



XXF Group Holdings Limited 喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2473



—◆—
2025
INTERIM REPORT
—◆—

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Wei (*Chairman and chief executive officer*)
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Director

Mr. LIU Wei

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

AUDIT COMMITTEE

Mr. FUNG Che Wai, Anthony (*Chairman*)
Mr. WU Fei
Mr. CHEN Shuo

REMUNERATION COMMITTEE

Mr. WU Fei (*Chairman*)
Mr. HUANG Wei
Mr. FUNG Che Wai, Anthony

NOMINATION COMMITTEE

Mr. HUANG Wei (*Chairman*)
Mr. WU Fei
Mr. CHEN Shuo
Ms. ZHANG Jinghua
(*Appointed on 25 June 2025*)
Mr. FUNG Che Wai, Anthony
(*Appointed on 25 June 2025*)

AUTHORIZED REPRESENTATIVES

Mr. HUANG Wei (*Chairman and chief executive officer*)
Ms. ZHANG Jinghua
(*Appointed on 30 April 2025*)
Ms. PENG Liting (ACG, HKACG)
(*Resigned on 30 April 2025*)

COMPANY SECRETARY

Ms. Sze Suet Ling
(*Appointed on 30 April 2025*)
Ms. PENG Liting (ACG, HKACG)
(*Resigned on 30 April 2025*)

REGISTERED OFFICE

Cricket Square
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Grand Cayman
KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

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Fuzhou, Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central and Western
Hong Kong

CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

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Grand Cayman
KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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Queen's Road East
Wan Chai
Hong Kong

HONG KONG LEGAL ADVISOR

Dentons Hong Kong LLP

Suite 3201, Jardine House
1 Connaught Place
Central
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AUDITOR

PricewaterhouseCoopers

Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

PRINCIPAL BANKS

Fujian Haixia Bank, Fuzhou Mindu Branch

Ancillary Building, Labour Building 128 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

China Construction Bank, Fuzhou Chengdong Branch

Mingliu Building
56 Gutian Road
Gulou District
Fuzhou, Fujian Province
PRC

Industrial Bank Co. Ltd., Fuzhou Jiangbin Branch

Area G, Limin Garden
No. 7, Bayiqi South Road
Taijiang District
Fuzhou, Fujian Province
PRC

STOCK CODE

2473

COMPANY WEBSITE

www.xxfqc.com

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

We are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC. The Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services; and (iii) outright car sales business, where we sell cars on a one-off basis.

ANALYSIS OF MACROECONOMIC ENVIRONMENT

In the first half of 2025, the international political landscape remained highly volatile, the complexity of the great power game continued to increase, the global trade chain was reconstructed at an accelerated pace, the economic growth rate continued to slow down, and the capital markets experienced heightened volatility. In the Global Economic Prospects 《全球經濟展望》 report released by the World Bank in June 2025, the World Bank lowered its forecast for global GDP growth in 2025 to 2.3% from 2.7% forecast at the beginning of the year 2025, marking the lowest level since the 2008 financial crisis. In the face of the rapidly changing external environment, China has stepped up the implementation of more proactive and effective counter-cyclical regulatory policies. Exports performed better than expected, industrial production grew at a relatively fast pace, and the economy operated in a relatively stable manner overall. According to data from the National Bureau of Statistics, in the first half of 2025, the GDP reached RMB66.05 trillion, representing a year-on-year increase of 5.3%; on a quarterly basis, the growth rate was 5.4% in the first quarter and 5.2% in the second quarter, and the economic growth rate showed a moderate decline but was still in a reasonable range. The industrial structure continued to be optimized, and the added value of the tertiary industry increased by 5.5%, contributing 59.1% to economic growth. Industrial production performed well with the added value of industries above a designated scale increased by 6.4% year-on-year. Despite a complex and severe international environment, China's economy has shown strong resilience and high-quality development characteristics.

ANALYSIS OF INDUSTRY ENVIRONMENT

In the first half of 2025, China's automotive market continued to maintain a high growth trend under the dual driving forces of the "dual carbon" goals and technological changes. Against the backdrop of the continuously rising penetration rate of new energy vehicles, leading car enterprises strengthened their competitive advantages through product matrix optimization, upgrading of intelligent configurations, and global capacity layout.

The production and sales of Chinese passenger vehicles continued to increase. According to the report released by the China Association of Automobile Manufacturers, in the first half of 2025, the production and sales of passenger vehicles reached 13.522 million units and 13.531 million units respectively, with year-on-year growth rates of 13.8% and 13% respectively. Among them, the domestic sales of Chinese passenger vehicles reached 10.95 million units, representing a year-on-year growth of 13.6%, which shows that the Chinese passenger vehicle market maintained a steady growth trend in the first half of 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The automotive export market is showing a continuous upward trend. According to data from the China Association of Automobile Manufacturers, in the first half of 2025, China exported 2.581 million units of passenger vehicles, representing an increase of 10.3% year-on-year; among them, the export of new energy passenger vehicles reached 1.011 million, representing a surge of 71.3% year-on-year. China's automotive export market is currently in a stage of rapid development. The rise of new energy vehicles, the enhancement of the competitiveness of domestic brands, and the diversified expansion into overseas markets have all provided strong support for the continuous growth of China's automotive exports.

The process of regulatory compliance in e-hailing vehicles industry is accelerating, and the industry ecosystem is continuously improving. In the first half of 2025, over 20 provinces across the country, including Yunnan, Beijing, Shanghai, Shanxi and Henan, have successively introduced new regulatory policies for e-hailing vehicles services. By clearly defining the qualifications of vehicles and drivers, strengthening platform responsibilities, and promoting technological supervision, these measures have promoted the industry to transform towards greater standardization and transparency, and have driven the industry ecosystem to develop in a healthier direction.

POLICIES SUPPORT

During the Reporting Period, the government of the PRC implemented the following policies to stimulate the momentum of the automotive consumption market:

In January 2025, in accordance with the Notice of the General Office of the Ministry of Commerce on Doing a Good Job in the Application for Export Permits of Automobiles and Motorcycles in 2025 《商務部辦公廳關於做好 2025 年度汽車和摩托車出口許可申報工作的通知》, the online application for automobile export permits has been fully launched. Automobile export permits can be uniformly applied for online through the system platform of the Ministry of Commerce. This policy has significantly improved the processing efficiency of export permits for proposed export enterprises through digitalized application, standardized management and strengthened compliance supervision.

In January 2025, the National Development and Reform Commission and the Ministry of Finance issued the Notice on Strengthening the Implementation of Large-scale Equipment Renewal and Consumer Goods Trade-in Policy in 2025 《2025 年加力擴圍實施大規模設備更新和消費品以舊換新政策的通知》. The subsidy policy for "trade-in" was upgraded, the range of scrapped vehicle models was expanded, and the subsidy standards were adjusted. At the same time, eight departments including the Ministry of Commerce refined the operational procedures and strengthened subsidy supervision. This policy effectively stimulated consumers' demand for car purchases, promoted industrial upgrading, and brought dual opportunities for the expansion and transformation of the automotive market.

In May 2025, the People's Bank of China implemented the first policy of cutting reserve requirement ratio of the year, targeting automotive finance companies and finance lease companies by 5 percentage points, releasing about RMB1.2 trillion of long-term funds, increasing the total supply of funds in the automotive finance market, and effectively activating the vitality of the automotive finance leasing business.

In June 2025, six departments including the central bank jointly issued the Guiding Opinions on Financial Support to Boost and Expand Consumption 《關於金融支持提振和擴大消費的指導意見》. It clearly cancels the 85% upper limit on new energy vehicle loans, relaxes the proportion of fuel vehicle loans simultaneously, and guides financial institutions to differentiate pricing according to credit status, optimize loan terms and interest rates, etc., providing more flexible business space for the automotive finance industry.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, we continued to strengthen digital construction to empower business and management. At the same time, by continuously deepening penetration into the lower-tier cities, we consolidated and deepened our core business. We made full use of our own advantages and national policy support to actively expand into overseas markets and achieved the steady development of the Group as a whole. During the Reporting Period, we achieved revenue of RMB769.2 million, representing an increase of 16.8% from RMB658.7 million in the same period last year, gross profit of RMB230.9 million, representing an increase of 10.3% from RMB209.3 million in the same period last year, and profit of RMB22.6 million, representing an increase of 15.9% from RMB19.5 million in the same period last year. Set out below are our overall business strategy and performance during the Reporting Period:

1. Steer the trend and deepen penetration: deepen the strategy of channel penetration and service upgrade, and build a marketing service system with full coverage across the entire territory

During the Reporting Period, we continued to promote the two-wheel drive strategy of channel penetration and service upgrades. In terms of channel penetration, we further accelerated the construction of self-operated sales networks, and the scale of the company's sales network has expanded from 89 as of 31 December 2024 to 110 as of 30 June 2025. Among them, the effect is particularly outstanding in the construction of e-hailing vehicles service outlets. In the face of the regulatory environment of e-hailing vehicles compliance upgrades this year, we have enhanced the precise control of regional market demand, completed the layout of 19 new self-operated service outlets in Eastern PRC and Southern PRC, and further broadened the sales network coverage. In terms of service upgrades, we have further deepened strategic cooperation with Tuhu Car Inc. to realize resource sharing and optimal allocation, accurately capture user needs, and jointly explore new models of professional, intelligent and green automotive services. During the Reporting Period, the number of cooperative service outlets exceeded 7,000, providing customers with a more convenient and high-quality one-stop car maintenance experience.

Benefiting from the continuous construction of the marketing service system, during the Reporting Period, our automobile retail and finance business revenue reached RMB606.6 million with a year-on-year increase of 7.2%, and automobile-related business revenue reached RMB103.6 million with a year-on-year increase of 16.6%. Among them, the overall automobile operating leasing business revenue, including e-hailing vehicles operating leasing revenue, reached RMB96.6 million, representing a year-on-year increase of 19.4%, and achieved rapid growth.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Break boundaries and expand business abroad: open up global market channels and promote new breakthrough paths for global expansion

In the first half of 2025, we adhered to the strategic direction of “expanding overseas market” (揚帆出海) to further accelerate our global expansion efforts.

