or 8.5% as compared to the year ended 31 December 2024, primarily due to the changes in exchange gains or losses.

Other Expenses

Other expenses amounted to RMB2,291.2 million for the year ended 31 December 2025, an increase of RMB2,191.3 million, or 2,193.5%, compared with the year ended 31 December 2024. This item relates to impairment of goodwill, and disposals and impairment of intangible assets. Considering the continued weakness in domestic consumption, the imbalance in supply and demand of passenger vehicles, intensified competition in the automotive industry, and the impact of the Group's store network adjustments in response to market changes, the Group has recognized impairment of goodwill, as well as disposals and impairment of intangible assets for certain cash-generating units with poor performance.

(Loss)/Profit from Operations

The loss from operations for the year ended 31 December 2025 amounted to RMB522.4 million, as compared to the profit from operations of RMB5,674.5 million for the year ended 31 December 2024 primarily due to the aforementioned decline in gross profit and commission income, as well as the impact of the Group's provision for impairment on goodwill, for disposals and impairment of intangible assets. The operating loss margin for the year ended 31 December 2025 was 0.3% (the operating profit margin for the year ended 31 December 2024: 3.4%).

Finance Costs

Finance costs for the year ended 31 December 2025 amounted to RMB1,527.6 million, representing a decrease of RMB45.3 million or 2.9% as compared to the year ended 31 December 2024. The change was insignificant and was mainly due to the decrease in interest-bearing liabilities.

Share of (Losses)/Profits of Joint Ventures and Associates

The share of net losses of joint ventures and associates amounted to RMB8.2 million for the year ended 31 December 2025, as compared to the share of net profits of joint ventures and associates of RMB1.8 million for the year ended 31 December 2024.

Income Tax Credit/(Expense)

Income tax credit for the year ended 31 December 2025 amounted to RMB158.5 million, as compared to the income tax expense of RMB1,032.5 million for the year ended 31 December 2024, primarily attributable to an increase in deferred tax assets arising from losses incurred by various subsidiaries that can be utilised to offset future taxable profits, as well as a corresponding reversal of deferred tax liabilities resulting from the recognition of an impairment loss and disposals on intangible assets.

(Loss)/Profit Attributable to Owners of the Parent

The loss attributable to owners of the parent for the year ended 31 December 2025 amounted to RMB1,673.3 million, as compared to the profit attributable to owners of the parent of RMB3,212.2 million for the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flow

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

The cash position of the Group as at 31 December 2025 and 31 December 2024 was as follows:

	2025	2024
	<i>(Renminbi in millions, unless specified)</i>	
Cash and cash equivalents	15,421.2	18,687.5
Cash in transit	79.9	60.0
Time deposits and pledged bank deposits	4,936.9	4,256.5
Total cash	<u>20,438.0</u>	<u>23,004.0</u>

As at 31 December 2025, the cash balance of the Group was RMB20,438.0 million, representing a decrease of RMB2,566.0 million in cash balance as compared to that as at 31 December 2024, which was mainly attributable to the cash flow used in financing activities. For the year ended 31 December 2024, the cash set aside in advance by the Group were utilised in the year ended 31 December 2025 to the repayment of the convertible bonds and the 2026 Bonds.

For the year ended 31 December 2025, the free cash flow generated by the Group was RMB5,931.3 million, which was attributable to the net cash flow from operating activities of RMB9,405.0 million, partially offset by the Group's net capital expenditures cash flow of RMB2,303.9 million and lease payments of RMB1,169.8 million.

Cash Flow Generated from Operating Activities

For the year ended 31 December 2025, the net cash generated from operating activities by the Group amounted to RMB9,405.0 million, representing an increase of RMB5,965.6 million as compared to that for the year ended 31 December 2024, which was mainly attributable to the release of working capital as a result of the decrease in inventories and the changes in trade receivables and bills payables and others.

Cash Flow Used in Investing Activities

For the year ended 31 December 2025, the net cash used in investing activities by the Group amounted to RMB2,048.6 million, primarily used for the acquisitions of property, plant and equipment (fleet).

Cash Flow Used in Financing Activities

For the year ended 31 December 2025, the net cash used in financing activities by the Group amounted to RMB10,597.5 million, primarily used for the repayment of bank loans and 2026 Bonds, redemption of convertible bonds, payment of lease, financing interest and dividend and others.

