



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01771

2025

INTERIM REPORT



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CORPORATE INFORMATION

CHINESE NAME OF THE COMPANY

新豐泰集團控股有限公司

ENGLISH NAME OF THE COMPANY

Sunfonda Group Holdings Limited

INVESTOR INQUIRIES

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BOARD OF DIRECTORS

Executive Directors

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

Ms. Chiu Man (*Chief Executive Officer*)

Ms. Chen Wei

Mr. Deng Ning

Independent Non-executive Directors

Dr. Liu Xiaofeng

Dr. Han Qinchun

Mr. Liu Qiming

AUDIT COMMITTEE

Dr. Han Qinchun (*Chairman*)

Dr. Liu Xiaofeng

Mr. Liu Qiming

NOMINATION COMMITTEE

Mr. Wu Tak Lam (*Chairman*)

Ms. Chiu Man (*appointed on 26 March 2025*)

Dr. Liu Xiaofeng

Dr. Han Qinchun

Mr. Liu Qiming

REMUNERATION COMMITTEE

Mr. Liu Qiming (*Chairman*)

Dr. Liu Xiaofeng

Dr. Han Qinchun

FINANCE AND INVESTMENT COMMITTEE

Mr. Wu Tak Lam (*Chairman*)

Ms. Chiu Man

Dr. Han Qinchun

AUTHORISED REPRESENTATIVES

Mr. Wu Tak Lam

Ms. Chan Sze Ting

COMPANY SECRETARY

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

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(Before 21 January 2025)

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PRC

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PRC

STOCK CODE

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WEBSITE

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FINANCIAL HIGHLIGHTS

During the period from 1 January 2025 to 30 June 2025 (the **"Period"**), Sunfonda Group Holdings Limited (the **"Company"**) and its subsidiaries (collectively the **"Group"**, **"we"**, **"our"** or **"Sunfonda Group"**) have recorded:

- Revenue of RMB3,646.3 million, which was down by 19.2% from the same period in 2024, including:
 - Sales volume of new vehicles down by 17.5% to 11,613 units, and revenue from the sales of new vehicles down by 19.8% to RMB2,969.5 million;
 - Revenue from after-sales services down by 13.3% to RMB516.9 million; and
 - Revenue from the sales of used cars down by 25.9% to RMB159.9 million.
- Gross loss of RMB46.5 million (same period in 2024: gross profit of RMB11.3 million).
- Gross loss margin of 1.3% (same period in 2024: gross profit margin of 0.2%).
- Loss before tax for the Period of RMB89.6 million, representing a decrease of 7.0% as compared with the same period in 2024.

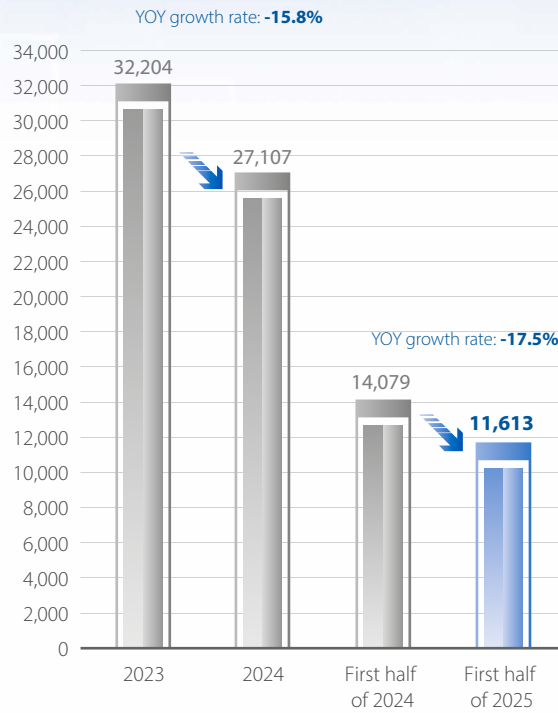
Loss attributable to owners of the parent for the Period was RMB85.6 million, representing a decrease of 11.7% as compared with the same period in 2024.

Basic and diluted loss per share attributable to ordinary equity holders of the parent amounted to RMB0.14 for the Period (same period in 2024: loss of RMB0.16 per share).

FINANCIAL HIGHLIGHTS

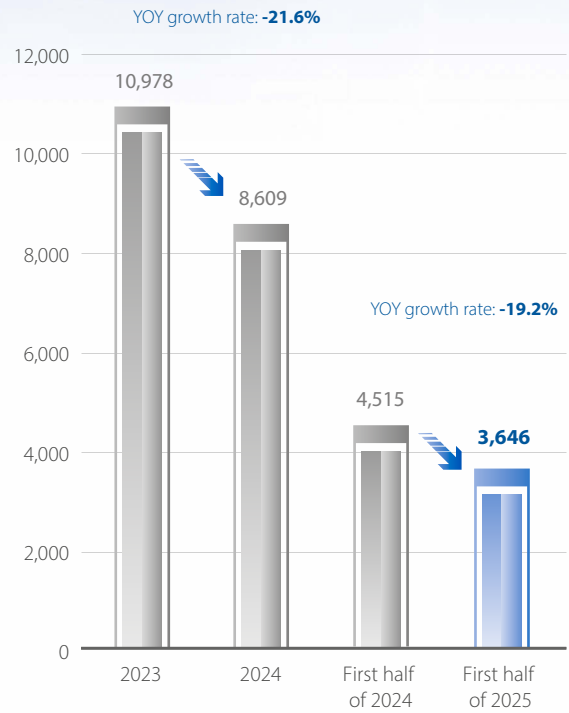
Sales volume of new vehicles

Units



Revenue

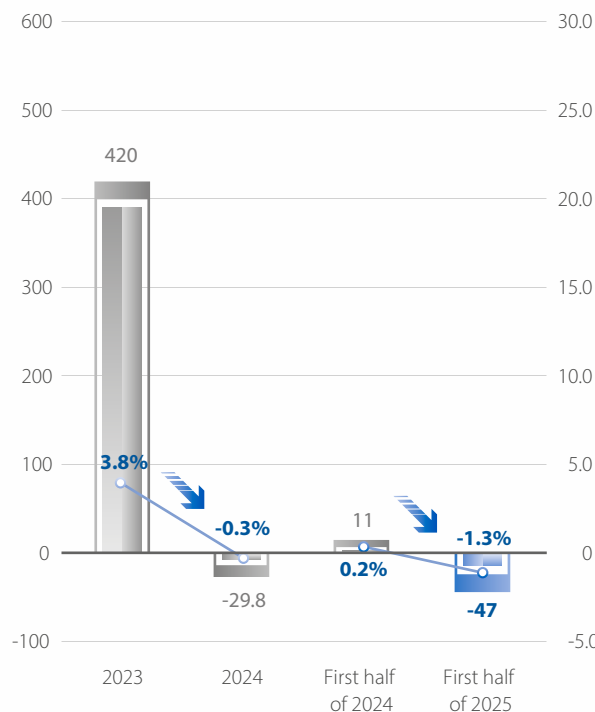
RMB in million



Gross profit and gross profit margin

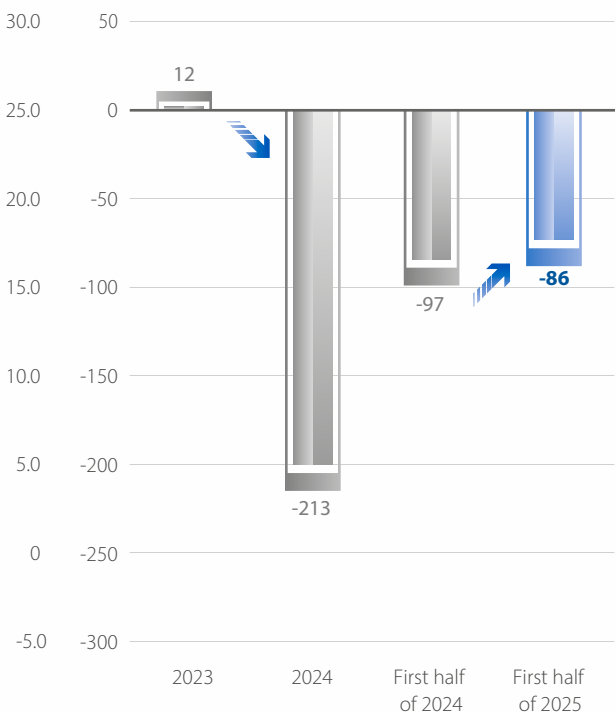
RMB in million

Percentage



Equity attributable to owners of the parent

RMB in million





MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

National Economy: Overcame Difficulties and Demonstrated Strong Resilience

According to preliminary calculations based on data released by the National Bureau of Statistics, China's gross domestic product ("GDP") amounted to RMB66,053.6 billion in the first half of the year, representing a year-on-year increase of approximately 5.3% at constant prices. In the first half of the year, the national value-added of industrial enterprises above designated size recorded a year-on-year increase of approximately 6.4%, and the total retail sales of social consumer goods amounted to approximately RMB24,545.8 billion, representing a year-on-year increase of approximately 5.0%. In the first half of the year, the national consumer price index (CPI) decreased by approximately 0.1% year-on-year. In the first half of the year, the national per capita disposable income was approximately RMB21,840, representing a nominal year-on-year growth of approximately 5.3%, and an actual growth of approximately 5.4% if price factors were excluded. Overall, in the first half of the year, facing a complex landscape marked by mounting external shocks and a confluence of internal difficulties and challenges, certain proactive and effective macro policies were implemented and took effect, enabling the national economy to withstand pressures and demonstrate strong resilience.