On the one hand, we continue to improve the capacity building of comprehensive services for domestic export business, including in-depth cooperation in overseas market channels, optimization of international trade service systems and construction of export service networks. In terms of channels, we have strengthened in-depth cooperation with trade channel providers and distributors from various countries to further stabilize our business share. At the same time, in response to the potential demand of the Central Asian market, we completed the upgrade of our wholly-owned subsidiary Horgos subsidiary in May 2025, effectively improving our service capacity and quality for the Central Asian market. Based on the above series of measures, our customer resources have been steadily accumulated and expanded, sales capacity has been steadily improved, and export business has shown a steady growth trend. During the Reporting Period, our export revenue reached RMB38.0 million, covering Southeast Asia, the Middle East, Central Asia, Africa and South America and other countries and regions.

On the other hand, we accelerated the layout of overseas subsidiaries. In May 2025, our wholly-owned subsidiary, Tashkent subsidiary, was officially established and opened in Tashkent, Uzbekistan, and the Group officially entered the overseas market directly, exported comprehensive and diversified service solutions for automobiles in China to local regions, and actively served the needs of local customers and explored the local market. At the end of the Reporting Period, we have collected deposits from 5 batches of customers, successfully completed the purchase of 48 vehicles, and the customer service volume exceeded 300 times. The Group’s first overseas direct service system was successfully implemented, and the business was successfully launched. In the next step, we will accelerate the development and layout of the Central Asian market and build a regional service cluster.

3. Digital and intelligent leap: integrate cutting-edge technology engines to create a data-driven intelligent business model

In the wave of digital economy, we implement the deep integration of technology engines and business scenarios.

In the first half of 2025, by building an artificial intelligence (AI) middle platform and big data platform, we have made important progress in digital transformation, and the scale of digital employees has continued to expand, with a total of 139 deployments, covering 39 key positions, forming a large-scale application trend. We continue to deepen the application of large AI models in risk control, customer service and other scenarios, achieve accurate prediction and response to customer needs through intelligent analysis of historical data, and improve operational efficiency and user experience.

At the same time, we pay special attention to the collaborative innovation of the technology ecosystem, and our risk management work is carried out in accordance with the goal of “IT empowerment and panoramic risk control” planned in the annual strategy. By deepening digitalization construction, we have further improved our risk control model, achieving a manual replacement rate of more than 60%. This has further enhanced our business support efficiency and ensured the safety management level of assets.

In addition, we joined hands with Baiwang to build a smart tax platform, which drives the integration of business, finance and taxation with data intelligence, realizing the intelligence of the whole process of invoicing and certification, and comprehensively upgrading efficiency and risk control.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

Looking ahead to the second half of 2025, we will focus on the following aspects:

In terms of domestic business, we will further combine the demand of China's domestic automobile market and continue to deeply explore the customer demands in the lower-tier markets to promote the sustained and stable growth of our domestic business.

In terms of overseas business expansion, we will continue to seize the opportunity of automobile export development. In addition to the Group's first overseas subsidiary, we will accelerate the layout and construction of other comprehensive service networks abroad, accelerate the promotion of the Group's brand in the international market and accelerate the global layout.

In terms of technology empowerment, we will continue to simplify business processes through intelligent algorithms to achieve continuous improvement of business efficiency and customer experience, and expand the deployment scope of "digital employees" at the same time to achieve intelligent upgrades of sales, risk control and other processes, and further reduce operating costs.

In terms of innovative business, the Group's wholly-owned subsidiary related to the low-altitude economy was established in April 2025, and it obtained the Civil Unmanned Aircraft Operation Certificate 《民用無人駕駛航空器運營合格證》 issued by the Civil Aviation Administration of China in June 2025. In the future, we will actively explore the business in the field of low-altitude economy.

NON-IFRS MEASURES

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, the Company uses adjusted net profit (non-IFRS measures) as an additional financial measure, which is unaudited and not required by, or presented in accordance with, IFRS. We believe that this measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of the Group's operating performance, such as certain non-cash items. The use of this non-IFRS measure has limitations as an analytical tool, and shareholders and potential investors of the Company should not consider them in isolation from, as a substitute for, analysis of, or superior to, the Group's results of operations or financial condition as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of this non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table reconciles our adjusted net profit (non-IFRS measures) presented to the most directly comparable financial measures calculated and presented in accordance with IFRS. Share-based compensation expenses represent a non-cash expense that the Company recognizes in installments at fair value in profit or loss during the waiting period from the grant date to the vesting date under the Pre-IPO Share Option Scheme.

| | For the six months ended 30 June | |
|---|----------------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Profit for the period | 22,570 | 19,479 |
| Add: | | |
| Share-based compensation expenses | 1,756 | 4,395 |
| Adjusted net profit (non-IFRS measures) | 24,326 | 23,874 |

During the Reporting Period, the Group's adjusted net profit was RMB24.3 million, representing an increase of 1.9% compared to RMB23.9 million for the corresponding period of last year, mainly due to the increase in the Group's sales revenue during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

| | For the six months ended 30 June | | | |
|---|----------------------------------|------------|-----------|------------|
| | 2025 | | 2024 | |
| | RMB'000 | percentage | RMB'000 | percentage |
| | Unaudited | | Unaudited | |
| Automobile retail and finance | | | | |
| Sales of automobile under finance lease | 450,485 | 58.6% | 411,239 | 62.5% |
| Finance lease income | 156,086 | 20.3% | 154,369 | 23.4% |
| Sub-total | 606,571 | 78.9% | 565,608 | 85.9% |
| Automobile-related businesses | | | | |
| Automobile operating lease | 96,583 | 12.6% | 80,859 | 12.3% |
| Other automobile-related income | 7,021 | 0.9% | 8,026 | 1.2% |
| Sub-total | 103,604 | 13.5% | 88,885 | 13.5% |
| Outright car sales business | 58,976 | 7.6% | 4,158 | 0.6% |
| Total | 769,151 | 100.0% | 658,651 | 100.0% |

The Group's revenue for the Reporting Period increased by 16.8% from RMB658.7 million for the six months ended 30 June 2024 to RMB769.2 million for the six months ended 30 June 2025, primarily due to (1) the high year-on-year growth of outright car sales business; and (2) the Group's increase in sales results during the Reporting Period as a result of the further expansion of our self-operated sales network and the enhancement of our sales capacity.

Most of our sales outlets are located in tier two, tier three, and below cities. As at 30 June 2025, the number of self-operated sales outlets of the Group was 110, with 46 sales outlets which only provided passenger vehicles, 40 sales outlets which only provided e-hailing vehicles, and 24 sales outlets which provided both passenger vehicles and e-hailing vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

Automobile retail and finance

During the Reporting Period, the Group's revenue from automobile retail and finance business increased by 7.2% from RMB565.6 million for the six months ended 30 June 2024 to RMB606.6 million for the six months ended 30 June 2025. This was mainly due to the increase in vehicle sales under the automobile retail and finance business of the Group during the Reporting Period.

The operating data of the Group's automobile retail and finance business for the year/period indicated are as follows:

| | For the six months ended 30 June | | For the year ended 31 December |
|---|-------------------------------------|-------------------|--------------------------------------|
| | 2025 Unaudited | 2024 Unaudited | 2024 Audited |
| Average principal amount of newly entered finance lease agreements (<i>RMB'000</i>) | 84.8 | 89.4 | 88.3 |
| Average effective interest rate charged for newly entered finance lease agreements (<i>Note 1</i>) | 17.5% | 18.7% | 17.4% |
| Average yield of finance lease receivables (<i>Note 2</i>) | 17.3% | 18.6% | 17.2% |

Notes:

1. Calculated by dividing sum of effective interest rate of newly entered finance lease agreements by the total number of newly entered finance lease agreements entered for the relevant year/period.
2. Calculated by dividing finance lease income for the relevant year/period by the average balance of finance lease receivables.

During the Reporting Period, the average effective interest rate charged by the Group for newly entered finance lease agreements and the average yield of finance lease receivables were basically consistent with those for the year ended 31 December 2024, and decreased slightly compared with those for the six months ended 30 June 2024, mainly due to the decrease in the Group's new financing costs and the simultaneous adjustment of product pricing in the automobile finance and retail business.

Our automobile retail and finance business primarily serves individual customers in tier-two, tier-three, and lower-tier cities across the PRC, with a focus on non-luxury vehicle models. The Group does not have any major customers in terms of revenue contribution of the automobile retail and finance business to the total revenue of the Group.

For the six months ended 30 June 2025 and 2024, the total revenue of the Group attributable to the five largest customers of the Group was 5.5% and 1.3%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of our revenue generated from our automobile retail and finance business by geographical location for the period indicated:

| Geographical location of customers | For the six months ended 30 June | | | |
|------------------------------------|----------------------------------|------------|----------------------|------------|
| | 2025 | | 2024 | |
| | RMB'000 Unaudited | percentage | RMB'000 Unaudited | percentage |
| Eastern PRC | 207,087 | 34.1% | 188,666 | 33.4% |
| Southern PRC | 97,498 | 16.1% | 86,383 | 15.3% |
| Southwestern PRC | 72,232 | 11.9% | 73,117 | 12.9% |
| Central PRC | 53,687 | 8.9% | 60,102 | 10.6% |
| Northern PRC | 71,242 | 11.7% | 70,035 | 12.4% |
| Northwestern PRC | 71,185 | 11.7% | 61,251 | 10.8% |
| Northeastern PRC | 33,639 | 5.6% | 26,054 | 4.6% |
| Total | 606,571 | 100.0% | 565,608 | 100.0% |

During the Reporting Period, the Group's revenue from Eastern PRC, Southern PRC, Northwestern PRC and Northeastern PRC increased slightly compared with the six months ended 30 June 2024, mainly due to the strengthening of the Group's sales network in the corresponding region during the Reporting Period.

Automobile-related businesses

During the Reporting Period, the Group's revenue from automobile-related business increased by 16.6% from RMB88.9 million for the six months ended 30 June 2024 to RMB103.6 million for the six months ended 30 June 2025, primarily due to an increase in the revenue of the Group's automobile operating lease during the Reporting Period.

Outright car sales business

During the Reporting Period, the revenue of the Group's outright car sales business increased from RMB4.2 million for the six months ended 30 June 2024 to RMB59.0 million for the six months ended 30 June 2025, mainly due to the gradual maturity of the Group's outright car sales business model and the increased sales during the Reporting Period.