Bank Loans and Other Borrowings

As at 31 December 2025, the Group's bank loans and other borrowings amounted to RMB29,538.2 million (31 December 2024: RMB32,039.2 million). The decrease in the Group's bank loans and other borrowings during the year ended 31 December 2025 was primarily due to the decrease in inventory financing scale as a result of reduced inventory, and the Group continued to optimise its inventory financing channel structure. Additionally, the Group made an early repayment of its 2026 Bonds. The annual interest rates of the bank loans and other borrowings ranged from 1.0% to 6.0%.

CONVERTIBLE BONDS

2025 Convertible Bonds

On 12 May 2020, the Company, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc (the “**2025 Convertible Bond Managers**”) entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2025 Convertible Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) zero coupon convertible bonds due 2025 in an aggregate principal amount of HK\$4,560 million (the “**2025 Convertible Bonds**”).

The 2025 Convertible Bonds are convertible into shares of the Company (the “**Share(s)**”) at an initial conversion price of HK\$45.61 per Share, exercisable at the holder’s option at any time on or after 1 July 2020 up to the close of business on the tenth day prior to the maturity date, being a date falling on or about 21 May 2025. The conversion price was subsequently adjusted from HK\$45.61 to HK\$45.02 per Share (effective 29 June 2023) following payment of a final dividend of HK\$1.09 per Share for the year ended 31 December 2022, and further to HK\$43.88 per Share (effective 4 July 2024) following payment of a final dividend of HK\$0.797 per Share for the year ended 31 December 2023.

On 21 May 2025, the Company redeemed and cancelled the outstanding 2025 Convertible Bonds in the aggregate amount of HK\$3,124,000,000 at 117.49% of its principal amount. As at the date of this announcement, there are no outstanding 2025 Convertible Bonds in issue.

Please refer to the announcements of the Company dated 12, 13, 14, 21, 22 and 25 May 2020 and 26 April 2023 and 19 June 2023 and 21 June 2024, respectively, for further details on the 2025 Convertible Bonds.

BONDS

2026 Bonds

On 6 January 2021, the Company and Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, CCB International Capital Limited, MUFG Securities Asia Limited and Morgan Stanley & Co. International plc (the “**2026 Bond Managers**”) entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2026 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 3.00% bonds due 2026 in an aggregate principal amount of US\$450 million (the “**2026 Bonds**”). The maturity date of the 2026 Bonds is 13 January 2026.

In July 2024, the Company made an offer to purchase for cash the 2026 Bonds at a purchase price of US\$966 per US\$1,000 principal amount, plus accrued interest. On 1 August 2024, the Company accepted, purchased and cancelled all validly tendered 2026 Bonds in an aggregate principal amount of US\$292,166,000, reducing the outstanding aggregate principal amount of the 2026 Bonds to US\$157,834,000.

On 27 August 2025, the Company redeemed and cancelled all of the outstanding 2026 Bonds in the aggregate principal amount of US\$157,834,000. As at the date of this announcement, there are no outstanding 2026 Bonds in issue.

Please refer to the announcements of the Company dated 4, 7, 13 and 14 January 2021, 22 and 30 July and 1 August 2024 and 28 July and 27 August 2025, respectively, for further details on the 2026 Bonds.

2028 Bonds

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

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

Panda Bonds

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

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

OTHER FINANCIAL INFORMATION

Capital Expenditures and Investment

The Group's capital expenditures comprised of expenditures on property, plant and equipment (other than motor vehicles), land use rights and business acquisition. For the year ended 31 December 2025, the Group's total capital expenditures amounted to RMB1,496.5 million (for the year ended 31 December 2024: RMB1,356.7 million). Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2025.

Inventory Analysis

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

The Group's inventories decreased from RMB18,476.9 million as at 31 December 2024 to RMB17,934.5 million as at 31 December 2025, primarily due to the Group's adjustment and optimisation of its inventory structure.

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

	For the year ended	
	31 December	
	2025	2024
Average inventory turnover days	<u>36.7</u>	<u>35.1</u>

The inventory turnover days of the Group showed an increase during the year ended 31 December 2025 as compared to the year ended 31 December 2024, which was mainly because the Group adjusted the level of its inventory to adapt to market changes. During the year ended 31 December 2025, the Group had taken effective measures in managing and reducing inventory level, and the Group still had a healthy level of average inventory turnover days, and the inventory mix will gradually optimise.