Shaanxi Province, which is covered by the Group's main business network, realised regional GDP of approximately RMB1,682,801 million in the first half of 2025, representing a year-on-year increase of approximately 5.5% at constant prices. The total retail sales of social consumer goods amounted to approximately RMB577,982 million, representing a year-on-year increase of approximately 6.9%, and the retail sales of consumer goods of enterprises (entities) above designated size in the province increased by approximately 9.3% year-on-year. The trade-in policy for consumer goods continued to take effect, leading to a year-on-year increase of approximately 36.3% in the retail sales of new energy vehicles.

China's Passenger Vehicle Market: Maintained a Sound Momentum, and New Energy Vehicles Grew Rapidly

The sound start of economic growth in the first half of the year injected stable expectations into the automobile market. Under the support of multiple favorable policies introduced by both central and local governments to encourage automobile consumption and boost the economy, the automobile market was characterised by “recovery-driven growth, structural adjustment, and profit pressure.” According to data released by the China Association of Automobile Manufacturers, from January to June, the production and sales of passenger vehicles reached 13.522 million units and 13.531 million units, respectively, representing a year-on-year increase of 13.8% and 13%, respectively. New energy vehicles delivered outstanding performance, with production and sales reaching 6.968 million units and 6.937 million units, respectively, representing a significant year-on-year increase of 41.4% and 40.3%, respectively, and the sales volume of new energy vehicles accounted for 44.3% of the total sales volume of new vehicles. From January to June, domestic sales volume of passenger vehicles reached 10.95 million units, representing a year-on-year increase of 13.6%. In particular, domestic sales volume of conventional fuel passenger vehicles was 5.426 million units, representing a year-on-year decrease of 1.8%. Domestic sales volume of new energy passenger vehicles was 5.524 million units, representing a year-on-year increase of 34.3%, and accounting for 50.4% of domestic sales volume of passenger vehicles. The sales volume of new energy passenger vehicles in the domestic market has surpassed that of fuel-powered vehicles, constantly driving industrial transformation and upgrading.

According to the statistics of the Ministry of Public Security, as of the end of June 2025, China's motor vehicle ownership volume reached 460 million units, of which the car ownership volume was 359 million units, and the new energy vehicle ownership volume amounted to 36.89 million units, accounting for 10.27% of the total number of vehicles.

In the first half of 2025, a total of 18.38 million cases of automobile transfer registrations were handled nationwide, representing a year-on-year increase of 13.05%, indicating an active used car trading market. 3.081 million used small passenger vehicles were transacted and registered across different regions nationwide, indicating that the reform measures for used car transaction and registration across different regions had remarkable effects in facilitating business handling for the masses and enterprises and promoting the circulation of used cars.

In terms of the performance of major automobile brands, Porsche, BBA (Mercedes-Benz, BMW, Audi) and other traditional luxury brands are currently facing challenges in sales and other aspects, but their active exploration and investment in electrification, intelligence, and other fields are laying a solid foundation for future growth.



MANAGEMENT DISCUSSION AND ANALYSIS

- According to official sources from Porsche, its global automobile sales declined by 6% year-on-year to 146,391 units in the first half of 2025, while the market share of its electrified models increased by 14.5 percentage points year-on-year to 36.1%. In the first half of the year, Porsche delivered 21,302 vehicles to customers in the Chinese market, representing a year-on-year decrease of 28%.
- According to official sources from the BMW Group, the BMW Group delivered a total of 1,207,388 vehicles in the first half of 2025, representing a year-on-year decrease of 0.5%, among which the sales volume of electric vehicles realised a significant growth compared to last year. In the first half of the year, BMW sold 317,862 vehicles in the Chinese market, representing a year-on-year decrease of 15.5%.
- According to sales data officially released by Mercedes-Benz, as of the end of the second quarter, Mercedes-Benz sold 1.0763 million vehicles worldwide, representing a year-on-year decrease of 8%, among which the sales volume of pure electric vehicles was 87,300 units, representing a year-on-year decrease of 14%. In the first half of the year, the cumulative sales volume in the Chinese market was 293,200 units, representing a year-on-year decrease of 14%.
- According to Audi's official financial report, Audi's global deliveries (including Bentley and Lamborghini) reached 783,500 units in the first half of 2025, representing a year-on-year decrease of 5.9%. Sales volume in the Chinese market was 287,600 units, representing a year-on-year decrease of 10.2%.

Formula Leopard and DENZA under BYD, along with AITO under Seres Group, demonstrated strong vitality and competitiveness in China's domestic automobile market in the first half of 2025, collectively serving as an important force driving upward breakthroughs for domestic brands.

- According to the announcement made by BYD, in the first half of 2025, BYD sold 2,146,000 new energy vehicles, representing a year-on-year increase of 33.04%, and occupying a significant share in the new energy vehicle market. In terms of specific brands, the cumulative sales volume of DENZA brand reached 79,800 units in the first half of the year, of which DENZA D9 defended its title as the best-selling MPV in the RMB500,000 class with sales of 56,000 units. The cumulative sales volume of Formula Leopard brand amounted to 60,700 units in the first half of the year, representing a year-on-year increase of over 232%, and demonstrating remarkable growth potential.
- Harmony Intelligent Mobility Alliance delivered 206,200 new vehicles in the first half of the year, among which Seres Group sold a total of 172,108 new energy vehicles in the first half of the year. The AITO series, as the main selling product, delivered cumulative sales volume of 181,197 units in the first half of the year, with the flagship model AITO M9 recording cumulative sales volume of 62,492 units, representing a year-on-year increase of 6.28%.

BUSINESS REVIEW

In the first half of 2025, the automobile market continued its complex transformation trend of recent years, the competitive landscape between new energy vehicles and conventional fuel vehicles continued to intensify, the aftershocks of industry involution persisted, and consumers became more rational in their vehicle-purchasing decisions. The Group kept abreast of market dynamics, adhered to the core strategy of “grasping rhythm, adjusting structure, strengthening services, and building ecosystems”, and achieved steady business operations through optimising sales rhythm and model structure, strengthening after-sales service guarantee system, and deepening its presence in the used car market, despite pressure on new automobile sales.

As at 30 June 2025, the Group had a total of 35 sale points in operation.

New Automobile Sales Business: Adopted Multi-Dimensional Strategies to Address Market Challenges

In the current market environment, the Group has accurately anchored the strategic guideline of “grasping rhythm and adjusting structure” and built a multi-dimensional market response system. By innovatively implementing dynamic sales rhythm control and inventory turnover warning mechanisms, the Company has significantly shortened inventory turnover days, and effectively ensured its healthy cash flow.

In the first half of the year, the cumulative sales volume of new vehicles reached 11,613 units. Despite a certain degree of sales decline due to the dual impact of macro economy and industry price war, the Group effectively withstood market risks through differentiated competition strategies, driving the business structure transformation towards a healthy portfolio with increased proportion of new energy vehicles and optimised gross profit components.

In terms of refined management of sales rhythm, the Group has established a “three-level and four-stage” target control system: breaking down annual targets into quarterly, monthly, and weekly milestones, implementing an early warning mechanism with key workdays ahead of schedule, and innovatively carrying out KPI assessment on semi-monthly sales rhythm; and setting up special task forces for slow-moving vehicle models and formulating targeted promotion plans to ensure efficient operation throughout the entire business cycle. Meanwhile, by reasonably adjusting the proportion of profitable models, the Group stabilised the sales proportion of high-margin models while keeping a sound sales rhythm, maintaining the overall gross profit margin of sales at a reasonable level.



MANAGEMENT DISCUSSION AND ANALYSIS

The dual-wheel drive of online marketing and customer relationship management has achieved remarkable results. New media matrix has generated a large number of sales opportunities through refined content operations and targeted traffic placement, and the live streaming on Douyin has achieved remarkable traffic conversion effectiveness per session. The Group has innovatively launched the “Loyal Customers Program” ecosystem: existing customers can enjoy significant automobile purchase discounts through trade-in subsidy policy, and those who successfully recommend new customers to purchase automobiles can receive corresponding value-added services. As such, the customer referral rate and the repurchase scale of existing customers have grown remarkably. Moving forward, the Group will further deepen the reform of new media organisational structure, build a full-link digital management platform covering “content production – lead screening – sales conversion”, and at the same time carry out word-of-mouth marketing activities such as test-drive experience camps and owner lectures around the entire vehicle usage lifecycle, so as to continuously tap into the value of existing customers and expand potential customer base.