Cost of sales

During the Reporting Period, the Group's cost of sales increased by 19.8% from RMB449.4 million for the six months ended 30 June 2024 to RMB538.3 million for the six months ended 30 June 2025, mainly due to the increase in sales volume of the Group during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

| | For the six months ended 30 June | | | |
|-------------------------------|----------------------------------|------------------------|----------------------|------------------------|
| | 2025 | | 2024 | |
| | RMB'000 Unaudited | Gross profit margin | RMB'000 Unaudited | Gross profit margin |
| Automobile retail and finance | 208,697 | 34.4% | 193,085 | 34.1% |
| Automobile-related businesses | 20,429 | 19.7% | 16,083 | 18.1% |
| Outright car sales business | 1,748 | 3.0% | 92 | 2.2% |
| Total | 230,874 | 30.0% | 209,260 | 31.8% |

During the Reporting Period, the Group's gross profit increased by 10.3% from RMB209.3 million for the six months ended 30 June 2024 to RMB230.9 million for the six months ended 30 June 2025, primarily due to the increase in gross profit under the automobile retail and finance during the Reporting Period.

During the Reporting Period and the same period in 2024, the Group's consolidated gross profit margin was 30.0% and 31.8% respectively. The consolidated gross profit margin decreased slightly, mainly due to the rapid growth of the revenue of the outright car sales business during the Reporting Period, and the lower gross profit margin compared with other businesses, which lowered the Group's consolidated gross profit margin.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses increased by 16.0% from RMB49.9 million for the six months ended 30 June 2024 to RMB57.9 million for the six months ended 30 June 2025, primarily due to, during the Reporting Period, (1) the increase in our employee benefit expenses as a result of the Group's further expansion of sales efforts and the increase in the number of employees for sales network expansion; and (2) with the increase in sales volume and sales revenue, the expense of automobile increased.

Administrative expenses

During the Reporting Period, the Group's administrative expenses increased by 8.4% from RMB55.9 million for the six months ended 30 June 2024 to RMB60.6 million for the six months ended 30 June 2025, primarily due to the increase in the Group's legal and professional expenses during the Reporting Period.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to RMB0.4 million, which was basically comparable with RMB0.5 million for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income/losses, net

During the Reporting Period, the Group's other income/losses, net increased by 7.9% from RMB6.0 million for the six months ended 30 June 2024 to RMB6.4 million for the six months ended 30 June 2025, primarily due to the increase in the revenue of the Group's assets disposal during the Reporting Period.

Finance cost, net

During the Reporting Period, the Group's finance cost, net increased by 7.7% from RMB80.6 million for the six months ended 30 June 2024 to RMB86.8 million for the six months ended 30 June 2025, primarily due to the increase in scale of the Group's borrowing and financing during the Reporting Period.

Income taxes

During the Reporting Period, the Group recorded income tax expense of RMB5.4 million for the six months ended 30 June 2025, representing a decrease from RMB7.6 million for the six months ended 30 June 2024, mainly due to the decrease in the Group's income tax expense during the Reporting Period as a result of the compliance with the relevant national preferential tax policies and the applicable lower corporate income tax rate.

Profit for the period

During the Reporting Period, the Group's profit for the period increased by 15.9% from RMB19.5 million for the six months ended 30 June 2024 to RMB22.6 million for the six months ended 30 June 2025, mainly due to the increase in the Group's sales revenue during the Reporting Period, which increased the Group's profit in the Reporting Period.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company increased by 14.2% from RMB19.7 million for the six months ended 30 June 2024 to RMB22.5 million for the six months ended 30 June 2025.

INVENTORY MANAGEMENT

The Group's inventories consist of new and repossessed automobiles and vehicle telematics equipment. As at 30 June 2025, the Group's net inventories amounted to approximately RMB153.1 million, representing a decrease of RMB19.0 million from RMB172.1 million as at 31 December 2024, mainly due to the decrease in the Group's inventory amount for the procurement of new automobiles.

The Group monitors our inventories from time to time and strives to maintain an optimal inventory level of automobiles. The Group keeps moving record of our inventory levels with the aid of our IT systems and physical records. We conduct daily inspection of the physical condition of our inventories and monthly physical inventory stocktake to ensure the accuracy of our inventory record.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

Our finance lease receivables mainly include receivables from the automotive finance leasing business. The gross finance lease receivables include the interest and principal that we expect to receive from our customers under the finance lease contract. Finance lease receivables, net represent the gross amount of finance lease receivables minus unearned finance income to be recognized during the lease term.

The overall position of the Group's finance lease receivables, net as at the dates indicated is as follows:

| Period | As at 30 June 2025 | | As at 31 December 2024 | |
|----------------------------|--|------------|--|------------|
| | Finance lease receivables, net RMB'000 Unaudited | percentage | Finance lease receivables, net RMB'000 Audited | percentage |
| Within one year | 778,589 | 42.1% | 767,998 | 42.1% |
| Between one and two years | 541,425 | 29.3% | 527,552 | 28.9% |
| Between two and five years | 530,784 | 28.6% | 527,671 | 29.0% |
| | 1,850,798 | 100.0% | 1,823,221 | 100.0% |

As at 30 June 2025, the Group's net finance lease receivables amounted to RMB1,850.8 million, representing a slight increase as compared with that as at 31 December 2024. The Group's finance lease receivables involved 29,845 contracts (involving 29,324 borrowers). The net finance lease receivables due within one year represents the net finance lease receivables to be received by the Group within one year from the date indicated. As at 30 June 2025, our net finance lease receivables due within one year accounted for 42.1% of the Group's net finance lease receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of our net finance lease receivables by geographical location as at the dates indicated:

| Geographical location of customers | As at 30 June 2025 | | As at 31 December 2024 | |
|------------------------------------|--|------------|--|------------|
| | Finance lease receivables, net RMB'000 Unaudited | percentage | Finance lease receivables, net RMB'000 Audited | percentage |
| Eastern PRC | 842,738 | 45.5% | 778,979 | 42.7% |
| Southern PRC | 247,182 | 13.4% | 258,715 | 14.2% |
| Southwestern PRC | 184,857 | 10.0% | 194,104 | 10.6% |
| Central PRC | 149,158 | 8.1% | 165,717 | 9.1% |
| Northern PRC | 183,194 | 9.9% | 187,645 | 10.3% |
| Northwestern PRC | 167,900 | 9.1% | 164,885 | 9.0% |
| Northeastern PRC | 75,769 | 4.0% | 73,176 | 4.1% |
| Total | 1,850,798 | 100.0% | 1,823,221 | 100.0% |

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the finance lease receivables, net, the past due net finance lease receivables and the corresponding past due ratios, provision for credit loss and corresponding coverage ratios as at the dates indicated:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|--|--|--|
| Finance lease receivables, net | 1,850,798 | 1,823,221 |
| Allowance for impairment of finance lease receivables | 17,183 | 16,625 |
| Allowance to net finance lease receivables ratio (<i>Note 1</i>) | 0.9% | 0.9% |
| Past due net finance lease receivables | | |
| Over one month | 33,956 | 34,425 |
| Over three months | 14,715 | 13,451 |
| Over six months | 6,308 | 5,873 |
| Over one year | 2,719 | 2,563 |
| Past due ratio (<i>Note 2</i>) | | |
| Over one month | 1.8% | 1.9% |
| Over three months | 0.8% | 0.7% |
| Over six months | 0.3% | 0.3% |
| Over one year | 0.1% | 0.1% |
| Past due coverage ratio (<i>Note 3</i>) | | |
| Over one month | 50.6% | 48.3% |
| Over three months | 116.8% | 123.6% |
| Over six months | 272.4% | 283.1% |
| Over one year | 632.0% | 648.7% |

Notes:

1. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year/period divided by net finance lease receivables as at the end of that corresponding year/period.
2. Represents past due net finance lease receivables as at the end of that corresponding year/period divided by total net finance lease receivables as at the end of the corresponding year/period.
3. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year/period divided by past due net finance lease receivables as at the end of that corresponding year/period.



MANAGEMENT DISCUSSION AND ANALYSIS

We actively monitor historical past due ratio and continuously improve our data analytics capabilities, as well as execute post-lease management and loss recovery measures through our automobile monitoring platform and our patent-protected GPS tracking devices installed on all the automobiles leased by us. Therefore, our past due ratios remained at a relatively low level. As at 30 June 2025, our over three months past due ratio, over six months past due ratio and over one year past due ratio were all below 1%.

We recognise the impairment of finance lease receivables by applying the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment losses provided for finance lease receivables are determined based on historically observed default rates over the expected life of finance lease receivables with similar credit risk characteristics and are adjusted for forward-looking estimates.

As at 30 June 2025, the provision ratio of the Group's net finance lease receivables was close to 1%, remaining relatively stable as compared to that as at 31 December 2024. Our over three months past due coverage ratio was 116.8% as at 30 June 2025, representing a slight decrease compared to that as at 31 December 2024. Over six months and over one year past due coverage ratio as at 30 June 2025 decreased compared to that as at 31 December 2024, primarily due to our active monitoring on and continuous improvement in loss recovery measures.

INTERNAL CONTROLS

We have developed risk management and internal monitoring systems to address the risks we are exposed to. In particular, we have developed corresponding risk management policies based on the management characteristics of automotive finance leasing business.

RISK MANAGEMENT POLICY

The credit risk management system of the Group is divided into pre-lease and post-lease credit risk management.

MANAGEMENT DISCUSSION AND ANALYSIS

Pre-lease credit assessment and approval process:

During our credit assessment and approval process for our automobile retail and finance business, we generally consider both (i) qualitative factors, which may include age, location, driving penalty records, credit history and litigation records; (ii) quantitative factors, which may include the proposed principal amount of the lease transaction, value of the personal assets and personal income level.

We generally require potential finance lease customers to fulfil our preliminary requirements, including (i) holding a valid PRC identity card; (ii) holding a valid PRC driving license (with less than 12 points deducted); (iii) aged between 18 and 60 years old (inclusive). The Group may also require them to produce (i) property ownership certificate; (ii) business registration certificate (for corporate customers); and/or (iii) proof of employment and salary records of the last six months.