Interest Rate Risk and Foreign Exchange Rate Risk

As at 31 December 2025, the Group did not use any derivatives to hedge interest rate risk. The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Most cash and bank deposits of the Group are denominated in RMB. In general, the Group's bank loans and other borrowings were denominated in RMB, United States dollars and Hong Kong dollars. The Group has used derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency exposure. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

Pledge of the Group's Assets

The Group pledged its assets as securities for bank and other loan, banking facilities and bills payable which were used to finance daily business operations. As at 31 December 2025, the pledged assets of the Group amounted to RMB13.8 billion (31 December 2024: RMB12.2 billion).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2025, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, the Group did not have any detailed future plans for material investments or capital assets.

Gearing Ratio

As at 31 December 2025, the gearing ratio of the Group was 44.3% (31 December 2024: 42.5%), which was calculated from net debt divided by the sum of net debt and total equity.

Share Option Scheme

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

Details of the outstanding options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the year ended 31 December 2025 are set out below:

Name of Grantees	Date of grant	Exercise price per Share	Outstanding as at 31 December 2024	Number of Share Options			Outstanding as at 31 December 2025
				Granted during the period	Exercised during the period	Lapsed/ Cancelled during the period	
Mr. Zhang Zhicheng — Executive Director	26 April 2018	HK\$22.60	5,500,000 ⁽¹⁾	—	—	—	5,500,000
Total							<u>5,500,000</u>

Note:

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

During the year ended 31 December 2025, no options had been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 31 December 2025, the total number of Shares that may be issued under the Share Option Scheme was 5,500,000 Shares, representing approximately 0.23% of the issued share capital of the Company (excluding treasury shares) as at the date of this announcement, and approximately 0.23% of the weighted average number of Shares in issue during the year ended 31 December 2025.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the year ended 31 December 2025 that is required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

The following table sets forth the consolidated statement of profit or loss of the Company for the years indicated:

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4(a)	164,403,428	168,124,205
Cost of sales and services provided		<u>(155,565,692)</u>	<u>(157,452,291)</u>
Gross profit		<u>8,837,736</u>	<u>10,671,914</u>
Other income and gains, net	4(b)	3,067,285	4,784,427
Selling and distribution expenses		<u>(7,826,865)</u>	<u>(7,552,654)</u>
Administrative expenses		<u>(2,309,271)</u>	<u>(2,129,251)</u>
Other expenses		<u>(2,291,235)</u>	<u>(99,932)</u>
(Loss)/Profit from operations		<u>(522,350)</u>	<u>5,674,504</u>
Finance costs		<u>(1,527,639)</u>	<u>(1,572,886)</u>
Share of losses of joint ventures		<u>(8,207)</u>	<u>(998)</u>
Share of profits of associates		<u>5</u>	<u>2,799</u>
(Loss)/Profit before tax	5	<u>(2,058,191)</u>	4,103,419
Income tax credit/(expense)	6	<u>158,527</u>	<u>(1,032,544)</u>
(Loss)/Profit for the year		<u><u>(1,899,664)</u></u>	<u><u>3,070,875</u></u>
Attributable to:			
Owners of the parent		<u>(1,673,288)</u>	3,212,188
Non-controlling interests		<u>(226,376)</u>	<u>(141,313)</u>
		<u><u>(1,899,664)</u></u>	<u><u>3,070,875</u></u>
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For (loss)/profit for the year (RMB)	7	<u><u>(0.71)</u></u>	<u><u>1.35</u></u>
Diluted			
— For (loss)/profit for the year (RMB)	7	<u><u>(0.71)</u></u>	<u><u>1.35</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

The following table sets forth the consolidated statement of comprehensive income of the Company for the years indicated:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/Profit for the year	<u>(1,899,664)</u>	<u>3,070,875</u>
Other comprehensive (loss)/income		
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(270,662)</u>	<u>4,453</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(270,662)</u>	<u>4,453</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(47,283)	—
Exchange differences on translation of foreign operations	<u>325,215</u>	<u>(240,190)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>277,932</u>	<u>(240,190)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>7,270</u>	<u>(235,737)</u>
Total comprehensive (loss)/income for the year	<u>(1,892,394)</u>	<u>2,835,138</u>
Attributable to:		
Owners of the parent	(1,666,018)	2,976,451
Non-controlling interests	<u>(226,376)</u>	<u>(141,313)</u>
	<u>(1,892,394)</u>	<u>2,835,138</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