After-Sales Business: Centered on Customer Experience to Strengthen Profit Support

In 2025, as market competition intensifies, after-sales business has become the primary source of profit for dealerships. Prioritising customer’s vehicle usage experience and centering on customer needs, the Group simultaneously sold personalised appealing products at both the sales and after-sales ends, resulting in a significant increase in the penetration rate of appealing products.

Affected by the repeated premium reforms by insurance companies, the accidental maintenance market has become increasingly competitive, leading to reduced profitability for dealerships. With a focus on insurance renewal business, the Group has established insurance renewal centres, and leveraged the leading role of top-performing stores to carry out refined management through the insurance business system, resulting in a year-on-year increase of 19% in the number of renewed insurance policies, a year-on-year increase of 18% in premium income, and a year-on-year increase of 7 percentage points in insurance renewal penetration rate.

In terms of electromechanical business, the Group has closely aligned with the business policies of brand manufacturers to make comprehensive improvements in penetration rate of key spare parts, support for loaner vehicles, vehicle pick-up and delivery services, maintenance packages and other aspects, which has obtained more support from manufacturers while enhancing customer satisfaction. The Group continued to promote prior technical diagnosis, strengthened its professional advantages, consistently built the technology-leading brand image of Sunfonda, and carried out service marketing competitions to enhance profit contribution.

Decoration Business: Full-Cycle Efforts Centered on “Cost Reduction and Efficiency Enhancement”

In 2025, the decoration business is focusing on parallel promotion of “cost optimisation and efficiency enhancement” to achieve an upgrade in business quality and efficiency through full-chain strategic planning.

In terms of cost control, a dual-track model combining internal and external control has been adopted: for the after-sales segment, a dynamic approval mechanism has been established to avoid excessive investment and ineffective expenditures; and for front-end sales, new vehicle packages have been restructured to reduce overall costs through product portfolio optimisation.

On this basis, two efficiency-enhancing initiatives have been advanced in parallel: First, the Group tapped into fundamental customers’ needs to outline the customer profiles of after-sales maintenance business through data analysis, and pushed personalised solutions tailored to their usage scenarios to raise consumption frequency and average transaction value. Second, the Group focused on seasonal milestones and consumption scenarios to develop specialised service marketing activities, which was paired with member discounts and referral reward mechanisms to stimulate market demand and continuously expand profit margins.

Through the synergy of “cost reduction” and “efficiency enhancement”, the decoration business is gradually building a sound operational system characterised by “controllable costs, precise demands, and diversified channels”, to provide strong support for the overall profitability improvement of the Group.

Used Car Business: Drove High-Quality Development through Deep Cultivation of Existing Market and Expansion of New Market

In the first half of 2025, leveraging the brand influence and customer resource advantages, and centering on the “one-stop automobile purchase and replacement services”, the Group’s used car business achieved improvements in both scale and quality, and became a new profit growth engine for the Group. During the Period, the used car transaction volume reached 4,210 units, representing a year-on-year increase of 26.0%. Specifically, 2,144 units were distributed, representing a year-on-year increase of 45.0%. The overall new-to-used car ratio increased by 13 percentage points year-on-year, demonstrating an overall sound development trend characterised by “rapid growth and high quality”.

To support business growth, the Group has implemented standardised process control to ensure healthy inventory and efficient capital turnover. Meanwhile, the Group has established a strategic partnership with DaSouChe by introducing its “DaFengChe” system to realise full-process digitalisation in vehicle source management and intelligent pricing, and the absorption rate of non-retail vehicle sources has increased by 40% after connecting to its B2B platform. The Group aims to control the turnover days within 7 days and is exploring the integration of derivative services such as finance and logistics to enhance comprehensive income.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of vehicle source channels, the trade-in business has become a core pillar, with the trade-in rate recording an increase of 12 percentage points year-on-year. Meanwhile, efforts have been made to expand vehicle sources through methods such as in-use vehicle development, external procurement, and intranet auctions, by which the premium vehicle sources under the “Sunfonda Certified Used Cars” accounted for 13%. The Group’s integration efforts have yielded remarkable results, which can be reflected in the facts that personnel efficiency has increased by 25%, operating costs have decreased by 18%, and market bargaining power has been strengthened, after the completion of business integration in the three major regions of Xi’an, Lanzhou, and Yinchuan.

Marketing and service innovation have further invigorated market dynamics. Through driving traffic via new media accounts, launching services such as quality assurance and automobile financing agency, and jointly developing a “Triple Certification” system with 268V complemented by a 7-day no-excuse return policy, the Group has achieved significant improvements in customer trust and business performance.

Customer Management Centre: Built a “Customer Ecosystem” through Digitalisation and Deeply Explored Lifecycle Value

Consistently adhering to the philosophy that “customers are the core for enterprises to achieve sustainable development, and customer satisfaction is the cornerstone of customer management”, the Group takes customer ecosystem construction as the core driver of digital transformation. By constructing a three-dimensional framework of “data-driven – intelligent service – ecological synergy”, the Group has realised lifecycle value management of customers, and formed a closed-loop ecosystem of “customer acquisition – conversion – retention – value-added”, injecting lasting impetus into market expansion and business growth.

In 2025, the Group is deepening customer operations through its digital management platform: identifying high-frequency business touchpoints throughout the entire vehicle usage lifecycle of customers (including vehicle purchase, maintenance, repair, and replacement), and accurately drawing customer profiles through multi-dimensional data tags; and building a full-domain reach network by leveraging new media matrix, enterprise WeChat, WeChat mini programs and other channels to achieve efficient alignment between business lead generation and sales conversion. The platform is equipped with an intelligent early warning function – by analysing customer behavior data to identify churn risks in advance, it can automatically trigger solicitation mechanisms, and recommend customised insurance and maintenance plans according to customer profiles, significantly improving customer response speed and retention rate, and promoting the upgrading of services from “passive response” to “active prediction”.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of regional implementation, the customer management centre has established a centralised operation model in Xi'an, Lanzhou, Yinchuan and other cities. Relying on intelligent platforms to integrate service resources, it has launched digital service packages (such as online reservations, electronic coupon redemption, vehicle usage reminders, etc.) to deliver "one-to-one" personalised service scenarios. By real-time monitoring customer satisfaction and industry trends, it continuously optimises service processes and strengthens cross-business collaboration, which enables customers to gain consistent experiences in new automobile sales, after-sales and other scenarios, thus consolidating ecosystem stickiness.

The Group will continue to increase technological investment and ecological cooperation, and center on the customer operation and management platform to deepen data mining and intelligent application capabilities, promote the upgrading of the customer ecosystem from "service closed-loop" to "value co-creation", and make it a core engine supporting the Group's sustained growth.

Customer Marketing: Precisely Reached Customer Needs for Differentiated Marketing

Currently, the automobile market is in a critical period of transformation, during which consumer demands are dynamic, and the car-buying demographics are getting younger. The Group has established emotional connections with customers through diversified marketing methods in response to customers' personalised needs. In the first half of 2025, the Group strengthened the operation of new media short videos and live streaming, expanded traffic access to enhance online user interaction, lead information acquisition and conversion, and encouraged all-staff marketing to expand brand reach through employees' personal social platforms. The Group also boosted employee engagement in marketing through best practice sharing, training on all-staff marketing, and optimisation of incentive mechanisms. As of the end of June 2025, the monthly vehicle orders generated through the Group's new media channels exceeded 500 units, representing a year-on-year increase of 77% and accounting for 19.3% of the total orders, effectively achieving channel increment. The Group precisely adopted a plan on Xiaohongshu in the first half of the year, by which every store sales consultant was required to open a Xiaohongshu account to create personal IPs, on which such consultants posted content such as automobile sales experience, and automobile purchase skills, to attract user attention and promote sales lead conversion. As of the end of June 2025, sales through Xiaohongshu generated nearly 80 vehicle orders. The Group has launched a key customer seeding plan on Xiaohongshu, whereby key customers are encouraged to post their purchase experiences on their own platforms to attract potential customers while enjoying pleasant service experiences, thereby realising word-of-mouth marketing and enhancing brand recognition. Meanwhile, the Group actively learned from the user operation experience of new energy brands and fully implemented the "experiential marketing" system in traditional 4S stores. This measure has achieved remarkable results, with a significant increase in customer satisfaction with in-store experiences, which in turn has driven a notable growth in transaction conversion rates.



MANAGEMENT DISCUSSION AND ANALYSIS

Network Development: Expanded the Layout of New Energy Brands and Enhanced Brand Business Contribution

The Group continued to deepen the strategic layout of its brand matrix, and continuously optimised some brand outlets to adapt to the market competition environment while stabilising the existing brand structure. The Group attached great importance to cooperation with new energy vehicle brands, and promoted the construction and operation of authorised new energy brand stores through a light-asset operation model. As of the first half of 2025, the Group has completed the construction of two authorised BYD Formula Leopard 4S stores in Xi'an and Yan'an, and multiple stores of DENZA, BYD Formula Leopard and AITO brands have officially commenced operations, thereby improving the Group's network layout of new energy brands in key development regions and achieving diversified brand portfolio of the Group.

