



中升集團控股有限公司

ZHONGSHENG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 881

2024
ANNUAL REPORT

ZHONGSHENG GROUP
LIFETIME

中升集團·終生夥伴

PARTNER



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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Huang Yi (*Chairman*)
Mr. Li Guoqiang (*President and Chief Executive Officer*)
Mr. Zhang Zhicheng
Mr. Tang Xianfeng
Ms. Yu Ning (appointed on 27 March 2024)
Ms. Zhou Xin (appointed on 27 March 2024)

NON-EXECUTIVE DIRECTORS

Mr. Chan Ho Yin
Mr. Sun Yanjun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ying Wei
Mr. Chin Siu Wa Alfred
Mr. Li Yanwei
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)

CORPORATE HEADQUARTERS

No. 44, Binhai East Road
Zhongshan District
Dalian
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
Hong Kong

REGISTERED OFFICE

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Hibiscus Way, 802 West Bay Road
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Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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KY1-1205
Cayman Islands

LEGAL ADVISERS AS TO HONG KONG LAW

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9th Floor, Three Exchange Square
Central
Hong Kong

COMPANY SECRETARY

Ms. Yao Zhenchao

AUTHORISED REPRESENTATIVES

Mr. Huang Yi
Ms. Yao Zhenchao

AUDIT COMMITTEE

Mr. Ying Wei (*Chairman*)
Mr. Chin Siu Wa Alfred
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)

REMUNERATION COMMITTEE

Mr. Chin Siu Wa Alfred (*Chairman*)
Mr. Li Guoqiang
Ms. Cheng Po Chuen (appointed on 8 April 2025)
Mr. Shen Jinjun (resigned on 8 April 2025)

NOMINATION COMMITTEE

Ms. Cheng Po Chuen (*Chairman*) (appointed on 8 April 2025)
Mr. Shen Jinjun (*Chairman*) (resigned on 8 April 2025)
Mr. Huang Yi
Mr. Chin Siu Wa Alfred

COMPLIANCE COMMITTEE

Mr. Tang Xianfeng (*Chairman*)
Mr. Huang Yi
Mr. Li Guoqiang

RISK COMMITTEE

Mr. Zhang Zhicheng (*Chairman*)
Mr. Huang Yi

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Tang Xianfeng (*Chairman*)
Mr. Zhang Zhicheng

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

881

AUDITORS

Ernst & Young
Certified Public Accountants and Registered Public
Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LETTER FROM SENIOR LEADERSHIP



Dear Honourable Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Zhongsheng Group Holdings Limited (“**Zhongsheng**” or the “**Company**”), we are very pleased to present the annual results report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024.

STRATEGY UPDATES

As we wrapped up the second year of our strategy pivot to building Zhongsheng a household name of premium auto service provider in China, we are excited to see fruits reaped along with our solid execution despite a tumultuous year in the Chinese new car market in 2024. While the headline news had been filled with Chinese new car market experiencing a momentous year with new energy vehicle (NEV) sales accounted for more than 50% of total, the entire Group has been exhilarated by another year of success in continuously expanding our active customer base and delivering more auto services to them, both of which are the core of our strategy.

The Chinese automobile market has gone from a new car (incremental) market to a car parc (existing) market as annual new car sales volume plateaus at around 22.0 million level and repeat buyers account for close to 80% of new car sales according to Yiche Research Institute. Among all potential new car buyers in China, more than 80% of them are aged 30 and above, according to Autohome Research Institute. Besides, the proportion of potential buyers aged 40 and above expanded by almost 10 percentage points in the past four years. All these data points underscored some very important context to our new strategy of Zhongsheng branded and customer-centric auto services as our customers are becoming savvier and more sophisticated in choosing auto services providers — auto consumers are able to discern the difference between auto OEM brands and their respective authorised auto services providers. The customers we are serving across various local markets will likely remain to be the same group of individuals for a long time, making it important to build Zhongsheng itself as a premium auto services brand.