The following table sets forth the consolidated statement of financial position of the Company as at the dates indicated:

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		17,874,068	17,323,828
Right-of-use assets		5,053,530	5,266,645
Land use rights		3,319,009	3,448,389
Prepayments		358,537	342,764
Intangible assets		7,921,541	9,238,214
Goodwill		7,082,247	8,272,614
Investments in joint ventures		45,647	53,854
Investments in associates		2,476	2,471
Equity investments designated at fair value through other comprehensive income		171,453	—
Derivative financial instruments		—	20,674
Debt investments at amortised cost		—	73,153
Deferred tax assets		593,632	548,214
		<hr/>	<hr/>
Total non-current assets		42,422,140	44,590,820
CURRENT ASSETS			
Inventories	8	17,934,461	18,476,861
Trade receivables	9	2,962,985	4,653,569
Prepayments, other receivables and other assets		19,833,319	19,312,792
Amounts due from related parties		6,433	7,712
Financial assets at fair value through profit or loss		125,791	124,669
Time deposits and pledged bank deposits		4,936,854	4,256,545
Cash in transit		79,873	60,039
Cash and cash equivalents		15,421,235	18,687,542
		<hr/>	<hr/>
Total current assets		61,300,951	65,579,729

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Bank loans and other borrowings		15,940,481	16,965,321
Lease liabilities		726,432	689,047
Convertible bonds		—	3,356,212
Trade and bills payables	<i>10</i>	16,535,087	12,607,800
Other payables and accruals		3,883,165	4,238,461
Amounts due to related parties		2,877	6,731
Income tax payable		2,073,684	2,153,207
Dividends payable		—	2,000
		<hr/>	<hr/>
Total current liabilities		39,161,726	40,018,779
		<hr/>	<hr/>
NET CURRENT ASSETS		22,139,225	25,560,950
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		64,561,365	70,151,770
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,874,322	3,429,179
Bank loans and other borrowings		13,597,689	15,073,848
Lease liabilities		4,393,825	4,730,926
Derivative financial instruments		165,964	—
		<hr/>	<hr/>
Total non-current liabilities		21,031,800	23,233,953
		<hr/>	<hr/>
Net assets		43,529,565	46,917,817
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		207	207
Treasury shares		(193,649)	(193,649)
Reserves		43,865,741	47,022,883
		<hr/>	<hr/>
		43,672,299	46,829,441
		<hr/>	<hr/>
Non-controlling interests		(142,734)	88,376
		<hr/>	<hr/>
Total equity		43,529,565	46,917,817
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2025