If the potential customers have satisfied the above preliminary requirements, the Group will perform credit assessment based on their information such as checking their name, identity card number and mobile phone number against the Group's self-maintained database as well as the third party databases. Our risk management system allows a bilateral flow of statistics and data between our management systems for pre-credit risk and post-credit risk, which is conducive to the improvement of our future credit risk analysis model. Leveraging our data analytics capabilities, we are able to complete the credit assessment and approval within a relatively short period of time to maintain the Group's competitiveness.

During the above process, the Group's sales staff maintains close communication with the customer in order to complete the necessary manual evaluation process.

After the assessments, we will notify our customers of the assessment results. Before execution of the agreements, we will conduct face-to-face interviews with our customers in order to verify their identity and to ensure that our customers understand the terms and conditions of the agreements. Our customers are then required to settle the initial payment and execute the agreements and other necessary documents. The customers' information will be recorded into our ERP system at the same time.

Before the automobile handover, we will ensure that our GPS tracking devices preinstalled on the leased automobiles function properly. After completion of the standard procedures, we will hand over the leased automobiles to our customers.

Post-lease credit risk management:

After the automobile handover, the Group will monitor customer's periodic payments and automobile activities. We monitor the status of the leased automobiles through the GPS tracking devices preinstalled and/or our automobile monitoring platform from time to time. Our customer service department usually sends payment reminders through our management system three to five days before the due date of the respective payment, mostly through text messages to our customers.

Our finance department checks and monitors the collection of payments from our customers on a daily basis and inputs the payment records into our ERP system. If any default or delinquency on payment arises, our customer service department will continue to send out reminders to these customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Generally, if (i) any payment is overdue for over 35 days despite our repeated reminders; or (ii) any irregular activity (such as abnormal trajectory or vanishing GPS signal) is observed for at least three days on our automobile monitoring platform, we may exercise our right to repossess the automobile directly.

After the repossession, our technical department will check and remove any GPS tracking devices not installed by us to avoid any potential tracking and stealing of the automobiles by the customers in breach. Our legal department will also implement other necessary legal measures permitted by law. In the case where our customers are unable to continue with the due performance of the contracts or we cannot get in touch with our customers by all reasonable means, we will terminate the relevant contracts.

If the repossessed automobiles do not meet the normal safety requirements or driving conditions, they will be sent to third party automobile service workshop for repair, in order to be sold under finance lease or operated as operating lease vehicles. Automobiles with severe accident histories, the repair cost of which is significantly higher than one-off selling price, will be disposed of directly through one-off sales.

CAPITAL MANAGEMENT

The Group regularly reviews and manages our capital structure to maintain a balance between debt financing and equity financing and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors our capital on the basis of the gearing ratio.

The Group manages our capital to ensure that our group companies can repay or refinance debts when they fall due and comply with all the applicable laws and regulations while maximising the return to Shareholders through balancing our debt financing and equity financing. The Group strives to balance the objectives of matching the cash inflow of our customers' automobile finance lease with the cash outflow of our borrowings and growing our business.

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---------------------------------|---|--|
| Borrowings | 2,441,445 | 2,281,558 |
| Lease liabilities | 14,137 | 11,195 |
| Less: cash and cash equivalents | (333,771) | (340,598) |
| Net debt | 2,121,811 | 1,952,155 |
| Total equity | 852,272 | 827,846 |
| Total capital | 2,974,083 | 2,780,001 |
| Gearing ratio (<i>Note</i>) | 71.3% | 70.2% |

Note: Gearing ratio is calculated as net debt divided by total capital.

As at 30 June 2025, our gearing ratio increased to 71.3% from 70.2% as at 31 December 2024, mainly due to the increase in net debt of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| Current assets | | |
| Inventories | 153,093 | 172,137 |
| Finance lease receivables | 765,692 | 755,884 |
| Trade receivables | 14,504 | 14,768 |
| Prepayments, deposits and other receivables | 419,823 | 381,550 |
| Restricted cash | 3,900 | – |
| Cash and cash equivalents | 333,771 | 340,598 |
| Total current assets | 1,690,783 | 1,664,937 |
| Current liabilities | | |
| Borrowings | 1,185,430 | 1,151,920 |
| Trade payables | 28,506 | 80,584 |
| Other payables and accruals | 60,295 | 89,486 |
| Lease liabilities | 7,107 | 5,720 |
| Current income tax payable | 10,852 | 14,062 |
| Total current liabilities | 1,292,190 | 1,341,772 |
| Net current assets | 398,593 | 323,165 |

As at 30 June 2025, the Group's net current assets increased to RMB398.6 million from RMB323.2 million as at 31 December 2024, mainly due to the increase in current assets such as finance lease receivables, prepayments, deposits and other receivables and the decrease in current liabilities such as trade payables during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group's subsidiaries primarily operate in the PRC and the majority of the Group's revenue and expenditures are denominated in RMB. For the Reporting Period, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

TREASURY POLICY

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

CAPITAL EXPENDITURES

During the Reporting Period, the Group's capital expenditures increased by 12.1% from RMB174.0 million for the six months ended 30 June 2024 to RMB195.2 million for the six months ended 30 June 2025, mainly due to the increase in expenditures for the Group's purchase of property and equipment and additions of intangible assets during the Reporting Period.

CHARGES ON ASSETS

The Group's borrowings are secured by certain assets as collateral for our borrowings. As at 30 June 2025, the secured assets involved in the Group's borrowings increased to RMB2,350.6 million from RMB2,249.2 million as at 31 December 2024. Of which, (1) as at 30 June 2025, the secured property and equipment increased to RMB467.0 million from RMB376.8 million as at 31 December 2024; (2) secured borrowings deposit decreased to RMB51.5 million from RMB57.5 million as at 31 December 2024; (3) secured inventory decreased to RMB79.6 million from RMB103.0 million as at 31 December 2024; and (4) secured finance lease receivables increased to RMB1,752.5 million from RMB1,711.9 million as at 31 December 2024.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments and future plans for material investments or capital assets as at 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

There were no material acquisitions or disposals of subsidiaries, joint ventures and associates during the Reporting Period.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2025.

FINANCIAL INSTRUMENTS

The Group did not have any outstanding hedge contracts or financial derivative instruments as at 30 June 2025.

OTHER INFORMATION

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

From the date of the Company's 2024 annual report, changes in the information of the Directors are set out below:

In January 2025, Mr. Chen Shuo resigned as the vice president of China Haichuang Technology (Fujian) Group Co., Ltd (中海創科技(福建)集團有限公司).

With effect from 25 June 2025, Ms. Zhang Jinghua and Mr. Fung Che Wai, Anthony were appointed as members of the Nomination Committee of the Company.

Save as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules from the date of the Company's 2024 annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 1,270 full-time employees, among which 1,267 employees were based in Mainland China and 3 employees were based in Hong Kong.

The employee benefit expenses of the Group, including Directors' remuneration, was approximately RMB76.5 million for the six months ended 30 June 2025, as compared to approximately RMB70.1 million for the six months ended 30 June 2024. The remuneration package of employees generally includes salary and year-end bonus, as well as share incentive for our key management personnel. The Group also offers performance bonus subject to regular performance appraisals. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund and housing provident fund as applicable.

The Group has developed a systematic training system comprising an e-learning platform, internal seminars and management trainings to improve the essential work-related skills of our employees. We also cooperate with other external institutions to host trainings and facilitate industry exchange. We have established an internal training programme which serves to improve and standardize the training activities and system for our employees. We have also implemented a set of security training policy in respect of personal data protection, which stipulates that regular training on a quarterly basis should be provided for all employees as a reminder and update on personal data protection and mandatory acknowledgement of the collection of personal data protection policy by all new employees should be required.

In addition, the Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the paragraphs headed "Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme" and "Statutory and General Information-D. Other Information-1. Share Option Scheme" in Appendix IV to the Prospectus for further details.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

| Name of Director/ Chief Executive | Capacity | No. of Shares ⁽¹⁾ | Number of Underlying Shares | Approximate Percentage of Shareholding Interest ⁽⁷⁾ |
|--------------------------------------|-------------------------------------|--------------------------------|-----------------------------------|---|
| Mr. Huang Wei | Interest of controlled corporations | 385,831,065 (L) ⁽²⁾ | – | 24.94% |
| | Beneficial owner | – | 11,459,700 (L) ⁽³⁾ | 0.74% |
| Mr. Ye Fuwei | Interest of controlled corporation | 2,863,587 (L) ⁽⁴⁾ | – | 0.19% |
| | Beneficial owner | – | 11,427,300 (L) ⁽⁵⁾ | 0.74% |
| Ms. Zhang Jinghua | Beneficial owner | – | 3,000,000 (L) ⁽⁶⁾ | 0.19% |

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. Each of Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited, Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.
- (3) Mr. Huang Wei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (4) Billion Aspire Holdings Limited is beneficially and wholly owned by Mr. Ye Fuwei. By virtue of the SFO, Mr. Ye Fuwei is deemed to be interested in the Shares held by Billion Aspire Holdings Limited.
- (5) Mr. Ye Fuwei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (6) Ms. Zhang Jinghua is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (7) The approximate percentages were calculated based on 1,546,875,000 ordinary shares of the Company in issue as at 30 June 2025.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, so far as is known to the Board, the following persons had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

| Name of Substantial Shareholder | Capacity | Number of Shares ⁽¹⁾ | Approximate Percentage of Shareholding Interest ⁽⁸⁾ |
|--|-------------------------------------|--------------------------------------|--|
| Mr. Huang Wei | Interest of controlled corporations | 385,831,065 (L) ⁽²⁾⁽³⁾⁽⁴⁾ | 24.94% |
| | Beneficial owner | 11,459,700 (L) ⁽⁵⁾ | 0.74% |
| Glorypearl Capital Resources Company Limited | Beneficial owner | 190,629,882 (L) ⁽²⁾ | 12.32% |
| Prosperous Splendor Investment Holding Limited | Beneficial owner | 143,190,090 (L) ⁽⁶⁾ | 9.26% |
| Mr. Liu Yonghui | Interest of controlled corporation | 143,190,090 (L) ⁽⁶⁾ | 9.26% |
| Charming Tulip Holdings Limited | Beneficial owner | 124,486,491 (L) ⁽⁷⁾ | 8.05% |
| Shanghai Xuante Enterprise Management Co. Ltd. | Interest of controlled corporation | 124,486,491 (L) ⁽⁷⁾ | 8.05% |
| Mr. Lin Dachun | Interest of controlled corporations | 124,486,491 (L) ⁽⁷⁾ | 8.05% |
| Ms. Qiu Hui | Interest of controlled corporations | 124,486,491 (L) ⁽⁷⁾ | 8.05% |
| Precious Luck Developments Management Limited | Beneficial owner | 105,475,455 (L) ⁽³⁾ | 6.82% |
| Shanghai Boyu Enterprise Management Partnership (Limited Partnership) | Interest of controlled corporation | 105,475,455 (L) ⁽³⁾ | 6.82% |
| Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership) | Interest of controlled corporations | 105,475,455 (L) ⁽³⁾ | 6.82% |
| Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd. | Interest of controlled corporations | 105,475,455 (L) ⁽³⁾ | 6.82% |

OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited.
- (3) Precious Luck Developments Management Limited is wholly owned by Shanghai Boyu Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd. as the executive partner and general partner, which is owned as to 99% by Mr. Huang Wei and 1% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership). Shanghai Boyu Enterprise Management Partnership (Limited Partnership) is controlled as to 76.9% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership) as limited partner. Mr. Huang Wei is also the executive partner and general partner of Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership), therefore Shanghai Boyu Enterprise Management Partnership (Limited Partnership) is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, each of Mr. Huang Wei, Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd., Shanghai Boyu Enterprise Management Partnership (Limited Partnership) and Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership) is deemed to be interested in the Shares held by Precious Luck Developments Management Limited.
- (4) Each of Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited directly held 57,271,740 Shares and 32,453,985 Shares. Happy Gain Business Developments Limited is wholly owned by Shanghai Bo Yu Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fuzhou Weichuang Xingsheng Enterprise Management Co., Ltd. as the executive partner and general partner which is wholly owned by Mr. Huang Wei. Southern Fortune Enterprises Management Limited is wholly owned by Shanghai Boyun Enterprise Management Partnership (Limited Partnership), a limited partnership controlled by Fujian Free Trade Zone Pingtan Area Fuyuan Investment Partnership Enterprise (Limited Partnership) as the executive partner and general partner which is in turn controlled by Mr. Huang Wei as the executive partner and general partner. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.
- (5) Mr. Huang Wei is interested in such underlying Shares by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (6) Prosperous Splendor Investment Holding Limited is owned as to 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei (our non-executive Director). By virtue of the SFO, Mr. Liu Yonghui is deemed to be interested in the Shares held by Prosperous Splendor Investment Holding Limited.
- (7) Charming Tulip Holdings Limited is wholly owned by Shanghai Xuante Enterprise Management Co. Ltd., which is owned as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun. By virtue of the SFO, each of Ms. Qiu Hui, Mr. Lin Dachun and Shanghai Xuante Enterprise Management Co. Ltd. is deemed to be interested in the Shares held by Charming Tulip Holdings Limited.
- (8) The approximate percentages were calculated based on 1,546,875,000 ordinary shares of the Company in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

OTHER INFORMATION

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 9 November 2023. The net proceeds from the Global Offering which the Company received, after deducting the underwriting commissions and expenses in relation to the Global Offering payable by the Company, was approximately HK\$28.8 million.

As at 30 June 2025, the utilization of proceeds raised was as follows:

| Item | Net proceeds from the Global Offering | | Amounts unutilized as at 1 January 2025 | | Amounts utilized during the Reporting Period | | Accumulated Amounts utilized as at 30 June 2025 | | Amounts unutilized as at 30 June 2025 | | Expected timetable of the unutilized net proceeds |
|----------------------------|---------------------------------------|---------------|---|--------------|--|--------------|---|---------------|---------------------------------------|--------------|---|
| | HK\$'000 | RMB'000 | HK\$'000 | RMB'000 | HK\$'000 | RMB'000 | HK\$'000 | RMB'000 | HK\$'000 | RMB'000 | |
| Purchase of automobiles | 17,449 | 16,484 | - | - | - | - | 17,449 | 16,484 | - | - | - |
| Expansion of sales network | 11,326 | 10,700 | 8,065 | 7,688 | 5,931 | 5,486 | 9,192 | 8,498 | 2,134 | 2,202 | Expected to be before end of December 2026 |
| Total | 28,775 | 27,184 | 8,065 | 7,688 | 5,931 | 5,486 | 26,641 | 24,982 | 2,134 | 2,202 | |

As at the date of this report, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the Company on 9 October 2023. The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to (i) any full-time employee, administrative personnel, and senior staff of the Group; (ii) any director (including non-executive director and independent non-executive director) of the Group; and any other eligible person who, in the discretion of the Board, has made contributions or will make contributions to the Group, as incentives or rewards for their contribution or potential contribution to any member of the Group. For more details of the Pre-IPO Share Option Scheme, please refer to "Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The maximum number of Shares in respect of which options or awards may be granted under the Pre-IPO Share Option Scheme is 116,015,625 Shares. No option shall be granted under the Pre-IPO Share Option Scheme on or after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme prior to the Listing Date, and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

OTHER INFORMATION

The table below shows details of the movements during the Reporting Period in the number of share options granted under the Pre-IPO Share Option Scheme:

| Grantees | Date of Grant | Exercise price | Outstanding as of 1 January 2025 | Exercised | Cancelled | Lapsed | Outstanding as of 30 June 2025 |
|-------------------------------|-----------------|----------------|----------------------------------|-----------|-----------|--------------------------|--------------------------------|
| Directors | | | | | | | |
| Mr. Huang Wei | 18 October 2023 | HK\$0.183 | 11,459,700 ⁽¹⁾ | – | – | – | 11,459,700 |
| Mr. Ye Fuwei | 18 October 2023 | HK\$0.183 | 11,427,300 ⁽¹⁾ | – | – | – | 11,427,300 |
| Ms. Zhang Jinghua | 18 October 2023 | HK\$0.183 | 3,000,000 ⁽¹⁾ | – | – | – | 3,000,000 |
| Sub-total | | | 25,887,000 | | | | 25,887,000 |
| Connected persons | | | | | | | |
| Ms. Ye Ying | 18 October 2023 | HK\$0.183 | 5,400,000 ⁽¹⁾ | – | – | – | 5,400,000 |
| Mr. Qiu Guohu | 18 October 2023 | HK\$0.183 | 2,400,000 ⁽¹⁾ | – | – | – | 2,400,000 |
| Mr. Ye Song | 18 October 2023 | HK\$0.183 | 1,800,000 ⁽¹⁾ | – | – | – | 1,800,000 |
| Mr. He Xiaowu | 18 October 2023 | HK\$0.183 | 450,000 ⁽¹⁾ | – | – | – | 450,000 |
| Mr. Yang Jiabin | 18 October 2023 | HK\$0.183 | 600,000 ⁽¹⁾ | – | – | – | 600,000 |
| Sub-total | | | 10,650,000 | | | | 10,650,000 |
| Employees in aggregate | | | | | | | |
| 166 employees | 18 October 2023 | HK\$0.183 | 66,060,000 ⁽¹⁾ | – | – | 1,440,000 ⁽²⁾ | 64,620,000 |
| Sub-total | | | 66,060,000 | | | | 64,620,000 |
| Total | | | 102,597,000 | | | | 101,157,000 |

Notes:

- (1) The exercise period of the options granted to the grantees shall be five years from the respective vesting date of the relevant options. The options granted to the grantees were or will be vested in the grantee in the following manners and in accordance with the following vesting schedule provided that the vesting conditions determined by the Board are satisfied in the relevant financial year: (i) 20% of the total number of the share options granted were vested in the financial year of the Listing Date; (ii) 20% of the total number of the share options granted were vested in the financial year immediately following the Listing Date; (iii) 20% of the total number of the share options granted will be vested in the second financial year after the Listing Date; (iv) 20% of the total number of the share options granted will be vested in the third financial year after the Listing Date; and (v) 20% of the total number of the share options granted will be vested in the fourth financial year after the Listing Date.
- (2) These options lapsed automatically and became unexercisable in accordance with the rules of the Pre-IPO Share Option Scheme due to the cessation of employment of the relevant employees during the Reporting Period.

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

OTHER INFORMATION

2. Share Option Scheme

The Company conditionally approved and adopted the Share Option Scheme on 9 October 2023, which became effective upon the Listing Date. Since the Listing Date and up to 30 June 2025, no options have been granted or agreed to be granted under the Share Option Scheme. The principal terms of the Share Option Scheme are set out as follows.

(a) Purpose

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with the rules of the Share Option Scheme:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, distributors and such other persons who provide services to the Company and/or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long term growth of the Group, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers who provide assurance or are required to perform their services with impartiality and objectivity (“**Service Providers**”).

OTHER INFORMATION

(c) Maximum of Shares

The maximum number of Shares in respect of which all options which may be granted under the Share Option Scheme and all share options and share awards under any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering ("**Scheme Mandate Limit**"). As the Company's Share subdivision took effect on 5 December 2024, the Scheme Mandate Limit of the Shares was adjusted to 10% of the total number of Shares in issue immediately following completion of the Share subdivision, being 154,687,500 Shares, representing 10% of the total number of Shares in issue as of the date of this report. The number of options and awards available for grant under the Scheme Mandate Limit was 154,687,500 as at 1 January 2025 and 154,687,500 as at 30 June 2025. Subject to the foregoing, the total number of Shares which may be allotted and issued in respect of all options to be granted under the Share Option Scheme and under any other share option schemes of the Company to the Service Providers shall be within the Scheme Mandate Limit and must not in aggregate exceed 1% of Shares in issue immediately after completion of the Global Offering ("**Service Provider Sublimit**"). As the Company's Share subdivision took effect on 5 December 2024, the Service Provider Sublimit of the Shares was adjusted to 1% of the total number of Shares in issue immediately following completion of the Share subdivision, being 15,468,750 Shares, representing 1% of the total number of Shares in issue as of the date of this report. As at 1 January 2025 and 30 June 2025, both numbers of options and awards available for grant under the Service Provider Sublimit were 15,468,750.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of all options granted under the Share Option Scheme and all share options and share awards granted under any other share schemes of the Company (including both exercised and outstanding share options and share awards) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the relevant requirements pursuant to the Listing Rules.

