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China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1728)

PROFIT WARNING

This announcement is made by China Zhengtong Auto Services Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**2023 Annual Period**”) and information currently available to the Board, despite a steady increase in revenue during the 2023 Annual Period, fierce competition has resulted in a decrease in the selling price of new vehicles and a corresponding decrease in gross profit margin, and as a result the Group is expected to record a net loss of not more than RMB830 million for the 2023 Annual Period, as compared to the net loss of approximately RMB297 million for the year ended 31 December 2022.

Based on information currently available, the Board is of the view that, whilst the Company’s operational development remains sound, fierce competition within the automobile dealership industry, an overall lack of consumer demand and a lower average selling price of the automobile brands under our dealership have resulted in the above net loss for the Group.

Based on the long-term strategic support of the Group's single largest shareholder, Xiamen ITG Holdings Group Co., Ltd., and based on the assessment of the Group's unaudited consolidated management accounts for the 2023 Annual Period, the Board believes that the Group can adapt to industry changes and continue to maintain operational stability.

As the Company is still in the course of preparing the financial results for the 2023 Annual Period, the information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts and the financial information currently available to the Board. Such information has not been audited nor reviewed by the auditors or the audit committee of the Company, and thus may be subject to adjustments.

The Group's financial results and performance for the 2023 Annual Period will be set out in the forthcoming annual results announcement of the Company, which is expected to be published before the end of March 2024.

Shareholders and potential investors of the Company shall exercise caution when dealing in the securities of the Company.

By order of the Board
China ZhengTong Auto Services Holdings Limited
WANG Mingcheng
Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises Mr. WANG Mingcheng (Chairman), Mr. LI Zhihuang and Mr. HUANG Junfeng as executive Directors; and Dr. WONG Tin Yau Kelvin, Ms. YU Jianrong and Mr. SONG Tao as independent non-executive Directors.