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## **XXF GROUP HOLDINGS LIMITED**

**喜相逢集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2473)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024.

#### **FINANCIAL HIGHLIGHTS**

	<b>For the six months ended 30 June</b>		<b>Year-on-year change</b>
	<b>2025 RMB'000 Unaudited</b>	<b>2024 RMB'000 Unaudited</b>	
Revenue	<b>769,151</b>	658,651	16.8%
Gross profit	<b>230,874</b>	209,260	10.3%
Profit before income tax	<b>27,920</b>	27,064	3.2%
Profit for the period	<b>22,570</b>	19,479	15.9%

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

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

#### **Analysis of macroeconomic environment**

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

#### **Analysis of industry environment**

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

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

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

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

### **Policies support**

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

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

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

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

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

## Business review

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Future outlook**

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

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

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

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

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

## **NON-IFRS MEASURES**

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



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

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

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

## REVENUE

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

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

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



## ***AUTOMOBILE RETAIL AND FINANCE***

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

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

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

### *Notes:*

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

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

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

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

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

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

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

#### ***AUTOMOBILE-RELATED BUSINESSES***

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

#### ***OUTRIGHT CAR SALES BUSINESS***

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

#### ***COST OF SALES***

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

## GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

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

## SELLING AND MARKETING EXPENSES

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

## ADMINISTRATIVE EXPENSES

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

## RESEARCH AND DEVELOPMENT EXPENSES

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

## **OTHER INCOME/LOSSES, NET**

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

## **FINANCE COST, NET**

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

## **INCOME TAXES**

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

## **PROFIT FOR THE PERIOD**

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

## **PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY**

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

## **INVENTORY MANAGEMENT**

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

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

## FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

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

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

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

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

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

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

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

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

*Notes:*

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



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

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

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

## **INTERNAL CONTROLS**

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

## **RISK MANAGEMENT POLICY**

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

### ***Pre-lease credit assessment and approval process:***

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

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

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

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

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

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

***Post-lease credit risk management:***

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

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

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

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

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

## CAPITAL MANAGEMENT

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

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

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

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

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

## NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

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

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

## **FOREIGN EXCHANGE EXPOSURE**

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

## **CAPITAL EXPENDITURES**

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

## **CHARGES ON ASSETS**

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

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

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

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

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

## **CONTINGENT LIABILITIES**

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

## **FINANCIAL INSTRUMENTS**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

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

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

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

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

## **INTERIM DIVIDEND**

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

## USE OF PROCEEDS FROM LISTING

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

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

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

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

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

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

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

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



## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **AUDIT COMMITTEE**

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

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

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

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

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.xxfaq.com](http://www.xxfaq.com)). The interim report of the Company for the six months ended 30 June 2025 will be made available for review on the same websites in due course.

## RESULTS FOR THE PERIOD

The Board is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2025 together with comparative figures for the six months ended 30 June 2024 as follows:

### Interim Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	<b>For the six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue	4	<b>769,151</b>	658,651
Cost of revenue	7	<b>(538,277)</b>	(449,391)
Gross profit		<b>230,874</b>	209,260
Selling and marketing expenses	7	<b>(57,867)</b>	(49,882)
Administrative expenses	7	<b>(60,553)</b>	(55,880)
Research and development expenses	7	<b>(422)</b>	(450)
Provision for credit loss		<b>(3,642)</b>	(1,323)
Other income, net	5	<b>9,512</b>	12,416
Other losses, net	6	<b>(3,084)</b>	(6,460)
Operating profit		<b>114,818</b>	107,681
Finance income	8	<b>929</b>	796
Finance cost	8	<b>(87,751)</b>	(81,410)
Finance cost, net		<b>(86,822)</b>	(80,614)
Share of profit of investment accounted for using the equity method	15	<b>(76)</b>	(3)
Profit before income tax		<b>27,920</b>	27,064
Income tax expenses	9	<b>(5,350)</b>	(7,585)
Profit for the period		<b>22,570</b>	19,479
Profit/(loss) attributable to:			
– Owners of the Company		<b>22,486</b>	19,685
– Non-controlling interests		<b>84</b>	(206)
		<b>22,570</b>	19,479

**For the six months ended 30 June**

		<b>2025</b>	<b>2024</b>
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>Unaudited</b>	<b>Unaudited</b>
Profit for the period		<b>22,570</b>	19,479
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Exchange difference arising from the translation of the Company's functional currency to presentation currency		<b>100</b>	865
Changes in fair value of ordinary share with redemption right due to own credit risk		–	–
Items that will be reclassified to profit or loss:			
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		–	(2,389)
		<b>100</b>	(1,524)
Total comprehensive income for the period		<b>22,670</b>	17,955
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		<b>22,586</b>	18,161
– Non-controlling interests		<b>84</b>	(206)
		<b>22,670</b>	17,955
Earnings per share for profit attributable to owners of the Company for the period ( <i>RMB cents</i> )			
– Basic	<i>10</i>	<b>1.45</b>	1.27
– Diluted	<i>10</i>	<b>1.37</b>	1.24