The Group has continuously optimised the marketing model and management mechanism of its new energy brands, and the business contribution capability of the Group's new energy brand stores has been constantly enhanced through a series of business management enhancement initiatives.

Digitalisation Construction: Took Technology as Wings to Forge the Foundation of Wisdom

Upholding its core strategy of "technology empowers business, data drives decision-making", the Group takes digital transformation as the engine to promote in-depth upgrading of full-link capabilities. Focusing on refined operation of private domain traffic, iteration of intelligent tools, integration of business and finance, and improvement of service efficiency, the Group has achieved deep integration of technology and business, and built a smart enterprise ecosystem featuring "data-driven and intelligent synergy".



MANAGEMENT DISCUSSION AND ANALYSIS

1. Private domain traffic operation: from scale expansion to deep value exploration

The Group is accelerating the layout of full-channel touchpoint network and building a private domain traffic matrix integrating “online + offline” channels to realise large-scale accumulation and precise operation of user assets.

- Membership system continued to expand: as of the end of June 2025, the Membership Centre has absorbed 17,528 new registered users, reaching a total of 370,034 members. Through tag-based management, hierarchical user operation has been realised, and member activity has increased by 12% year-on-year.
- The ecological value of enterprise WeChat was realised: through the in-depth customer connection channels built on enterprise WeChat, 153,034 new customers were added in the first half of the year, of which 73.3% (112,223 customers) had their license plates bound, and the total number of customers served reached 644,282, providing a core carrier for precision marketing and personalised services.

2. Integration of business and finance: breaking down data barriers to enhance the efficiency of collaborative chains

Sticking to the goal of “data homology and process integration”, the Group has promoted the in-depth integration of business and financial systems to realise digital closed-loop in core business scenarios.

- Seamless integration of core business systems: the integration of the entire process of new automobile sales, key after-sales business (such as repair and maintenance, and spare parts management) with financial systems has been completed to unify data standards and accounting metrics, thereby improving business document processing efficiency and significantly reducing data discrepancy rate.
- Laying the foundation for financial sharing: real-time synchronisation of business and financial data provides dynamic data support for financial accounting, budget management, and risk control, and the Group is accelerating the structural construction of financial sharing centre to pave the way for the upgrading of the Group’s digital financial management system.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue for the Period was RMB3,646.3 million, representing a decrease of RMB868.9 million or 19.2% as compared to that for the corresponding period in 2024, primarily attributable to the Group's closure of certain underperforming stores for loss control, which had a certain impact on the revenue scale. Among which, revenue from the sales of new automobiles was RMB2,969.5 million, representing a decrease of RMB733.7 million or 19.8% as compared to that for the corresponding period in 2024; revenue from after-sales service business was RMB516.9 million, representing a decrease of RMB79.4 million or 13.3% as compared to that for the corresponding period in 2024; and revenue from the sales of used cars was RMB159.9 million, representing a decrease of RMB55.8 million or 25.9% as compared to that for the corresponding period in 2024.

A substantial portion of the revenue of the Group was generated from sales of new vehicles, accounting for 81.4% of our revenue for the Period (corresponding period in 2024: 82.0%). Besides, revenue generated from after-sales service business accounted for 14.2% of the revenue for the Period (corresponding period in 2024: 13.2%), and revenue generated from used car sales accounted for 4.4% of the revenue for the Period (corresponding period in 2024: 4.8%). Revenue of the Group was mainly derived from our operations in the PRC.

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

	Amount (RMB'000)	For the six months ended 30 June/unaudited			2024	
		2025 Sales volume (Unit)	Average selling price (RMB'000)	Amount (RMB'000)	Sales volume (Unit)	Average selling price (RMB'000)
Sales of new vehicles						
Luxury and ultra-luxury brands	2,506,864	8,711	287.8	3,061,961	9,647	317.4
Mid-end market brands	462,646	2,902	159.4	641,241	4,432	144.7
Sub-total/Average	2,969,510	11,613	255.7	3,703,202	14,079	263.0
Distribution of used cars	159,904	2,144	74.6	215,677	1,479	145.8
After-sales services	516,879			596,263		
Total	3,646,293			4,515,142		

Cost of Sales and Services

Cost of sales and services for the Period was RMB3,692.8 million, representing a decrease of RMB811.1 million or 18.0% as compared to that for the corresponding period in 2024, which was in line with the decline in the Group's revenue during the Period. Among which, cost of sales of new automobiles was RMB3,216.0 million, representing a decrease of RMB716.9 million or 18.2% as compared to that for the corresponding period in 2024. Cost of after-sales business was RMB326.5 million, representing a decrease of RMB39.2 million or 10.7% as compared to that for the corresponding period in 2024. Cost of sales of used cars was RMB150.3 million, representing a decrease of RMB55.0 million or 26.8% as compared to that for the corresponding period in 2024.

Gross Loss

Gross loss for the Period was RMB46.5 million, as compared to gross profit of RMB11.3 million for the corresponding period in 2024. The change in gross profit to gross loss was mainly attributable to the decline in profitability of new automobile sales as a result of the intensified competition in the new automobile market and the decrease in new automobile prices, as well as the impact of a year-on-year decline in gross profit of after-sales services as a result of closure of certain underperforming stores for loss control. Of which, sales of new automobiles recorded gross loss of RMB246.5 million, representing an increase of RMB16.8 million as compared to that for the corresponding period in 2024. Gross profit of after-sales service business was RMB190.4 million, representing a decrease of RMB40.2 million or 17.4% as compared to that for the corresponding period in 2024. Gross profit of used car business was RMB9.6 million, representing a decrease of RMB0.8 million or 7.7% as compared to that for the corresponding period in 2024.

Gross loss margin for the Period was 1.3% (corresponding period in 2024: gross profit margin of 0.2%).

Other Income and Gains, Net

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

Other income and gains, net for the Period was RMB287.0 million, representing a decrease of 3.4% as compared with RMB297.2 million for the corresponding period in 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Selling and distribution expenses for the Period amounted to RMB191.3 million, representing a decrease of RMB43.3 million or 18.5% as compared with RMB234.6 million for the corresponding period in 2024. Such decrease was mainly attributable to the decrease in selling and distribution expenses due to brand optimisation of the Group, as well as the decrease in remuneration of sales and distribution employees due to the adjustment of staffing and remuneration packages. As a percentage of revenue, the selling and distribution expenses were unchanged from the same period of the previous year, both at 5.2%.

Administrative Expenses

Administrative expenses for the Period amounted to RMB93.4 million, representing a decrease of RMB27.5 million or 22.7% as compared with RMB120.9 million for the corresponding period in 2024. Such decrease was mainly attributable to the decrease in administrative expenses due to brand optimisation of the Group, as well as the decrease in remuneration of administrative employees due to staffing reduction under the centralised management of operations. As a percentage of revenue, the administrative expenses decreased from 2.7% for the corresponding period in 2024 to 2.6% for the Period, down by 0.1 percentage points.

Finance Costs

Finance costs for the Period amounted to RMB45.3 million, representing a decrease of RMB3.9 million or 7.9% as compared with RMB49.2 million for the corresponding period in 2024. Such decrease was mainly due to the reasonable control over the scale of inventory procurement and the reduction in the financing scale, resulting in a decrease in finance costs.

Loss Before Tax

As a result of the foregoing, loss before tax for the Period amounted to RMB89.6 million, representing a decrease of RMB6.7 million as compared with the loss before tax of RMB96.3 million for the corresponding period in 2024.

Income Tax

Income tax credit for the Period amounted to RMB4.0 million, as compared with the income tax expense of RMB0.6 million for the corresponding period in 2024. Such change was mainly due to the deferred income tax assets recognised by certain loss-making subsidiaries.

Loss for the Period

As a result of the foregoing, loss for the Period amounted to RMB85.6 million, representing a decrease of RMB11.3 million as compared with the loss for the period of RMB96.9 million for the corresponding period in 2024.

Loss for the Period Attributable to Owners of the Parent

For the Period, loss for the period attributable to owners of the parent was RMB85.6 million, representing a decrease of RMB11.3 million as compared with the loss for the period attributable to owners of the parent of RMB96.9 million for the corresponding period in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

For the Period, the Group's net cash inflow generated from operating activities was RMB234.6 million, as compared with its net cash inflow generated from operating activities of RMB270.5 million for the six months ended 30 June 2024. The decrease in net cash inflow generated from operating activities was mainly due to the reduction in bills payables as a result of store closure during the Period.

For the Period, the Group's net cash inflow generated from investing activities was RMB13.5 million, as compared with its net cash outflow from investing activities of RMB18.4 million for the six months ended 30 June 2024. The increase in net cash inflow generated from investing activities was mainly due to the decrease in time deposits with maturity over three months and the receipt of partial payment for the disposal of the equity interest of a subsidiary during the Period.