Among the 32 strategically core cities where we have major operational presence, there are 18.9 million luxury brand vehicles at the end of 2024, more than 80% of which (15.3 million) are traditional luxury brands including Mercedes-Benz, BMW, Audi and Lexus among others with the remainder (3.6 million) being NEV luxury brands including Tesla, Li Auto and AITO among others. We believe setting a strong footing in these 32 core cities is a strategic priority to realise our premium market positioning of Zhongsheng branded auto services because the total luxury brand auto owners in these 32 core cities represent 62.7% of all luxury brands ownership in China. At the end of 2024, we have an estimated market share of 14.1% among total luxury brands auto owners in the 32 core cities, putting us in a leading position poised to further consolidate the local premium segment and auto services sector in general.

Our total active customers, defined as the unique number of customers who have purchased new vehicles and/or enjoyed our core after-sales services (servicing and maintenance, OEM warranty, and collision repair) in the past 12 months, have further gone up to 4.19 million in 2024, representing a year-over-year growth of 10.7% and a 3-year cumulative average growth rate (CAGR) of 9.2% between 2022 and 2024 based on the number in 2021. The corresponding core after-sales services visits have exceeded 8.05 million, delivering a 3-year CAGR of 7.5%. These solid and steady growth rates stood out even more when new automobile sales volume growth remained muted during the same period. Our strategy to offer a suite of auto services under Zhongsheng brand name has surely contributed to the growth and retention of active customers. The virtuous cycle propelled by an array of Zhongsheng branded core and ancillary auto services bolsters our customer acquisition, retention and conversion in the 32 core cities.

Taking Chengdu, Dalian, Nanjing and Shenzhen for example, the largest four core cities among our footprint, the total number of active customers in these four core cities grew 10.2% year on year, reaching 0.95 million in aggregate. Such expansion in customer base has translated into a broad base of operating activities (visits) growth compared to a year ago – regular servicing up 6.7%, OEM warranty up 16.1%, collision repair up 18.1%, auto insurance renewal up 21.1%, and pre-owned automobiles retail sales units up 17.6%. Across these four core cities, the proportion of customers who did not purchase their vehicles from Zhongsheng but came in for regular servicing, or collision repair, or auto insurance renewal were 20%, 36% and 28% respectively in 2024.

We believe the progress we have made across these four leading core cities has well proven the effectiveness of our new strategy and has shed lights on how local level operational results could be evaluated using these metrics as benchmarks. Performances will no longer be evaluated on a single store basis because our brand agnostic service offerings and centralised customer relationship management treat each local market as one aggregate, integrating all customers into the Zhongsheng auto service ecosystem in their respective local markets or auto brands. On the execution of our new strategy in the past two years, we have followed three key guiding principles.

Prioritising local concentration and local density

Auto service is a local business. Therefore, one of our strategic priorities has been focusing on local market share. As at the latest practicable date, Zhongsheng has 57 sole authorisation rights of a specific brand in a local market in China, among which there are 12 Mercedes-Benz, 9 Lexus, 4 Toyota (combining both domestic joint ventures) and 4 AITO. There are another 61 counts where Zhongsheng operates the majority (50%+) of the authorised brand specific stores in their respective local markets. Such local concentration, especially among luxury brands, facilitates our strategy to position Zhongsheng as a premium auto services provider. We are also more likely to have more favourable pricing power on both vehicles sales and after-sales services, both in the retail business of servicing and maintenance and the wholesale business of collision repair. In terms of local density, we have on average 14 stores and collision centres operational in each of the 32 core cities that we have strategically chosen to cultivate over years. The aggregate scale of local operations in each core city has been very meaningful so that local business partners, including banks, insurance companies, parts and services suppliers, are all very supportive to Zhongsheng's business.

Prioritising customer engagements through diversified value offerings

More than 62% of our 4.19 million active customers enjoyed one or more Zhongsheng-branded ancillary auto services in 2024 (non-automobile sales and non-core after-sales services). These ancillary auto services supplement our core after-sales services and automobile sales very well to keep our active customers more engaged with the Zhongsheng ecosystem. As we introduced more digital tools in managing our customer relations and transformed almost all our auto services other than new automobile sales from brand-specific to brand-agnostic, our customer base continues to grow and Zhongsheng brand awareness keeps being reinforced among the customers. From a financial perspective, because of our local density, we are truly able to extract the economies of scale at the local market level, making the value of our ancillary auto services attractive to customers while financially sustainable at our company level.