(e) Acceptance of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of RMB1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date, which shall be not later than 14 days after the offer date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

OTHER INFORMATION

(g) Vesting period

The vesting period of an option shall be determined by the Board and in any case, shall not be less than 12 months. A shorter vesting period may be granted to directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) at the discretion of the Board in certain circumstances as provided under the rules of the Share Option Scheme.

(h) Exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(i) Period and remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. the Listing Date). No option may be granted under the Share Option Scheme for a period of 10 years after the Listing Date.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (for the same period of 2024: Nil).

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed "Share Incentive Schemes" in this interim report, the Company had no outstanding convertible securities, options, warrants and similar rights during the Reporting Period and there was no issue or grant of any convertible securities, options, warrants and similar rights during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at the date of this report, no treasury shares were held by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required under the Listing Rules as at the date of this report.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the section headed "Share Incentive Schemes" in this interim report, at no time during the Reporting Period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Wei is the chairman and chief executive officer of the Group. In view of the fact that Mr. Huang has been assuming day-to-day responsibilities in operating and managing the Group since September 2007, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from Corporate Governance Code provision C.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code for the Reporting Period.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there were no subsequent events for the Company after the Reporting Period.

OTHER INFORMATION

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee consists of Mr. Fung Che Wai, Anthony, Mr. Wu Fei and Mr. Chen Shuo, with Mr. Fung Che Wai, Anthony serving as the chairman. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, internal control and risk management systems of the Group, overseeing the audit process, developing and reviewing the Group's policies, and performing other duties and responsibilities as assigned by the Board.

The interim results have not been reviewed by external auditors. The Audit Committee has jointly reviewed with the management, the interim results for the Reporting Period, this interim report, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025) of the Group. The Audit Committee considered that the unaudited consolidated financial statements of the Group are in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommended the Board to approve the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | Note | Six months ended 30 June | |
|--|------|--------------------------|----------------------|
| | | 2025 | 2024 |
| | | RMB'000 Unaudited | RMB'000 Unaudited |
| Revenue | 6 | 769,151 | 658,651 |
| Cost of revenue | 9 | (538,277) | (449,391) |
| Gross profit | | 230,874 | 209,260 |
| Selling and marketing expenses | 9 | (57,867) | (49,882) |
| Administrative expenses | 9 | (60,553) | (55,880) |
| Research and development expenses | 9 | (422) | (450) |
| Provision for credit loss | | (3,642) | (1,323) |
| Other income, net | 7 | 9,512 | 12,416 |
| Other losses, net | 8 | (3,084) | (6,460) |
| Operating profit | | 114,818 | 107,681 |
| Finance income | | 929 | 796 |
| Finance cost | | (87,751) | (81,410) |
| Finance cost, net | 10 | (86,822) | (80,614) |
| Share of profit of investment accounted for using the equity method | 15 | (76) | (3) |
| Profit before income tax | | 27,920 | 27,064 |
| Income tax expenses | 11 | (5,350) | (7,585) |
| Profit for the period | | 22,570 | 19,479 |
| Profit/(loss) attributable to: | | | |
| — Owners of the Company | | 22,486 | 19,685 |
| — Non-controlling interests | | 84 | (206) |
| | | 22,570 | 19,479 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | Note | Six months ended 30 June | |
|---|------|--------------------------|----------------------|
| | | 2025 | 2024 |
| | | RMB'000 Unaudited | RMB'000 Unaudited |
| Profit for the period | | 22,570 | 19,479 |
| Other comprehensive loss | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange difference arising from the translation of the Company's functional currency to presentation currency | | 100 | 865 |
| Changes in fair value of ordinary share with redemption right due to own credit risk | | — | — |
| Items that will be reclassified to profit or loss: | | | |
| Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency | | — | (2,389) |
| | | 100 | (1,524) |
| Total comprehensive income for the period | | 22,670 | 17,955 |
| Total comprehensive income/(loss) for the period attributable to: | | | |
| — Owners of the Company | | 22,586 | 18,161 |
| — Non-controlling interests | | 84 | (206) |
| | | 22,670 | 17,955 |
| Earnings per share for profit attributable to owners of the Company for the period (RMB cents) | | | |
| — Basic | 12 | 1.45 | 1.27 |
| — Diluted | 12 | 1.37 | 1.24 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

| | | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|--|------|--|--|
| | Note | | |
| Assets | | | |
| Non-current assets | | | |
| Property and equipment | 14 | 554,335 | 494,332 |
| Intangible assets | 14 | 20,277 | 20,617 |
| Finance lease receivables | 16 | 1,067,923 | 1,050,712 |
| Prepayments and deposits | | 26,888 | 30,604 |
| Investment of associates accounted for using equity method | 15 | 48,454 | 48,530 |
| | | 1,717,877 | 1,644,795 |
| Current assets | | | |
| Inventories | 18 | 153,093 | 172,137 |
| Finance lease receivables | 16 | 765,692 | 755,884 |
| Trade receivables | 17 | 14,504 | 14,768 |
| Prepayments, deposits and other receivables | | 419,823 | 381,550 |
| Restricted cash | | 3,900 | – |
| Cash and cash equivalents | | 333,771 | 340,598 |
| | | 1,690,783 | 1,664,937 |
| Total assets | | 3,408,660 | 3,309,732 |
| Equity and liabilities | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 21 | 4,657 | 4,657 |
| Other reserves and retained earnings | | 841,815 | 817,473 |
| | | 846,472 | 822,130 |
| Non-controlling interests | | 5,800 | 5,716 |
| Total equity | | 852,272 | 827,846 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

| | <i>Note</i> | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|-------------------------------------|-------------|--|--|
| Non-current liabilities | | | |
| Borrowings | 20 | 1,256,015 | 1,129,638 |
| Lease liabilities | | 7,030 | 5,475 |
| Deferred income tax liabilities | | 1,153 | 5,001 |
| | | 1,264,198 | 1,140,114 |
| Current liabilities | | | |
| Borrowings | 20 | 1,185,430 | 1,151,920 |
| Trade payables | 19 | 28,506 | 80,584 |
| Other payables and accruals | | 60,295 | 89,486 |
| Lease liabilities | | 7,107 | 5,720 |
| Current income tax payable | | 10,852 | 14,062 |
| | | 1,292,190 | 1,341,772 |
| Total liabilities | | 2,556,388 | 2,481,886 |
| Total equity and liabilities | | 3,408,660 | 3,309,732 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

| | Share capital RMB'000 | Share premium RMB'000 | Other reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non- controlling interests RMB'000 | Total equity RMB'000 |
|--|-----------------------------|-----------------------------|------------------------------|---------------------------------|------------------|---|----------------------------|
| Unaudited | | | | | | | |
| Balance at 1 January 2025 | 4,657 | 485,185 | 35,431 | 296,857 | 822,130 | 5,716 | 827,846 |
| Comprehensive income/(loss) | | | | | | | |
| Profit/(loss) for the period | – | – | – | 22,486 | 22,486 | 84 | 22,570 |
| Exchange difference arising from translation of functional currency to presentation currency | – | – | 100 | – | 100 | – | 100 |
| Total comprehensive income/(loss) for the period | – | – | 100 | 22,486 | 22,586 | 84 | 22,670 |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share-based payments | – | – | 1,756 | – | 1,756 | – | 1,756 |
| Total transactions with owners in their capacity as owners | – | – | 1,756 | – | 1,756 | – | 1,756 |
| Balance at 30 June 2025 | 4,657 | 485,185 | 37,287 | 319,343 | 846,472 | 5,800 | 852,272 |
| Unaudited | | | | | | | |
| Balance at 1 January 2024 | 4,657 | 485,185 | 23,495 | 262,156 | 775,493 | 5,957 | 781,450 |
| Comprehensive income/(loss) | | | | | | | |
| Profit/(loss) for the period | – | – | – | 19,685 | 19,685 | (206) | 19,479 |
| Exchange difference arising from translation of functional currency to presentation currency | – | – | (1,534) | – | (1,534) | 10 | (1,524) |
| Total comprehensive income/(loss) for the period | – | – | (1,534) | 19,685 | 18,151 | (196) | 17,955 |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share-based payments | – | – | 4,395 | – | 4,395 | – | 4,395 |
| Total transactions with owners in their capacity as owners | – | – | 4,395 | – | 4,395 | – | 4,395 |
| Balance at 30 June 2024 | 4,657 | 485,185 | 26,356 | 281,841 | 798,039 | 5,761 | 803,800 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | Unaudited | Unaudited |
| Cash flows from operating activities | | |
| Cash generated from operations | 69,309 | 97,016 |
| Income tax paid | (12,409) | (7,958) |
| Interest paid | (87,751) | (81,410) |
| Net cash generated from operating activities | (30,851) | 7,648 |
| Cash flows from investing activities | | |
| Interest received | 181 | 242 |
| Proceeds from disposal of property and equipment | 19,190 | 15,018 |
| Payment for purchase of property and equipment | (135,880) | (138,430) |
| Payment for addition of intangible assets | (5,004) | (4,831) |
| Investment in associates | – | (22,500) |
| Proceeds from disposal of financial assets at fair value through profit or loss | – | 7,000 |
| Net cash used in investing activities | (121,513) | (143,501) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 1,193,601 | 721,223 |
| Repayments of borrowings | (1,049,917) | (597,213) |
| Repayment of lease liabilities | (4,234) | (3,269) |
| Placement of deposits for borrowings | (10,177) | (10,409) |
| Redemption of deposits for borrowings | 16,150 | 7,410 |
| Prepaid listing expenses | – | (1,534) |
| Net cash generated from financing activities | 145,423 | 116,208 |
| Net (decrease)/increase in cash and cash equivalents | (6,941) | (19,645) |
| Cash and cash equivalents at beginning of period | 340,598 | 267,733 |
| Effect on foreign exchange rate difference | 114 | 256 |
| Cash and cash equivalents at end of period | 333,771 | 248,344 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

XXF Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of automobile services, including automobiles retail, automobiles financing, automobiles rental and automobile-related services in the People’s Republic of China (the “**PRC**”).

The Company completed its initial public offering on 9 November 2023 (the “**Listing**”) and the Company’s shares have been listed on the Main Board of the Stock Exchange.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention.