## Interim Condensed Consolidated Statement of Financial Position

		As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
	<i>Note</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	12	554,335	494,332
Intangible assets	12	20,277	20,617
Finance lease receivables	13	1,067,923	1,050,712
Prepayments and deposits		26,888	30,604
Investment of associates accounted for using equity method	15	48,454	48,530
		<u>1,717,877</u>	<u>1,644,795</u>
		-----	-----
<b>Current assets</b>			
Inventories		153,093	172,137
Finance lease receivables	13	765,692	755,884
Trade receivables	14	14,504	14,768
Prepayments, deposits and other receivables		419,823	381,550
Restricted cash		3,900	—
Cash and cash equivalents		333,771	340,598
		<u>1,690,783</u>	<u>1,664,937</u>
		-----	-----
<b>Total assets</b>		<u><u>3,408,660</u></u>	<u><u>3,309,732</u></u>

		As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
	<i>Note</i>		
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		4,657	4,657
Other reserves and retained earnings		841,815	817,473
		<u>846,472</u>	<u>822,130</u>
Non-controlling interests		5,800	5,716
		<u>5,800</u>	<u>5,716</u>
<b>Total equity</b>		<u>852,272</u>	<u>827,846</u>
<b>Non – current liabilities</b>			
Borrowings	17	1,256,015	1,129,638
Lease liabilities		7,030	5,475
Deferred income tax liabilities		1,153	5,001
		<u>1,264,198</u>	<u>1,140,114</u>
<b>Current liabilities</b>			
Borrowings	17	1,185,430	1,151,920
Trade payables	16	28,506	80,584
Other payables and accruals		60,295	89,486
Lease liabilities		7,107	5,720
Current income tax payable		10,852	14,062
		<u>1,292,190</u>	<u>1,341,772</u>
<b>Total liabilities</b>		<u>2,556,388</u>	<u>2,481,886</u>
<b>Total equity and liabilities</b>		<u>3,408,660</u>	<u>3,309,732</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

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

## 2 BASIS OF PREPARATION

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

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the consolidated financial statements.

## 3 CHANGES IN ACCOUNTING POLICIES

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

#### 4 REVENUE AND SEGMENT INFORMATION

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

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



## 5 OTHER INCOME, NET

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Government grants ( <i>Note</i> )	1,647	1,737
Others	7,865	10,679
	<u>9,512</u>	<u>12,416</u>

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

## 6 OTHER LOSSES, NET

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Loss on disposal of property and equipment, net	(2,121)	(2,560)
Others	(963)	(3,900)
	<u>(3,084)</u>	<u>(6,460)</u>

## 7 EXPENSES BY NATURE

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

## 8 FINANCE COST, NET

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

## 9 INCOME TAX EXPENSES

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

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Income tax expenses:		
Current income tax	9,198	8,150
Deferred income tax	(3,848)	(565)
	<u>5,350</u>	<u>7,585</u>

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

## 10 EARNINGS PER SHARE

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

### (i) Basic

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

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

### (ii) Diluted

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

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

## 11 DIVIDEND

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

## 12 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

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

### 13 FINANCE LEASE RECEIVABLES

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

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

An ageing analysis of finance lease receivables is as follows:

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

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

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

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



## 14 TRADE RECEIVABLES

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

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

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

	As at <b>30 June</b> <b>2025</b> <i><b>RMB'000</b></i> <b>Unaudited</b>	As at 31 December 2024 <i>RMB'000</i> Audited
Up to 3 months	12,343	12,739
3 to 6 months	722	1,015
Over 6 months	<u>1,439</u>	<u>1,014</u>
	<b><u>14,504</u></b>	<b><u>14,768</u></b>

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

	As at <b>30 June</b> <b>2025</b> <i><b>RMB'000</b></i> <b>Unaudited</b>	As at 31 December 2024 <i>RMB'000</i> Audited
At beginning of the period	716	1,074
(Credited)/charge for the period, net	<u>256</u>	<u>(358)</u>
At end of the period	<b><u>972</u></b>	<b><u>716</u></b>

# 15 INVESTMENT OF ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

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

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

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

## 16 TRADE PAYABLES

	As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Trade payables	28,506	76,229
Bills payables	—	4,355
	<u>28,506</u>	<u>80,584</u>

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

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

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

## 17 BORROWINGS

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

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

The borrowings are repayable as follows:

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

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

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

	As at <b>30 June 2025</b> %	As at 31 December 2024 %
	<b>Unaudited</b>	Audited
Bank borrowings, secured	<b>4.16</b>	5.39
Bank borrowings, unsecured	<b>6.63</b>	6.79
Other borrowings, secured	<b>6.81</b>	7.45
Other borrowings, unsecured	<b>5.22</b>	5.30
	<b><u>5.22</u></b>	<b><u>5.30</u></b>

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

The Group's overall security is summarised below:

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

## DEFINITIONS

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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mainland China” or “PRC”	the People’s Republic of China excluding, for the purposes of this announcement and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Company on 9 October 2023
“Prospectus”	the prospectus issued by the Company dated 30 October 2023
“Reporting Period”	the six months period from 1 January 2025 to 30 June 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share Option Scheme”	the share option scheme adopted by the Company on 9 October 2023 and effective upon the Listing Date
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

By Order of the Board  
**XXF Group Holdings Limited**  
**Mr. HUANG Wei**  
*Chairman of the Board, chief executive officer  
and executive Director*

Hong Kong, 20 August 2025

*As at the date of this announcement, the executive Directors are Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua, the non-executive Director is Mr. Liu Wei, and the independent non-executive Directors are Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Chen Shuo.*