For the Period, the Group's net cash outflow from financing activities was RMB410.8 million, as compared with its net cash outflow from financing activities of RMB343.9 million for the six months ended 30 June 2024. The increase in net cash outflow from financing activities was mainly attributable to the increase in net outflows in connection with the repayment of bank loans and other borrowings during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Net Current Assets

As at 30 June 2025, the Group's net current assets amounted to RMB259.1 million, as compared with its net current assets of RMB353.3 million as at 31 December 2024.

Inventories

The Group's inventories primarily consist of new automobiles, used cars, spare parts and decoration accessories. As at 30 June 2025, the Group's inventories amounted to RMB707.1 million, representing a decrease of 30.1% as compared with RMB1,011.5 million as at 31 December 2024, which was mainly attributable to the combined effect of (1) the Group's reasonable control over the scale of inventory procurement; and (2) the reduction in inventories due to brand optimisation.

In the first half of 2025, the Group's average inventory turnover days (the average inventory turnover days = the average of opening and closing inventory balances divided by the cost of sales and services for that year and multiplied by 180 days) were 43.5 days, representing a decrease as compared with 49.1 days in 2024, which was primarily attributable to the Group's ongoing efforts in implementing refined inventory control and structural optimisation, thereby enhancing inventory turnover efficiency.

Bank Loans and Other Borrowings

As at 30 June 2025, the Group's bank loans and other borrowings were RMB1,699.7 million, representing a decrease of 17.6% as compared with RMB2,062.9 million as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	30 June 2025 Unaudited		31 December 2024 Audited	
	Effective interest rate (%)	Amount RMB'000	Effective interest rate (%)	Amount RMB'000
CURRENT				
Bank loans	2.4-5.8	1,065,757	2.9-5.8	1,337,664
Other borrowings	2.5-8.5	251,079	2.3-8.5	282,288
Sub-total		1,316,836		1,619,952
NON-CURRENT				
Bank loans	4.4-5.8	382,900	4.4-5.8	442,963
Sub-total		382,900		442,963
Total		1,699,736		2,062,915
Among which:				
Secured loans		1,299,550		1,315,493
Unsecured loans		400,186		747,422
Total		1,699,736		2,062,915

As at 30 June 2025, the Group's gearing ratio, which is net debt divided by total equity plus net debt, was 44.1% (31 December 2024: 46.9%). Net debt includes bank loans and other borrowings, trade and bills payables and other payables and accruals, less cash and cash at banks, short-term deposits, cash in transit and pledged bank deposits.

Pledge of Assets

As at 30 June 2025, certain of the Group's bank loans were secured by charges or pledges over its assets. The Group's assets subject to these charges or pledges as at 30 June 2025 consisted of: (i) inventories amounting to RMB441.1 million; (ii) property, plant and equipment amounting to RMB895.1 million; (iii) land use rights amounting to RMB353.1 million; and (iv) pledged bank deposits amounting to RMB104.1 million.

As at 30 June 2025, certain of the Group's inventories amounting to RMB136.5 million and pledged bank deposits amounting to RMB498.9 million were pledged as securities for bills payable.



MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures and Investment

The Group's capital expenditures comprise primarily expenditures on property, plant and equipment, land use rights and intangible assets. During the Period, the Group's total capital expenditures were RMB136.2 million, representing an increase of RMB58.6 million as compared with RMB77.6 million for the corresponding period in 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

On 10 March 2025 and 25 April 2025, Shaanxi Sunfonda Huixiang Automobile Sale and Service Co., Ltd. (陝西新豐泰匯翔汽車銷售服務有限公司), Shaanxi Sunfonda Junmei Automobile Sale and Service Co., Ltd. (陝西新豐泰駿美汽車銷售服務有限公司), Beijing Sunfonda Boao Automobile Sale and Service Co., Ltd. (北京新豐泰博奧汽車銷售服務有限公司), Shaanxi Sunfonda Shangzhong Automobile Sale and Service Co., Ltd. (陝西新豐泰尚眾汽車銷售服務有限公司), Shaanxi Sunfonda Yingbin Automobile Sale and Service Co., Ltd. (陝西新豐泰迎賓汽車銷售服務有限公司), Yan'an Sunfonda Boao Automobile Co., Ltd. (延安新豐泰博奧汽車有限責任公司) and SUNFONDA (HONG KONG) LIMITED (新豐泰(香港)有限公司) (collectively the **"Vendors"**) (each being an indirect wholly-owned subsidiary of the Company), entered into an equity transfer agreement (the **"Equity Transfer Agreement"**) and a supplemental agreement (the **"Supplemental Agreement"**, together with the Equity Transfer Agreement, the **"Agreements"**) with Xi'an Zhongyu Real Estate Co., Ltd. (西安中嶼房地產有限公司) (the **"Purchaser"**), respectively, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell all the equity interests in Xi'an Sunfonda Jing River Logistics Development Co., Ltd. (西安新豐泰涇河物流開發有限公司) (the **"Target Company"**) (the **"Disposal"**). The Target Company owns a property located at Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province (the **"Target Property"**).

The initial consideration for the Disposal was RMB81.92 million, as subsequently amended by the Supplemental Agreement, the total consideration payable by the Purchaser to the Vendors for the Disposal shall comprise (1) the initial transfer price of RMB71.1372 million; and (2) if the Target Company receives any compensation for the reduction of developable area from the government authority subsequent to the execution of the Supplemental Agreement, the Purchaser shall transfer all the compensation received by the Target Company to the Vendors within 10 days after the receipt of such compensation.



MANAGEMENT DISCUSSION AND ANALYSIS

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Agreements and the transactions contemplated thereunder.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, and the Company has obtained a written approval from Top Wheel Limited, a controlling shareholder of the Company interested in 434,183,000 shares of the Company (representing approximately 72.36% of the issued share capital of the Company) as at the dates of the Agreements, no Shareholders' meeting was convened by the Company to approve the Disposal.

As at the date of this announcement, the Disposal is yet to be completed and the relevant government authority had not provided any confirmation regarding whether any compensation will be provided to the Target Company for the reduction in developable area of the Target Property. For details, please refer to the circular of the Company dated 26 May 2025 and the announcements of the Company dated 10 March 2025, 12 March 2025, 24 March 2025, 25 April 2025 and 6 May 2025.

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

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities or guarantees.



MANAGEMENT DISCUSSION AND ANALYSIS

Staff Cost and Employee Remuneration Policy

As at 30 June 2025, the Group had 2,182 employees (as at 31 December 2024: 2,440 employees). Staff cost of the Group was RMB142.3 million, representing a decrease of 17.9% as compared with RMB173.4 million for the corresponding period in 2024, mainly due to the Group's brand optimisation, and active adjustment of staffing and performance plans resulting in the improvement of human resource efficiency. The Group provides its automobile sales and after-sales staff with performance-based bonuses based on their contributions to revenue, technical skills, customer satisfaction and other results of their performance assessment according to their job nature. Our employees are subject to regular job reviews which determine their promotion prospects and remuneration packages. In order to maintain the rapid development of the Group's network, the Group also continues to build up its quality talent pool and prudently manage its human resources and makes corresponding adjustments to the arrangement of positions based on the changes in overall business volume. Meanwhile, the Group attaches great importance to the reserve of talent and team building. Regular training in respect of business skills, expertise and professional attributes have been provided to key personnel. The Group also pays close attention to the career development of its employees, so as to provide primary drivers for the future development of the Group.

PRINCIPAL RISKS

Business Risk

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

Interest Rate Risk

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

Exchange Rate Risk

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

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

FUTURE STRATEGY AND PROSPECTS

The National Economy Is Expected to Grow Steadily, while the Automobile Industry will Face Both Challenges and Opportunities

Sheng Laiyun, Deputy Director of the National Bureau of Statistics, said that despite many uncertainties in the external environment and significant pressure on internal structural adjustment, it will be supportable for China's economy to maintain stable growth in the second half of the year. In the first half of the year, the steady and progressive development momentum and achievements of the Chinese economy have laid a solid foundation for achieving annual targets. Driven by consumption policies, the consumer market will continue to maintain a sound development trend in the second half of the year, and its role as a "ballast stone" for economic growth will become more prominent.

In the second half of 2025, Xi'an, the capital city of Shaanxi Province where the Group's main business is located, will adopt dual-wheel drive of "strengthening industrial chains + transforming innovations" to upgrade manufacturing capacity by relying on RMB100 billion funds, smart factories, and the Qin Chuang Yuan Platform; and will break down administrative barriers through the integration of Xi'an and Xianyang and the development of metropolitan area clusters. According to the arrangements made at the sixth session of the 17th Xi'an Municipal People's Congress, the expected targets for the city in 2025 include: the regional GDP will grow by around 5.5%, the value-added of industrial enterprises above designated size will increase by 6.5%, and the total retail sales of social consumer goods will increase by around 5%. Policy measures will focus on expanding bulk consumption such as automobiles and implementing trade-in programs for consumer goods, while tapping into the potential of new forms of consumption such as digital, green and smart items, and promoting cluster development in key industries such as automobiles.