3 ACCOUNTING POLICIES

The accounting policies and calculation methods adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2024. The interim condensed consolidated financial information should be read in conjunction with 2024 annual report and any public announcements made by the Group during the interim reporting period, and the reports have been prepared in accordance with Hong Kong Financial Reporting Standards.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 FINANCIAL RISK FACTORS

There has been no material change in the Group's liquidity and financing risk management policies and practices in the financial statements for the six months ended 30 June 2025 as compared to those for the year ended 31 December 2024.

5.2 Fair value estimation

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables, finance lease receivables, cash and cash equivalents and restricted cash; and current financial liabilities, including trade payables, other payables and accruals, lease liabilities and borrowings, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial assets and liabilities approximate its fair value as at the reporting date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION

The revenue for the six months ended 30 June 2025 and 2024 are as follows:

| | Six months ended 30 June | |
|--|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Sales of automobiles under finance lease | 450,485 | 411,239 |
| Finance lease income | 156,086 | 154,369 |
| Operating lease income | 96,583 | 80,859 |
| Other automobile-related income | 7,021 | 8,026 |
| Outright car sales income | 58,976 | 4,158 |
| | 769,151 | 658,651 |
| Revenue from leases under IFRS 16 | 703,154 | 646,467 |
| Revenue from contracts with customers under IFRS 15 | 65,997 | 12,184 |
| | 769,151 | 658,651 |
| Timing of revenue recognition for revenue from contracts with customers under IFRS 15 | | |
| Recognised at a point in time | 60,409 | 5,282 |
| Recognised over time | 5,588 | 6,902 |
| | 65,997 | 12,184 |

7 OTHER INCOME, NET

| | Six months ended 30 June | |
|--------------------------|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Government grants (Note) | 1,647 | 1,737 |
| Others | 7,865 | 10,679 |
| | 9,512 | 12,416 |

Note: Government grants primarily consist of the fiscal support that local governments offered to the Group's entities engaged in the finance leasing business in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 OTHER LOSSES, NET

| | Six months ended 30 June | |
|---|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Loss on disposal of property and equipment, net | (2,121) | (2,560) |
| Others | (963) | (3,900) |
| | (3,084) | (6,460) |

9 EXPENSES BY NATURE

| | Six months ended 30 June | |
|--|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Auditors' remuneration | | |
| — audit services | 125 | 247 |
| — non-audit service | — | — |
| Costs of inventory | 410,108 | 341,213 |
| Auto-insurance premium | 31,699 | 24,256 |
| Employee benefit expenses | 76,471 | 70,140 |
| Advertising expenses | 4,994 | 3,495 |
| Depreciation expenses | 65,973 | 65,748 |
| Amortisation expenses | 5,344 | 5,866 |
| Transportation expenses | 4,143 | 1,755 |
| Rental expenses | 2,152 | 1,864 |
| Traffic contravention penalty and handling fee | 1,123 | 1,901 |
| Travelling expenses | 7,110 | 5,038 |
| Legal and professional expenses | 3,491 | 2,260 |
| Office expenses | 5,289 | 3,766 |
| Motor vehicle expenses | 10,554 | 7,319 |
| Provision for inventories | 8,628 | 3,539 |
| Repair and maintenance | 6,293 | 7,220 |
| Other taxes | 6,041 | 4,507 |
| Other expenses | 7,581 | 5,469 |
| | 657,119 | 555,603 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 FINANCE COST, NET

| | Six months ended 30 June | |
|--|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Finance cost: | | |
| Costs of funding | (81,599) | (75,728) |
| Interest expenses on other borrowings | (5,720) | (5,300) |
| Interest expenses on lease liabilities | (432) | (382) |
| | (87,751) | (81,410) |
| Finance income: | | |
| Bank interest income | 181 | 242 |
| Imputed interest income from deposits for borrowings | 748 | 554 |
| | 929 | 796 |
| Finance cost, net | (86,822) | (80,614) |

11 INCOME TAX EXPENSES

The income tax expenses of the Group are analysed as follows:

| | Six months ended 30 June | |
|-----------------------------|--------------------------|----------------------|
| | 2025 | 2024 |
| | RMB'000 Unaudited | RMB'000 Unaudited |
| Income tax expenses: | | |
| Current income tax | 9,198 | 8,150 |
| Deferred income tax | (3,848) | (565) |
| | 5,350 | 7,585 |

For the six months ended 30 June 2025 and 2024, the weighted average applicable tax rates were 18.5% and 25.0%, respectively. The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned or losses incurred by the group entities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 EARNINGS PER SHARE

| | Six months ended 30 June | |
|--|--------------------------|-------------------|
| | 2025 Unaudited | 2024 Unaudited |
| Profit attributable to owners of the Company (RMB'000) | 22,486 | 19,685 |
| Weighted average number of ordinary shares in issue | 1,546,875,000 | 1,546,875,000 |
| Diluted impact on profit (RMB'000) | – | – |
| Diluted profit attributable to owners of the Company (RMB'000) | 22,486 | 19,685 |
| Potential ordinary shares with dilutive effect | 98,003,938 | 44,272,825 |
| Weighted average number of issued ordinary shares for calculating diluted profit per share | 1,644,878,938 | 1,591,147,825 |
| Profit per share | | |
| — Basic (RMB cents per share) | 1.45 | 1.27 |
| — Diluted (RMB cents per share) | 1.37 | 1.24 |

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

The weighted average number of shares in issue for the six months ended 30 June 2025 and 2024 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of subdivided shares on 5 December 2024.

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2025 and 2024, the effect of share options granted under the Pre-IPO Share Option Scheme was dilutive and has been taken into account in the calculation of diluted EPS.

13 DIVIDEND

For the six months ended 30 June 2025 and 2024, no dividend has been declared by the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

| | Property and equipment RMB'000 | Intangible assets RMB'000 | Total RMB'000 |
|--|---|---------------------------------|------------------|
| Unaudited | | | |
| For the six months ended 30 June 2025 | | | |
| Opening net book amount | 494,332 | 20,617 | 514,949 |
| Additions | 190,179 | 5,004 | 195,183 |
| Disposals | (20,487) | – | (20,487) |
| Transfer to inventory | (43,716) | – | (43,716) |
| Depreciation and Amortization | (65,973) | (5,344) | (71,317) |
| Closing net book amount | 554,335 | 20,277 | 574,612 |
| Unaudited | | | |
| For the six months ended 30 June 2024 | | | |
| Opening net book amount | 428,067 | 19,699 | 447,766 |
| Additions | 169,215 | 4,831 | 174,046 |
| Disposals | (15,018) | – | (15,018) |
| Transfer to inventory | (18,860) | – | (18,860) |
| Depreciation and amortisation | (65,747) | (5,867) | (71,614) |
| Closing net book amount | 497,657 | 18,663 | 516,320 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 INVESTMENT OF ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|--|--|--|
| Movement in the investment in an associate are as follows: | | |
| At 1 January | 48,530 | – |
| Additions | – | 48,530 |
| Share in the losses of an associate | (76) | – |
| At end of the period | 48,454 | 48,530 |

As at June 30 2025, the investments in an associate are as follows:

| Name of entity | Place of business/ country of establishment | Ownership percentage | Nature of the relationship | Measurement method |
|---|--|-------------------------|-------------------------------|-----------------------|
| Fujian Xidun Automobile Service Co., Ltd. | PRC | 49.00 | Associate | Equity |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 FINANCE LEASE RECEIVABLES

The Group provides automobile finance lease services. Details of finance lease receivables as at 30 June 2025 and 31 December 2024 are set out below:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| Finance lease receivables | | |
| – Finance lease receivables, gross | 2,306,482 | 2,278,400 |
| – Unearned finance income | (455,684) | (455,179) |
| Finance lease receivables, net | 1,850,798 | 1,823,221 |
| Less: allowance for impairment of finance lease receivables | (17,183) | (16,625) |
| Carrying amount of finance lease receivables | 1,833,615 | 1,806,596 |
| Finance lease receivables, gross | | |
| – Within one year | 1,012,624 | 999,065 |
| – Between one and two years | 691,245 | 677,661 |
| – Between two and five years | 602,614 | 601,674 |
| | 2,306,483 | 2,278,400 |
| Finance lease receivables, net | | |
| – Within one year | 778,589 | 767,998 |
| – Between one and two years | 541,425 | 527,552 |
| – Between two and five years | 530,784 | 527,671 |
| | 1,850,798 | 1,823,221 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 FINANCE LEASE RECEIVABLES (Continued)

An ageing analysis of finance lease receivables is as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| Not past due | 1,740,568 | 1,718,732 |
| Past due | | |
| Up to 1 month | 76,274 | 70,064 |
| 1 to 3 months | 19,240 | 20,974 |
| 3 to 6 months | 8,407 | 7,578 |
| 6 to 12 months | 3,590 | 3,310 |
| Over 12 months | 2,719 | 2,563 |
| Finance lease receivables, net | 1,850,798 | 1,823,221 |
| Less: allowance for impairment of finance lease receivables | (17,183) | (16,625) |
| Carrying amount of finance lease receivables | 1,833,615 | 1,806,596 |

As of 30 June 2025 and 31 December 2024, carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values at each of the reporting date.

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| At beginning of the period | 16,625 | 14,299 |
| Recovery of finance receivables written-off | 91 | 96 |
| Charged for the period | 3,321 | 2,485 |
| Written-off | (2,854) | (255) |
| At end of the period | 17,183 | 16,625 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 TRADE RECEIVABLES

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| Trade receivables | 15,476 | 15,484 |
| Less: allowance for impairment of trade receivables | (972) | (716) |
| | 14,504 | 14,768 |

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade receivables were denominated in RMB and approximate their fair values at each of the reporting date.