Prioritising facility operating efficiency optimisation

Zhongsheng currently operates about 500 structures across various local markets in China. By making Zhongsheng branded auto services OEM brand agnostic and introducing more ancillary auto services, we are optimising revenue streams at each of our structures. We have the bandwidth from both the scope of business and the number of structures perspectives in optimising our local business mix thanks to our strategic emphasis on local density. Structures in a local market could be swapped or combined among authorised brands or refitted to brand-agnostic collision centres. Areas vacant as a result of such structure reshuffling could be refitted to bring in more auto services to stimulate customer engagements and conversions. We have also been very disciplined in capital expenditure both in terms of new investment and acquisitions. Return on structures as a whole at the local market level has been a key metric we keep striving to optimise.

BUSINESS REVIEW AND OUTLOOK

AFTER-SALES SERVICES BUSINESS

The after-sales services segment recorded another all-time-high revenue of RMB22.00 billion in 2024, representing a year-over-year increase of 9.6% and a 3-year CAGR of 10.8%. It has been another strong year of growth demonstrating the merits of our strategic pivot to building Zhongsheng as a premium auto service brand in the past two years. We have overhauled how customer relations were managed and how auto services were delivered through traditional brand-specific outlets. Many of the operations have been centralised and managed across brands at the group level. This is to dismantle the invisible barriers erected over years between brands and stores that have made our operations siloed and less efficient in the same group. Zhongsheng is now a much stronger premium auto services brand that caters to various different use cases in our 32 core cities among customers.

In 2024, we have further expanded our active customer base to 4.19 million, registering a year-over-year increase of 10.7% and a 3-year CAGR of 9.2% based on the number in 2021. Customers are drawn to us and remain active in the Zhongsheng ecosystem by the various value offerings we provide. Our centralised customer relations teams have reached out to over 16 million customers (non-unique counts) through calls and WeCom messages as an addition to usual store level outreaches to customers during the year. Customers were responsive and results were reassuring — we fulfilled 8.05 million of core after-sales (servicing and maintenance, OEM warranty, and collision repair) visits during the year, further increasing 7.8% over last year and registering a 3-year CAGR of 7.5%. Our strategically imperative ancillary auto services (non-vehicle sales and non-core after-sales services) were effective in keeping more than 62% of our active customers (defined as customers for vehicle purchases and core after-sales services only) engaged with the Zhongsheng brand.

We brokered 1.95 million auto insurance renewals in 2024. Together with new car insurance, the annual total number of auto insurance policies brokered reached 2.41 million, representing a year-over-year increase of 20.7% and a 3-year CAGR of 12.0%. Our WeChat Mini programme based digital membership allows customers to earn vouchers and points which create value to both customers and Zhongsheng. Customers enjoy more Zhongsheng ancillary auto services and other value offerings in the future with less cash to be paid. We rolled out Zhongsheng branded auto cleaning and detailing services in 2024 as a major push into more ancillary auto service offerings. Nearly 8 million of cleaning services were fulfilled during 2024 creating value of expedience for our customers especially at times of supply trough during the Chinese New Year holidays. Such visits were valuable to us because each visit got us an opportunity to fully inspect the customer's vehicle exterior for potential body and paint jobs (one of our core after-sales services) that are usually covered by auto insurance policies or to generate cross sales of accessories or maintenance packages. Our courtesy car services and Hainan Mobility extend our seamless Zhongsheng experiences even further. Quality mobility is no longer interrupted because of unavailability of their vehicles during maintenance or collision jobs or traveling in Hainan. Premium conditioned courtesy or rental fleets are ready to smooth out hassles. A total of 170 thousand courtesy makeshifts and a total of 10 thousand rental trips in Hainan Zhongsheng delivered to our customers in 2024. Our subscription-based e-commerce platform Zhongsheng GO generated gross merchandise value (GMV) of RMB800 million in 2024, promoting the value of Zhongsheng membership points among the 3.50 million Zhongsheng GO subscription members.