Attributable to owners of the parent

	Share capital RMB'000	Share premium* RMB'000	Equity component of		Treasury shares RMB'000	Discretionary reserve fund* RMB'000	Statutory reserve* RMB'000	Merger reserve* RMB'000	Other reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			convertible bonds* RMB'000	Share option Reserve* RMB'000											
At 1 January 2024	207	4,827,943	20,884	49,391	—	37,110	4,408,661	(1,386,176)	(2,127,183)	—	(961,426)	40,927,885	45,797,296	249,280	46,046,576
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	3,212,188	3,212,188	(141,313)	3,070,875
Other comprehensive loss for the year:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	(235,737)	—	(235,737)	—	(235,737)
Total comprehensive income for the year	—	—	—	—	—	—	—	—	—	—	(235,737)	3,212,188	2,976,451	(141,313)	2,835,138
Repurchase of shares	—	—	—	—	(193,649)	—	—	—	—	—	—	—	(193,649)	—	(193,649)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(14,500)	(14,500)
Transfer from retained profits	—	—	—	—	—	—	170,656	—	—	—	—	(170,656)	—	—	—
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,964)	(3,964)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(15,992)	(15,992)	(1,127)	(17,119)
Final 2023 dividend declared	—	(1,734,665)	—	—	—	—	—	—	—	—	—	—	(1,734,665)	—	(1,734,665)
At 31 December 2024	207	3,093,278	20,884	49,391	(193,649)	37,110	4,579,317	(1,386,176)	(2,127,183)	—	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817
At 1 January 2025	207	3,093,278	20,884	49,391	(193,649)	37,110	4,579,317	(1,386,176)	(2,127,183)	—	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817
Loss for the year	—	—	—	—	—	—	—	—	—	—	—	(1,673,288)	(1,673,288)	(226,376)	(1,899,664)
Other comprehensive income for the year:															
Changes in fair value of equity investments at fair value through other comprehensive income	—	—	—	—	—	—	—	—	—	(47,283)	—	—	(47,283)	—	(47,283)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	54,553	—	54,553	—	54,553
Total comprehensive loss for the year	—	—	—	—	—	—	—	—	—	(47,283)	54,553	(1,673,288)	(1,666,018)	(226,376)	(1,892,394)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,000)	(6,000)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	12,100	12,100
Transfer from retained profits	—	—	—	—	—	—	151,909	—	—	—	—	(151,909)	—	—	—
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(10,209)	(10,209)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(4,508)	(4,508)	(625)	(5,133)
Redemption of convertible bonds	—	—	(20,884)	—	—	—	—	—	—	—	—	—	(20,884)	—	(20,884)
Final 2024 dividend declared	—	(1,465,732)	—	—	—	—	—	—	—	—	—	—	(1,465,732)	—	(1,465,732)
At 31 December 2025	207	1,627,546	—	49,391	(193,649)	37,110	4,731,226	(1,386,176)	(2,127,183)	(47,283)	(1,142,610)	42,123,720	43,672,299	(142,734)	43,529,565

* These reserve accounts comprise the consolidated reserves of RMB43,672,092,000 (2024: RMB46,829,234,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

The following table sets forth the consolidated statement of cash flows of the Company as at the dates indicated:

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
OPERATING ACTIVITIES			
(Loss)/Profit before tax		(2,058,191)	4,103,419
Adjustments for:			
Share of losses/(profits) of joint ventures and associates		8,202	(1,801)
Depreciation of property, plant and equipment	<i>5</i>	1,455,161	1,536,521
Depreciation of right-of-use assets	<i>5</i>	837,145	823,142
Amortisation of land use rights	<i>5</i>	111,172	115,025
Amortisation of intangible assets	<i>5</i>	395,918	402,893
Disposals and impairment of intangible assets	<i>5</i>	1,030,268	—
Impairment of goodwill	<i>5</i>	1,260,967	99,932
Provision of trade receivables	<i>5</i>	24,607	7,588
Write-down of inventories to net realisable value	<i>5</i>	89,757	11,142
Interest income	<i>4(b)</i>	(484,673)	(323,061)
Net losses on disposal of items of property, plant and equipment	<i>4(b)</i>	118,863	27,118
Net losses on disposal of intangible assets		—	1,540
Finance costs		1,527,639	1,572,886
Loss on disposal of subsidiaries	<i>4(b)</i>	18,236	17,244
Fair value (gains)/losses, net:			
Listed equity investments	<i>4(b)</i>	(3,319)	(7,001)
Funds	<i>4(b)</i>	—	1,684
Dividend income from listed equity investments	<i>4(b)</i>	(2,817)	(2,830)
Loss on extinguishment of bonds payable	<i>4(b)</i>	8,282	—
Gains on disposal of right-of-use assets	<i>4(b)</i>	(48,302)	(66,317)
Interest income from debt investments at amortised cost		(2,346)	(5,364)
		4,286,569	8,313,760