The automobile industry will face both challenges and opportunities: the international environment will remain complex and volatile, and the automobile market will face multiple pressures such as involutionary competition and uncertainty regarding tariffs. In accordance with the spirit of the central conference, this year the state will rectify the involution and strengthen the guiding role of quality standards to continuously optimise market competition order. Chen Shihua, Deputy Secretary-General of the China Association of Automobile Manufacturers stated that the "Two New" policies (new energy and new technologies) will continue to be implemented in an orderly manner, the purchase tax exemption for new energy vehicles will be gradually withdrawn, yet enterprises will maintain a rich supply of new products, which will help drive the growth of automobile consumption. However, it should also be noted that the complexity, severity and uncertainty of current external environment have increased, close attention should be paid to the suspension of vehicle replacement subsidies and other trade-in programs in some regions, industry competition remains fierce, overall profitability continues to be under pressure, and stable operation of the industry still faces challenges.

The Group will Continuously Optimise and Adjust Its Network Layout to Foster a Healthier Operating Brand Portfolio

In the future, the Group will seize development opportunities and place greater emphasis on improving service quality and profitability. The Group will be more cautious in brand selection to avoid investment risks. In the process of future store construction, we will focus on investment efficiency and adhere to lightweight network construction.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to optimise its existing brand outlets based on respective actual business capacity, deepen and expand cooperation with leading new energy brands, and constantly expand the Group's brand outlet layout in advantageous regions such as Shaanxi and Gansu. In the future, the Group will simultaneously optimise the terminal network structure, precisely allocate resources into luxury cars in strategic cities, further accelerate the deployment of new energy business, and continuously improve market penetration to lay a solid foundation for the sustainable development of the Group.

The Group will continue to promote the "FUN TIME LANE" automobile theme fashion street zone projects. The "FUN TIME LANE" project in Xi'an has commenced trial operations, and Cadillac, Volkswagen Anhui, and BYD-Dynasty have housed in currently, while the used car mall located on B2 of the shopping centre has officially opened for business, which is another important deployment of the Group in the automobile service sector, aiming to provide consumers with better, more convenient, and more professional used car trading services. Subsequently, various themed businesses including new energy vehicle business will be introduced, along with the purpose-built businesses such as café and business catering to be introduced, which will drive regional consumption upgrading and become a new commercial landmark in the region. Currently, the "FUN TIME LANE" project in Lanzhou has already commenced operations, and BMW, GAC Toyota, DENZA as well as several sports and leisure brands are open for business. In 2025, Formula Leopard brand has been introduced and will be housed in during the second half of the year, and new energy, catering facilities, education and other related business formats will be gradually introduced in subsequent phases, with the goal of achieving a 100% opening rate.

The Group will Move towards "Global Domain Intelligentisation" in the Future

In the second half of 2025, the Group will focus on tackling three major projects with the principle of "taking data governance as the foundation and intelligent decision-making as the core":

1. Global domain data governance project: to build a unified data middle platform to break down cross-system data barriers across business, finance, and customer domains, realise real-time interconnection and standardised management across the entire data chain, and transform data into reusable core assets.
2. Construction of intelligent decision-making hub: to train clusters of predictive models based on massive business data, covering key scenarios including sales trends, inventory turnover, and customer churn, so as to provide management with intelligent support for "real-time insights, dynamic early warnings, and scientific decision-making".
3. Deepening business and finance integration: to accelerate the establishment of financial shared service centre, achieve an automated closed-loop of business and finance processes across all business scenarios, promote the transformation of financial management from "accounting" to "strategic support," and comprehensively enhance the Group's digital operation efficiency.

Digital transformation is not just about technological upgrading, but more about strategic restructuring. The Group will continue to take data as the link and intelligence as the driving force, so that technology can truly become the core power driving business growth and creating customer value.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EQUITY INTEREST

As at 30 June 2025, the authorized share capital of the Company was US\$100,000 divided into 1,000,000,000 shares, of which 600,000,000 shares were issued and credited as fully paid.

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

As at 30 June 2025, the interests and short positions of the directors of the Company (the "**Director(s)**") and the chief executives of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

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

Name of Director	Capacity/Nature of interest	Note	Number of shares	Approximate percentage* of shareholding in the Company
Mr. Wu Tak Lam	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Ms. Chiu Man	Interest held by controlled corporations	1	434,183,000 (L)	72.36%
Mr. Deng Ning	Beneficial owner		1,071,000 (L)	0.18%
Ms. Chen Wei	Beneficial owner		864,000 (L)	0.14%

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

Note:

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

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

* The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 June 2025.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

* The percentage represents the number of ordinary shares involved divided by the number of issued shares of the associated corporation as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2025, the following persons (other than the Directors or chief executives of the Company) had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests and short positions in ordinary shares of the Company

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

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

Note:

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

* The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, no person, other than the Directors whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Board believes effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and enhance the interests of the shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the **"CG Code"**) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**). The Company regularly reviews its corporate governance practice to ensure compliance with the CG Code. The Board is of the view that, during the six months ended 30 June 2025, the Company has complied with the rules and code provisions set out in the CG Code.

UPDATE ON DIRECTOR'S INFORMATION

According to Rule 13.51B(1) of the Listing Rules, since the publication of the Company's 2024 annual report, the changes in Directors' information are set out as follows:

Dr. Liu Xiaofeng, an independent non-executive Director of the Company, has retired as an independent non-executive director of Kunlun Energy Company Limited (昆侖能源有限公司) (stock code: 135) since 29 May 2025.

Dr. Liu Xiaofeng, an independent non-executive Director of the Company, has served as an independent non-executive director of Anjoy Foods Group Co., Ltd. (安井食品集團股份有限公司) (stock code: 2648) since 3 July 2025.

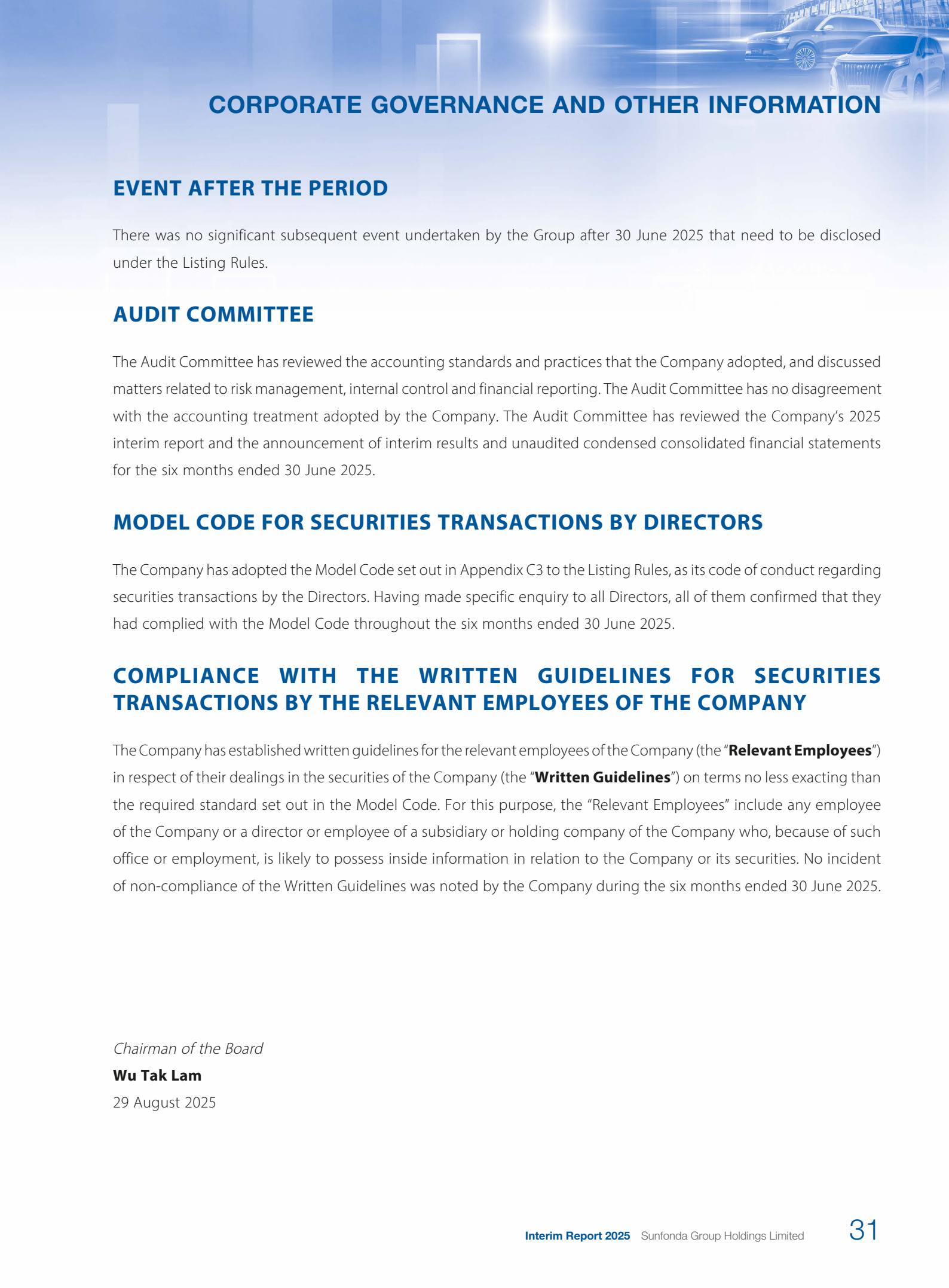
Save as disclosed above, since the publication of the Company's 2024 annual report, no other changes in Directors' information should be disclosed according to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (the **"Treasury Shares"**) within the meaning under the Listing Rules). As at 30 June 2025, the Company did not hold any Treasury Shares.