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|----------------|--|--|
| Up to 3 months | 12,343 | 12,739 |
| 3 to 6 months | 722 | 1,015 |
| Over 6 months | 1,439 | 1,014 |
| | 14,504 | 14,768 |

Movements on the Group's allowance for impairment of trade receivables are as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|--|---|---|
| At beginning of the period | 716 | 1,074 |
| Credited/(charged) for the period, net | 256 | (358) |
| At end of the period | 972 | 716 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 INVENTORIES

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|------------------------------|--|--|
| Automobiles | 158,719 | 176,758 |
| Vehicle telematics equipment | 2,949 | 2,501 |
| | 161,668 | 179,259 |
| Provision for inventories | (8,575) | (7,122) |
| | 153,093 | 172,137 |

Automobiles included new and repossessed automobiles. For the six months ended 30 June 2025, the cost of inventories recognised as expenses included in cost of revenue amounted to RMB410,108 thousand (For the six months ended 30 June 2024: RMB341,213 thousand).

19 TRADE PAYABLES

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|----------------|--|--|
| Trade payables | 28,506 | 76,229 |
| Bills payables | – | 4,355 |
| | 28,506 | 80,584 |

Trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 TRADE PAYABLES (Continued)

An ageing analysis of trade payables based on invoice date is as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|----------------|--|--|
| Up to 3 months | 23,869 | 77,936 |
| 3 to 6 months | 2,283 | 471 |
| Over 6 months | 2,354 | 2,177 |
| | 28,506 | 80,584 |

20 BORROWINGS

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|-----------------------------|--|--|
| Bank borrowings, secured | 118,555 | 110,993 |
| Bank borrowings, unsecured | 1,581 | 5,004 |
| Other borrowings, secured | 2,262,066 | 2,098,976 |
| Other borrowings, unsecured | 59,243 | 66,585 |
| | 2,441,445 | 2,281,558 |
| Less: non-current portion | (1,256,015) | (1,129,638) |
| Current portion | 1,185,430 | 1,151,920 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 BORROWINGS (Continued)

Other borrowings represented borrowings from non-banking financial institutions and individual lenders.

The borrowings are repayable as follows:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|----------------------------|--|--|
| Within one year | 1,185,430 | 1,151,920 |
| Between one and two years | 736,478 | 632,234 |
| Between two and five years | 519,537 | 497,404 |
| | 2,441,445 | 2,281,558 |

As at 30 June 2025 and 31 December 2024, the borrowings are denominated in RMB and the carrying amounts approximate their fair values at each of the reporting dates.

The weighted average effective interest rates as at 30 June 2025 and 31 December 2024 are as follows:

| | As at 30 June 2025 % Unaudited | As at 31 December 2024 % Audited |
|-----------------------------|--|--|
| Bank borrowings, secured | 4.16 | 5.39 |
| Bank borrowings, unsecured | 6.63 | 6.79 |
| Other borrowings, secured | 6.81 | 7.45 |
| Other borrowings, unsecured | 5.22 | 5.30 |

As at 30 June 2025 and 31 December 2024, the Group's borrowings of RMB2,380.6 million and RMB2,210.0 million were secured by personal guarantee and indemnity provided by the Directors and certain assets of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 BORROWINGS (Continued)

The Group's overall security is summarised below:

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---------------------------|--|--|
| Property and equipment | 467,005 | 376,789 |
| Deposits for borrowings | 51,514 | 57,489 |
| Inventories | 79,591 | 103,020 |
| Finance lease receivables | 1,752,513 | 1,711,893 |

21 SHARE CAPITAL

| | Number of ordinary shares | Share capital nominal value | |
|---|------------------------------|-----------------------------|---------|
| | | HK\$'000 | RMB'000 |
| Authorised: | | | |
| As at 31 December 2024 and 30 June 2025 | 12,000,000,000 | 40,000 | 36,512 |
| Issued and fully paid: | | | |
| As at 31 December 2024 and 30 June 2025 | 1,546,875,000 | 5,156 | 4,657 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 SHARE-BASED PAYMENT

During the year ended 31 December 2023, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Company. The maximum aggregate number of shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 38,671,875 ordinary shares.

The share options have graded vesting terms, and will be vested from the grant date over five financial years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of five years after the date of grant, i.e. 18 October 2023. The exercise price per option is HK\$0.55.

On 3 December 2024, the Company held a shareholders' meeting and passed a resolution to subdivide each of the existing issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company into three (3) Subdivided Shares of par value of one third Hong Kong cent each (i.e. the exercise price per option is HK\$0.18), which took effect on 5 December 2024.

Set out below is a summary of the options granted under the plan:

| | Number of share options | Weighted average exercise price per share option |
|--|------------------------------------|---|
| Outstanding as at 31 December 2024 | 102,597,000 | HK\$0.18 |
| Granted during the period | — | HK\$0.18 |
| Forfeited during the period | (1,440,000) | HK\$0.18 |
| Outstanding as at 30 June 2025 | 101,157,000 | HK\$0.18 |
| Vested and exercisable at 30 June 2025 | 50,578,500 | HK\$0.18 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 SHARE-BASED PAYMENT (Continued)

The expiry date and exercise price of share options issued are as follows:

| Grant date | Expiry date | Exercise price | Vesting year | As at 30 June 2025 Unaudited | As at 31 December 2024 Audited |
|-----------------|-----------------|----------------|---|---------------------------------|-----------------------------------|
| 18 October 2023 | 17 October 2028 | HK\$0.18 | 20% for each of the financial year since 31 December 2023 | 101,157,000 | 102,597,000 |

Based on the fair value of the underlying ordinary shares of the Company, the Group has used Binomial model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

| | |
|--------------------------------|---------|
| Fair value per share (in HK\$) | 0.37 |
| Exercise price (in HK\$) | 0.18 |
| Value per option (in HK\$) | 0.21 |
| Risk free interest rate | 4.20% |
| Expected life | 5 years |
| Expected volatility | 45.00% |
| Dividend yield | 0.00% |

Expenses arising from share-based payment transactions for the Reporting Period:

| | Six months ended 30 June 2025 RMB'000 Unaudited | 2024 RMB'000 Unaudited |
|------------------------------|---|------------------------------|
| Pre-IPO Share Incentive Plan | 1,756 | 4,395 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2025.

24 CONNECTED TRANSACTIONS

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the Reporting Period:

| Related party | Relationship with the Group |
|--|--|
| Ningde Sandu Port Automobile Transportation Co., Ltd. ("寧德三都港汽車運輸有限公司") | A related company controlled by a non-controlling shareholder of a subsidiary with significant influence |
| Shenghui Logistic Group Co., Ltd. ("盛輝物流集團有限公司") | A company in which a director of the Company holds 18.75% of the equity directly |
| Yongsheng Property Management Co., Ltd., Jin'an District, Fuzhou ("福州市晉安區永盛物業管理有限公司") | A company in which a director of the Company holds 4.4764% of the equity indirectly |

| | Six months ended 30 June | |
|---|------------------------------|------------------------------|
| | 2025 RMB'000 Unaudited | 2024 RMB'000 Unaudited |
| Lease payment (Note i) | | |
| – Ningde Sandu Port Automobile Transportation Co., Ltd. | 33 | – |
| – Shenghui Logistic Group Co., Ltd. | 381 | 419 |
| – Yongsheng Property Management Co., Ltd., Jin'an District, Fuzhou | 6 | 6 |
| | 420 | 425 |
| Property management fee (Note ii) | | |
| – Yongsheng Property Management Co., Ltd., Jin'an District, Fuzhou | 81 | 60 |

Notes:

- (i) Lease payment is charged in accordance with the agreement entered into between the Group and the related party.
- (ii) Management fee is charged in accordance with the agreement entered into between the relevant parties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24 CONNECTED TRANSACTIONS (Continued)

(b) Balances with related parties

| | As at 30 June 2025 RMB'000 Unaudited | As at 31 December 2024 RMB'000 Audited |
|---|--|--|
| Right-of-use asset (trade nature) | | |
| — Ningde Sandu Port Automobile Transportation Co., Ltd. | 80 | 110 |
| | 80 | 110 |
| Lease liabilities (trade nature) (Note) | | |
| — Ningde Sandu Port Automobile Transportation Co., Ltd. | 65 | 96 |
| | 65 | 96 |

Note: Lease liabilities are settled in accordance with the agreement entered into between the Group and the related party.

(c) Key management compensation

| | Six months ended 30 June 2025 RMB'000 Unaudited | 2024 RMB'000 Unaudited |
|---|--|------------------------------|
| Salaries, bonuses, allowances and benefits in kind | 1,552 | 1,549 |
| Retirement benefit costs-defined contribution plans | 64 | 71 |
| Share-based payments | 576 | 1,008 |
| | 2,192 | 2,628 |

DEFINITIONS

| | |
|--|--|
| "AI" | artificial intelligence |
| "associate" | the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the audit committee of the Board |
| "Board" | the board of Directors |
| "Company" or "the Company" | XXF Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2473) |
| "Corporate Governance Code" | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| "Director(s)" | the director(s) of the Company or any one of them |
| "ERP" | enterprise resource planning |
| "GDP" | gross domestic product |
| "Global Offering" | as defined in the Prospectus |
| "GPS" | a global positioning system to provide (i) precise data on position and velocity and (ii) synchronise the global time for land, air and sea travel |
| "Group", "the Group", "our", "we" or "us" | the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it |
| "HK\$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "IFRS" | International Financial Reporting Standards issued by International Accounting Standards Board |
| "Listing" | listing of the Shares on the Main Board of the Stock Exchange on the Listing Date |
| "Listing Date" | 9 November 2023, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange |

DEFINITIONS

| | |
|--------------------------------|---|
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) |
| "Main Board" | the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange |
| "Mainland China" or "PRC" | the People's Republic of China excluding, for the purposes of this report and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules |
| "Pre-IPO Share Option Scheme" | the pre-IPO share option scheme approved and adopted by the Company on 9 October 2023 |
| "Prospectus" | the prospectus issued by the Company dated 30 October 2023 |
| "Reporting Period" | the six-month period from 1 January 2025 to 30 June 2025 |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "SFO" | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time) |
| "Share(s)" | ordinary share(s) in the share capital of the Company with the nominal value of one-third Hong Kong cent (approximately HK\$0.003333333333) each |
| "Share Option Scheme" | the share option scheme adopted by the Company on 9 October 2023 and effective upon the Listing Date |
| "Shareholder(s)" | holder(s) of Share(s) |
| "Share Incentive Schemes" | the Pre-IPO Share Option Scheme and the Share Option Scheme |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary" or "subsidiaries" | has the meaning ascribed thereto under the Listing Rules |
| "%" | per cent |