<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Increase)/Decrease in cash in transit	(19,219)	58,575
Decrease/(Increase) in trade receivables	1,679,204	(544,201)
Increase in prepayments, other receivables and other assets	(125,109)	(3,094,235)
Decrease/(Increase) in inventories	565,775	(2,092,096)
Increase in trade and bills payables	3,913,218	1,545,742
(Decrease)/Increase in other payables and accruals	(357,336)	439,329
Decrease in amounts due from related parties — trade related	1,279	25,610
Decrease in amounts due to related parties — trade related	(3,854)	(70)
Cash generated from operations	9,940,527	4,652,414
Tax paid	(535,486)	(1,213,014)
Net cash generated from operating activities	9,405,041	3,439,400
INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,886,949)	(2,100,858)
Proceeds from disposal of items of property, plant and equipment	635,139	1,463,417
Purchase of land use rights	—	(175,154)
Purchase of intangible assets	(52,113)	(13,075)
Proceeds from debt investments at amortised cost	73,153	—
Purchase of equity investments at fair value through profit or loss	(212,502)	—
Prepayments for the potential acquisitions of equity interests from third parties	(26,400)	242
Acquisition of subsidiaries	(97,834)	(33,989)
Decrease in prepayments, other receivables and other assets	3,189	1,142,281
Dividends received from listed equity investments	2,817	2,830
Proceeds on disposal of a subsidiary, net of cash	28,195	567
Interest received	484,673	323,061
Disposal of a shareholding in an associate	—	10,209
Net cash (used in)/generated from investing activities	(2,048,632)	619,531

	2025	2024
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
FINANCING ACTIVITIES		
Proceeds from bank loans and other borrowings	94,708,940	100,545,307
Repayments of bank loans and other borrowings	(96,213,305)	(100,094,220)
Repurchase of shares	—	(193,649)
Increase in term deposits and pledged bank deposits	(680,309)	(385,154)
Contributions from the other equity holders of the subsidiaries	12,100	—
Lease payments	(1,169,839)	(1,058,206)
Acquisition of non-controlling interests	(6,000)	(14,500)
Proceeds from issue of bonds payable	—	5,227,508
Extinguishment of bonds payable	(1,123,163)	(2,016,092)
Redemption of convertible bonds	(2,823,798)	—
Interest paid for bank loans and other borrowings	(1,301,132)	(1,219,324)
Interest paid for convertible bonds	(528,162)	(40,165)
Dividends paid to non-controlling shareholders	(5,133)	(17,119)
Dividends paid	(1,467,732)	(1,734,665)
Net cash used in financing activities	(10,597,533)	(1,000,279)
Net (decrease)/increase in cash and cash equivalents	(3,241,124)	3,058,652
Cash and cash equivalents at beginning of year	18,687,542	15,611,984
Effect of foreign exchange rate changes, net	(25,183)	16,906
Cash and cash equivalents at end of year	15,421,235	18,687,542

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company has established a principal place of business in Hong Kong which is located at Rooms 1803-09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2010.

During the year, the Group was principally engaged in the sale and service of motor vehicles.

In the opinion of the directors of the Company (the “Directors”), the ultimate controlling shareholders of the Company are Mr. Huang Yi and Mr. Li Guoqiang.

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is 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 area

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

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

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

(a) Revenue:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or services		
Sales of motor vehicles	138,301,483	140,742,927
Accessories and after-sales services	<u>26,101,945</u>	<u>27,381,278</u>
Total	<u><u>164,403,428</u></u>	<u><u>168,124,205</u></u>
Geographical market		
Chinese Mainland	<u><u>164,403,428</u></u>	<u><u>168,124,205</u></u>
Timing of revenue recognition		
At a point in time	<u><u>164,403,428</u></u>	<u><u>168,124,205</u></u>

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of motor vehicles	2,906,372	2,475,494
Accessories and after-sales services	39,915	142,111
	<hr/>	<hr/>
Total	<u>2,946,287</u>	<u>2,617,605</u>

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

Sale of motor vehicles

The performance obligation is satisfied upon delivery of the motor vehicles and payment in advance is generally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

Sale of accessories

The performance obligation is satisfied upon delivery accessories and payment in advance is generally required.

After-sales services

The performance obligation is satisfied upon the compilation of services and payment is generally due upon completion of services provided, and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	2,673,927	2,946,287
	<hr/>	<hr/>

All amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(b) Other income and gains, net:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Commission income	2,573,665	4,199,812
Rental income	92,494	58,361
Interest income	484,673	323,061
Government grants	198	32,550
Net losses on disposal of items of property, plant and equipment	(118,863)	(27,118)
Loss on disposal of subsidiaries	(18,236)	(17,244)
Gain on lease termination	48,302	66,317
Interest income from debt investments at amortised cost	2,346	5,334
Loss on the extinguishment of bonds payable	(8,282)	—
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss		
— listed equity investments	3,319	7,001
— funds	—	(1,684)
Dividend income from listed equity investments	2,817	2,830
Others	4,852	135,207
Total	<u>3,067,285</u>	<u>4,784,427</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	3,968,599	3,745,645
Pension scheme contributions (defined contribution scheme)*	936,016	950,752
Other welfare	387,057	415,042
	<u>5,291,672</u>	<u>5,111,439</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	152,217,002	153,633,782
Depreciation of property, plant and equipment	1,455,161	1,536,521
Depreciation of right-of-use assets	837,145	823,142
Amortisation of land use rights	111,172	115,025
Amortisation of intangible assets	395,918	402,893
Auditors' remuneration	6,800	6,800
Lease payments not included in the measurement of lease liabilities	592,344	403,673
Promotion and advertisement	1,406,143	1,204,416
Office expenses	399,121	441,333
Logistics expenses	396,819	441,412
Provision of trade receivables	24,607	7,588
Write-down of inventories to net realisable value	89,757	11,142
Net loss on disposal of items of property, plant and equipment	118,863	27,118
Gain on lease termination	(48,302)	(66,317)
Loss on the extinguishment of bonds payable	8,282	—
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss		
— listed equity investments	(3,319)	(7,001)
— funds	—	1,684
Dividend income from listed equity investments	(2,817)	(2,830)
Interest income from debt investments at amortised cost	(2,346)	(5,334)
Impairment of goodwill	1,260,967	99,932
Disposals and impairment of intangible assets	1,030,268	—
Loss on disposal of subsidiaries	18,236	17,244

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX (CREDIT)/EXPENSE

(a) Tax in the consolidated statement of profit or loss represents:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current Chinese Mainland corporate income tax	455,963	1,036,373
Deferred tax	(614,490)	(3,829)
Total	<u>(158,527)</u>	<u>1,032,544</u>

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

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

No Hong Kong tax has been provided as the Group had no assessable profits arising in Hong Kong during the year (2024: Nil).

According to the Corporate Income Tax Law (“CIT”) of the People’s Republic of China, the income tax rates for both domestic and foreign investment enterprises in The Chinese mainland are unified at 25% effective from 1 January 2008.

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

(b) Reconciliation between tax (credit)/expense and accounting (loss)/profit at applicable tax rates:

A reconciliation of the tax (credit)/expense applicable to (loss)/profit before tax using the applicable rate for the regions in which the Company and the majority of its subsidiaries are domiciled to the tax (credit)/expense at the effective tax rate is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/Profit before tax	(2,058,191)	4,103,419
Tax at the statutory tax rate (25%)	(514,547)	1,025,855
Tax effect of non-deductible expenses	270,094	192,707
Income not subject to tax	(45,183)	(85,178)
Profits and losses attributable to jointly-controlled entities and associates	2,051	190
Lower tax rates for specific provinces or enacted by local authority	47,892	(352,125)
Adjustments in respect of current tax of previous periods	(26,116)	26,028
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	36,983	86,613
Tax losses not recognised	70,299	138,454
	<hr/> (158,527) <hr/>	<hr/> 1,032,544 <hr/>
Tax (credit)/expense	(158,527)	1,032,544

7. **(LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic losses or earnings per share amount is based on the loss or profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,366,993,863 (2024: 2,377,083,431) in issue during the year.

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

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

(Losses)/Earnings

	2025	2024
	RMB'000	RMB'000
(Loss)/Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	(1,673,288)	3,212,188
Interest on convertible bonds	21,298	109,687
	<u>(1,651,990)</u>	<u>3,321,875</u>

Shares

	Number of shares	
	2025	2024
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,366,993,863	2,377,083,431
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	<u>—</u>	<u>71,194,165</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>2,366,993,863</u>	<u>2,448,277,596</u>

(Losses)/Earnings per share

	2025	2024
	RMB	RMB
Basic	(0.71)	1.35
Diluted	<u>(0.71)</u>	<u>1.35</u>

8. INVENTORIES

Inventories in the consolidated statement of financial position represent:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Motor vehicles	16,216,238	16,311,581
Spare parts and others	1,874,455	2,231,755
	18,090,693	18,543,336
Less: Provision for inventories	156,232	66,475
Total	17,934,461	18,476,861

As at 31 December 2025, certain of the Group's inventories with a carrying amount of approximately RMB3,455,035,000 (2024: RMB4,604,504,000) were pledged as security for the Group's bank loans and other borrowings.