MATERIAL LITIGATION AND ARBITRATION

During the six months ended 30 June 2025, the Group was neither involved in any material litigation or arbitration, nor may be brought up or accused of any pending material litigation or claims.



CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENT AFTER THE PERIOD

There was no significant subsequent event undertaken by the Group after 30 June 2025 that need to be disclosed under the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting standards and practices that the Company adopted, and discussed matters related to risk management, internal control and financial reporting. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The Audit Committee has reviewed the Company's 2025 interim report and the announcement of interim results and unaudited condensed consolidated financial statements for the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules, as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, all of them confirmed that they had complied with the Model Code throughout the six months ended 30 June 2025.

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

The Company has established written guidelines for the relevant employees of the Company (the “**Relevant Employees**”) in respect of their dealings in the securities of the Company (the “**Written Guidelines**”) on terms no less exacting than the required standard set out in the Model Code. For this purpose, the “Relevant Employees” include any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the six months ended 30 June 2025.

Chairman of the Board

Wu Tak Lam

29 August 2025



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	For the six months ended 30 June 2025 (Unaudited) RMB'000	For the six months ended 30 June 2024 (Unaudited) RMB'000
REVENUE	4(a)	3,646,293	4,515,142
Cost of sales and services	5(b)	(3,692,779)	(4,503,891)
Gross (loss)/profit		(46,486)	11,251
Other income and gains, net	4(b)	286,959	297,150
Selling and distribution expenses		(191,328)	(234,583)
Administrative expenses		(93,367)	(120,919)
Loss from operations		(44,222)	(47,101)
Finance costs	6	(45,346)	(49,206)
Loss before tax	5	(89,568)	(96,307)
Income tax credit/(expense)	7	4,016	(559)
Loss for the period		(85,552)	(96,866)
Attributable to:			
Owners of the parent		(85,552)	(96,866)
Loss per share attributable to ordinary equity holders of the parent	9		
Basic and diluted (RMB)		(0.14)	(0.16)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June 2025 (Unaudited) RMB'000	For the six months ended 30 June 2024 (Unaudited) RMB'000
LOSS FOR THE PERIOD	(85,552)	(96,866)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	(414)	802
Total comprehensive income for the period, net of tax	(85,966)	(96,064)
Attributable to:		
Owners of the parent	(85,966)	(96,064)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,572,309	1,591,686
Right-of-use assets		551,895	570,029
Intangible assets		9,152	9,582
Prepayments		22,602	22,301
Goodwill		10,284	10,284
Deferred tax assets		70,830	65,189
Other non-current assets		163,852	163,852
Total non-current assets		2,400,924	2,432,923
CURRENT ASSETS			
Inventories	11	707,139	1,011,521
Trade receivables	12	79,826	40,536
Prepayments, other receivables and other assets	13	840,631	873,087
Financial assets at fair value through profit or loss		6,856	5,397
Pledged bank deposits		607,123	652,186
Cash in transit		8,243	2,137
Short-term deposits		63,847	59,901
Cash and cash at banks		383,740	587,471
Total current assets		2,697,405	3,232,236
CURRENT LIABILITIES			
Bank loans and other borrowings	14	1,316,836	1,619,952
Trade and bills payables	15	823,307	953,153
Other payables and accruals		270,199	277,525
Lease liabilities		8,747	9,573
Income tax payable		19,225	18,707
Total current liabilities		2,438,314	2,878,910
NET CURRENT ASSETS		259,091	353,326
TOTAL ASSETS LESS CURRENT LIABILITIES		2,660,015	2,786,249

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Bank loans and other borrowings	14	382,900	442,963
Lease liabilities		48,075	55,245
Deferred tax liabilities		29,246	34,044
Total non-current liabilities		460,221	532,252
NET ASSETS		2,199,794	2,253,997
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	377	377
Reserves		2,190,612	2,253,620
		2,190,989	2,253,997
Non-controlling interests		8,805	—
Total equity		2,199,794	2,253,997

Director
Wu Tak Lam

Director
Chiu Man



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	Attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		
As at 1 January 2024 (audited)	377	87,282	118,045	188,530	157,947	11,418	40,392	1,858,857	2,462,848	-	2,462,848
Profit for the period	-	-	-	-	-	-	-	(96,866)	(96,866)	-	(96,866)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	802	-	802	-	802
Total comprehensive income for the period	-	-	-	-	-	-	802	(96,866)	(96,064)	-	(96,064)
Equity-settled share award expense (note 17)	-	-	-	-	-	3,179	-	-	3,179	-	3,179
As at 30 June 2024 (unaudited)	377	87,282	118,045	188,530	157,947	14,597	41,194	1,761,991	2,369,963	-	2,369,963

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	For the six months ended 30 June 2025 (Unaudited) RMB'000	For the six months ended 30 June 2024 (Unaudited) RMB'000
Operating activities			
Loss before tax		(89,568)	(96,307)
Adjustments for:			
Depreciation of property, plant and equipment	5(c)	95,662	84,669
Depreciation of right-of-use assets	5(c)	12,363	13,672
Amortisation of intangible assets	5(c)	430	436
Interest income	4(b)	(4,100)	(4,673)
Net loss/(gain) on disposal of items of property, plant and equipment	4(b)	2,680	(5,669)
Net loss/(gain) on disposal of right-of-use assets	4(b)	57	(5,843)
Equity-settled share award expense	5(a)	–	3,179
Fair value gains, net:			
Financial products	4(b)	(1,459)	(16)
Accrual of impairment of inventories, net		(5,919)	1,668
Finance costs	6	45,346	49,206
		55,492	40,322
Decrease in inventories		310,301	154,081
(Increase)/decrease in trade receivables		(39,290)	2,971
Decrease in prepayments, other receivables and other assets		31,436	48,433
Decrease in pledged bank deposits		45,063	103,341
Increase in cash in transit		(6,106)	(6,043)
(Decrease)/increase in trade and bills payables		(129,845)	7,938
Decrease in other payables and accruals		(26,503)	(65,558)
Cash generated from operations		240,548	285,485
Tax paid		(5,907)	(14,974)
Net cash generated from operating activities		234,641	270,511



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June 2025 (Unaudited) RMB'000	For the six months ended 30 June 2024 (Unaudited) RMB'000
Investing activities		
Purchase of items of property, plant and equipment	(136,186)	(77,575)
Proceeds from disposal of items of property, plant and equipment	76,097	57,744
Interest received	5,120	5,943
Decrease/(increase) of time deposits of maturity over three months	36,745	(4,480)
Disposal of a subsidiary	31,763	–
Net cash generated from/(used in) investing activities	13,539	(18,368)
Financing activities		
Proceeds from bank loans and other borrowings	2,507,858	3,197,431
Repayment of bank loans and other borrowings	(2,871,036)	(3,477,742)
Lease payments	(3,976)	(8,205)
Interest paid for bank loan and other borrowings	(43,652)	(55,402)
Net cash used in financing activities	(410,806)	(343,918)
Net decrease in cash and cash equivalents	(162,626)	(91,775)
Cash and cash equivalents at the beginning of the period	595,075	746,215
Effect of foreign exchange rate changes, net	(414)	703
Cash and cash equivalent at the end of period	432,035	655,143
Analysis of balances of cash and cash equivalents		
Cash and bank balances	383,740	549,779
Short-term deposits with maturity less than 3 months	48,295	105,364
	432,035	655,143

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

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

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

3. OPERATING SEGMENT INFORMATION

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

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

Information about geographical area

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

Information about major customers

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Disaggregated revenue information		
Types of goods or service		
Revenue from the sale of motor vehicles	3,129,414	3,918,879
Others	516,879	596,263
Total revenue from contracts with customers	3,646,293	4,515,142
Timing of revenue recognition		
At a point in time	3,646,293	4,515,142

(b) Other income and gains, net:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Commission income	262,780	268,085
Logistics and storage income	10,048	12,530
Government grants	154	75
Interest income	4,100	4,673
Net (loss)/gain on disposal of items of property, plant and equipment	(2,680)	5,669
Net (loss)/gain on disposal of items of right-of-use assets	(57)	5,843
Fair value losses, net:		
Financial assets at fair value through profit or loss		
– Financial product	1,459	16
Others	11,155	259
Total	286,959	297,150



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. LOSS BEFORE TAX

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

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(a) Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries	103,366	119,993	
Equity-settled share award expense	–	3,179	
Other welfare	21,236	25,397	
Total	124,602	148,569	
(b) Cost of sales and services:			
Cost of sales of motor vehicles	3,366,238	4,138,210	
Others*	326,541	365,681	
Total	3,692,779	4,503,891	
(c) Other items			
Depreciation and impairment of property, plant and equipment	95,662	84,669	
Depreciation of right-of-use assets	12,363	13,672	
Amortisation of intangible assets	430	436	
Advertisement and business promotion expenses	21,723	26,914	
Lease expenses	8,479	1,652	
Bank charges	1,972	1,972	
Office expenses	11,699	13,872	
Logistics expenses	8,211	10,364	
Net loss/(gain) on disposal of items of right-of-use assets	57	(5,843)	
Net loss/(gain) on disposal of items of property, plant and equipment	2,680	(5,669)	

* There were employee benefit expenses of RMB17,727,000 (six months ended 30 June 2024: RMB24,802,000) included in the cost of sales and services.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings and other borrowings	43,652	55,402
Interest expense on lease liabilities	1,694	2,234
Less: Interest capitalised	–	(8,430)
Total	45,346	49,206

7. INCOME TAX

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax	6,424	8,502
Deferred tax	(10,440)	(7,943)
Total	(4,016)	559

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

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

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

According to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), the income tax rate for the Mainland China subsidiaries is 25% from 1 January 2008.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. INCOME TAX (continued)

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

8. DIVIDENDS

No interim dividend has been paid or declared by the Company during the period (six months ended June 2024: Nil).

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

The calculation of the basic loss per share for the six months ended 30 June 2025 is based on the loss for the period attributable to owners of parent, and the weighted average number of ordinary shares of 600,000,000 (six months ended 30 June 2024: 600,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during those periods.

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent	(85,552)	(96,866)

	For the six months ended 30 June	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the period	600,000,000	600,000,000
Loss per share		
Basic and diluted (RMB)	(0.14)	(0.16)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB155,062,000 (30 June 2024: RMB83,854,000).

Assets with a net book value of RMB78,777,000 were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB52,075,000), resulting in a net loss of RMB2,680,000 (30 June 2024: a net gain of RMB5,669,000).

11. INVENTORIES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Motor vehicles	668,653	958,738
Spare parts	68,588	88,804
	737,241	1,047,542
Less: Impairment	(30,102)	(36,021)
Total	707,139	1,011,521

As at 30 June 2025, certain of the Group's inventories with an aggregate carrying amount of approximately RMB441,056,000 (31 December 2024: RMB498,076,000) and RMB136,482,000 (31 December 2024: RMB406,219,000) were pledged as securities for the Group's bank loans and other borrowings (note 14(a)) and bills payable (note 15), respectively.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. TRADE RECEIVABLES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade receivables	79,826	40,536

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

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

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 3 months	73,385	38,163
More than 3 months but less than 1 year	5,243	1,338
Over 1 year	1,198	1,035
Total	79,826	40,536

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Prepayments and deposits to suppliers	386,794	330,058
Vendor rebate receivables	250,193	310,770
VAT recoverable	95,359	109,769
Others	108,285	122,490
Total	840,631	873,087

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. BANK LOANS AND OTHER BORROWINGS

	30 June 2025 Unaudited		31 December 2024 Audited	
	Effective interest rate (%)	Amount RMB'000	Effective interest rate (%)	Amount RMB'000
CURRENT:				
Bank loans	2.35-5.8	1,065,757	2.85-5.8	1,337,664
Other borrowings	2.48-8.5	251,079	2.28-8.5	282,288
		1,316,836		1,619,952
NON-CURRENT:				
Bank loans	4.35-5.8	382,900	4.35-5.8	442,963
Total		1,699,736		2,062,915
Bank loans and other borrowings represent:				
secured loans (a)		1,299,550		1,315,493
unsecured loans		400,186		747,422
Total		1,699,736		2,062,915



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. BANK LOANS AND OTHER BORROWINGS (continued)

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Analysed into:		
Bank loans repayable		
Within one year	1,065,757	1,337,664
In the second year	5,897	97,500
In the third to fifth years, inclusive	53,072	214,485
Over fifth years	323,931	130,978
	1,448,657	1,780,627
Other borrowings repayable		
Within one year	251,079	282,288
Total	1,699,736	2,062,915

- (a) As at 30 June 2025, certain of the Group's bank loans and other borrowings are secured by:
- (i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying value of approximately RMB353,121,000 (31 December 2024: RMB344,684,000);
 - (ii) mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB895,054,000 (31 December 2024: RMB697,234,000);
 - (iii) mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB441,056,000 (31 December 2024: RMB498,076,000);
 - (iv) mortgages over the Group's bank deposits, which had an aggregate carrying value of approximately RMB104,117,000 (31 December 2024: RMB99,376,000).
- (b) As at 30 June 2025, all bank loans and other borrowings were in RMB (31 December 2024: all).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

15. TRADE AND BILLS PAYABLES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade payables	76,598	95,820
Bills payable	746,709	857,333
Total	823,307	953,153

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

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within 3 months	180,544	592,307
3 to 6 months	612,163	353,937
6 to 12 months	23,882	3,669
Over 12 months	6,718	3,240
Total	823,307	953,153

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

As at 30 June 2025, the Group's bills payable are secured by mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB136,482,000 (31 December 2024: RMB406,219,000).

As at 30 June 2025, the Group's bills payable are secured by mortgages over the Group's pledged bank deposits, which had an aggregate carrying value of approximately RMB498,871,000 (31 December 2024: RMB550,690,000).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. SHARE CAPITAL

Issued and fully paid

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid 600,000,000 (2024: 600,000,000) ordinary shares of USD0.0001	377	377

17. SHARE-BASED PAYMENTS

(a) Pre-IPO SHARE AWARD SCHEME

The Company's Pre-IPO Share Award Scheme was approved and adopted on 8 January 2014 for the purpose of recognising and rewarding the contributions of the selected employees of the Group and motivating their contribution to the future development of the Group.

For the implementation of the Pre-IPO Share Award Scheme, a Management Trust was established by Top Wheel Limited which was fully owned by Mr. Wu Tak Lam and Ms. Chiu Man on 8 January 2014 with Cantrust (Far East) Limited acting as the trustee. On the same date, Top Wheel Limited transferred, for nil consideration, 9,000,000 Shares in the Company to the Management Trust pursuant to the Pre-IPO Share Award Scheme. The vest in full of the share award would, under the present capital structure of the Company, have no impact on the additional ordinary shares of the Company.

The following awarded shares were outstanding under the Scheme during the period:

	2025 Number of awarded shares	2024 Number of awarded shares
As at 1 January	–	3,809,600
Vested during the period	–	(3,809,600)
As at 30 June	–	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. SHARE-BASED PAYMENTS *(continued)*

(a) Pre-IPO SHARE AWARD SCHEME *(continued)*

Under the Pre-PO Share Award Scheme, the vesting period is five years during which the awarded shares granted to any particular selected employee will vest on each anniversary of the grant date of the relevant awards in equal portions.

No share awards were granted and vested for the period ended 30 June 2025.

The fair value of share awards granted was estimated, by reference to the market value of the share awards as at the date of grant, taking into account the terms and conditions upon which the share awards were granted.

The Group recognised a share awards expense of nil during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB3,179,000).

At the end of the period, the Company had nil (30 June 2024: nil) awarded shares outstanding under the Pre-IPO Share Award Scheme.

(b) Share Option Scheme

On 18 January 2014, a share option scheme was approved and adopted by the then shareholder (the “**Share Option Scheme**”) for the purposes of recognising and rewarding the contributions of the selected employees of the Group and motivating their contribution to the future development of the Group.

No share options were granted under the Share Option Scheme during the period ended 30 June 2025 and 30 June 2024.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

18. COMMITMENTS

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

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Contracted, but not provided for buildings	583	3,701

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

(a) Transactions with related parties

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

	For the six months ended 30 June 2025 Unaudited RMB'000	For the six months ended 30 June 2024 Unaudited RMB'000
(i) Sales of motor vehicles and spare parts Yangzhou Sunfonda Automobile Co., Ltd *	6	189
(ii) Purchase of motor vehicles and spare parts Yangzhou Sunfonda Automobile Co., Ltd.*	–	60

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	For the six months ended 30 June 2025 Unaudited RMB'000	For the six months ended 30 June 2024 Unaudited RMB'000
Short term employee benefits	1,859	1,979
Equity-settled share award expense	–	2,003
Post-employee benefits	108	38
Total compensation paid to key management personnel	1,967	4,020

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair Values	
	30 June 2025 RMB'000 Unaudited	31 December 2024 RMB'000 Audited	30 June 2025 RMB'000 Unaudited	31 December 2024 RMB'000 Audited
Financial assets				
Financial assets at fair value through profit or loss	6,856	5,397	6,856	5,397

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2025

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Fair value measurement using Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	6,856	–	–	6,856

As at 31 December 2024

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Fair value measurement using Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	5,397	–	–	5,397

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2024: Nil).

21. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Group after 30 June 2025.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2025.