As at 31 December 2025, certain of the Group's inventories with a carrying amount of approximately RMB5,103,720,000 (2024: RMB3,998,906,000) were pledged as security for the Group's bills payable.

9. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	3,067,159	4,733,136
Impairment	(104,174)	(79,567)
Net carrying amount	2,962,985	4,653,569

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. On 31 December 2025, the Group had certain concentrations of credit risk as 25% of the Group's trade receivables were due from the Group's five largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,719,336	4,545,090
More than 3 months but less than 1 year	210,791	105,073
Over 1 year	32,858	3,406
	<hr/>	<hr/>
Total	<u>2,962,985</u>	<u>4,653,569</u>

The movements in the loss allowance for provision of trade receivables are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	79,567	72,630
Amount written off as uncollectible	—	(651)
Impairment losses, net	24,607	7,588
	<hr/>	<hr/>
At end of year	<u>104,174</u>	<u>79,567</u>

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

10. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	3,250,807	2,907,697
Bills payable	<u>13,284,280</u>	<u>9,700,103</u>
Trade and bills payables	<u><u>16,535,087</u></u>	<u><u>12,607,800</u></u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	15,598,169	11,864,667
3 to 6 months	859,477	635,130
6 to 12 months	26,967	95,224
Over 12 months	<u>50,474</u>	<u>12,779</u>
Total	<u><u>16,535,087</u></u>	<u><u>12,607,800</u></u>

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

11. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final — HK\$0 (2024: HK\$0.678) per ordinary share	<u>—</u>	<u>1,500,000</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2025, a final dividend of HK\$0.678 per ordinary share in respect of the year ended 31 December 2024 was declared and paid to the ordinary equity holders of the Company. The aggregate amount of the final dividend declared and paid in the year ended 31 December 2025 was HK\$1,604,822,000 (equivalent to RMB1,465,732,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025 and up to the date of this announcement, the Company has been in compliance with the code provisions set out in the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025 and up to the date of this announcement.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) throughout the year ended 31 December 2025.

As at 31 December 2025 and up to the date of this announcement, 18,674,500 Shares repurchased are held by the Company as treasury shares, and none of such treasury shares has been sold by the Company. The Board believes that the share buy-backs could reflect the Board’s confidence in the Company’s long-term business prospects.

Employee and Remuneration Policy

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

As at 31 December 2025, the Group had 30,287 employees (31 December 2024: 26,357). The Group strives to offer a harmonious, efficient and productive working environment, a diversified range of training programmes as well as an attractive remuneration package to its employees. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. The Group endeavours to motivate its staff with performance-based remuneration and reward its staff who had outstanding performances with cash bonuses, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals and to create long-term incentives for its staff.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the consolidated financial statements of the Group for the year ended 31 December 2025. The Audit Committee considers that the financial results for the year ended 31 December 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been made.

SCOPE OF WORK OF THE AUDITOR

The figures above in respect of this annual results announcement for the year ended 31 December 2025 have been agreed with the Company’s auditor, Ernst & Young, certified public accountants, to be consistent with the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

FINAL DIVIDEND

The Board proposed not to declare any final dividend for the year ended 31 December 2025.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (“**AGM**”) will be held on Wednesday, 17 June 2026. A circular containing, among other things, the notice of the AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) and the Company (www.zs-group.com.cn) in due course.

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date will be Wednesday, 17 June 2026. In order to qualify for attending and voting at the AGM, unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Thursday, 11 June 2026.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

The annual report of the Company for the year ended 31 December 2025 containing all the information required by Appendix D2 to the Listing Rules will be published on the above websites in due course.

APPRECIATION

Throughout our journey, every step of Zhongsheng's growth has been inseparable from the steadfast trust of our shareholders, the collaborative partnership with our allies, the dedicated efforts of all our employees, and, most importantly, the long-term trust and choices of our valued customers. On behalf of the Board, I would like to express our most sincere gratitude to all colleagues from various sectors who care about and support Zhongsheng's development. In the future, Zhongsheng will always act with reverence and take solid steps, repaying expectations with more professional services, more robust operations, and superior performance. We will join hands with industry partners to collectively promote the high-quality development of the automotive industry, creating sustainable long-term value for our shareholders and society.

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

Hong Kong, 26 March 2026

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

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