PRE-OWNED AUTOMOBILE BUSINESS

Zhongsheng delivered 226 thousand units of pre-owned automobiles in 2024, a year-over-year increase of 37.9% and another all-time-high in a year full of mounting market pressure. The segment profit contribution reached RMB1.29 billion, representing a year-on-year increase of 5.0% and 8.7% of our aggregate profit as a group in 2024. Our centralised Zhongsheng branded pre-owned automobile strategy continued to integrate our operations and try to fence off competition across various local markets, as our operating metrics speak for the efficiency improvement in 2024. For every ten new automobile buyers in the year, we were able to convert almost four pre-owned automobiles among them, or a 38% trade-in ratio, up from 31% a year ago. The number of outlets with monthly pre-owned automobile sales volume of 100 units and above grew further by 12 to 49 in total with 95% of these outlets located in our 32 core cities. They attributed to 51 thousand of retail (to end consumers) pre-owned automobile transactions, an 11.0% increase from a year ago.

While we are excited to share these achievements, we are very cautious of the current pre-owned automobile market environment in China. The average aggregate profit generated per pre-owned automobile in 2024 was RMB5.7 thousand as compared to RMB7.5 thousand a year ago. The weakened profitability was mainly attributed to the much lower transaction prices across both retail (to end consumers) and wholesale (to professional buyers) parts of the business.

According to the price tracker published by the Autohome Research Institute, new automobile retail price across 168 prevailing models in the Chinese market tumbled to 84.2 (indexed to 100 in Q1 2023) in the 18 months between Q1 2023 and Q2 2024 in a one-way slide because of the new automobile market competition. The situation alleviated a little in the second half of 2024 when the price index just dipped a little further to 82.8. The average transaction price for pre-owned automobile transactions was RMB68 thousand in 2024, down 29.2% year-over-year. A flood of new models or facelifts launched at an expedited pace, especially in the new energy vehicle segment, weighed on the vehicle residual value of older models.

Another major factor that was dragging pre-owned automobile transaction price was the trade-in policies actively being promoted by the government to stimulate consumption in 2024. As a result of the trade-in policies, pre-owned automobile transactions with automobile age of ten years and above accounted for 41% of total in 2024, up by 13 percentage points as compared to 2023. The proportion of transactions with vehicle age of five years or below plunged by 11 percentage points to 24%.

NEW AUTOMOBILE BUSINESS

Zhongsheng sold 485 thousand of new cars in 2024, compared to 502 thousand units a year ago. The slight decrease in sales units reflected the jolt of volatility in the new automobile market. The new car margin, including all OEM regular sales targets-based incentives and special compensations, entered negative territory which was unprecedented. To secure special compensations, which were retroactive and often disproportionate towards the year end, to replenish the cash loss upon new automobile sales because of the reverse gap between our inventory cost and actual retail price, it sometimes means investing in more cash to commit to inventories for future sales. It is when such industry-wide dynamic is dire for most of the auto dealers that our strategy of and relentless effort in enhancing local concentration (market share) and local density (scale of business) in our 32 core cities have granted us more manoeuvrability and potential opportunities for further growth. Therefore, Zhongsheng is treading a fine line between short-term cash recoupment and long-term brand and geographic mix optimisation.

As at the latest practicable date, we had 436 dealership stores nationwide. To continue optimising our brand and geographic mix, we have had the biggest round of reshuffling among brands, operating formats and local structures under our strategic guiding principles of local concentration and density, customer-centric, and operating efficiency optimisation as elaborated in the Strategy Updates section above. We have opened 48 new stores and closed down 32 stores across various brands, and moved around multiple operations among our structures. The addition of Huawei family brands at meaningful scale — our official collaboration with Seres for AITO and potential expansion into HIMA operations, together with our unparalleled management bandwidth and operational excellency, allowed us to complete these reshufflings with minimal operating downtime.

Toyota and Mercedes-Benz remain the two biggest OEMs we work with. There are 111, 56 and 107 Mercedes-Benz, Lexus and Toyota authorised stores operated by Zhongsheng in China respectively. In line with our premium auto service provider positioning, our core luxury brand portfolio includes another 37 AITO (4 of them are under construction), 24 BMW, 25 Audi, 21 Volvo and 16 Jaguar Land Rover authorised stores. We are well positioned to consolidate and further gain market share in the premium auto services segment in our 32 core cities. The recent memorandum of understanding entered between Audi and us is a perfect showcase of our unique value proposition. We see plenty of opportunities in snapping up premium auto customers and gain market share at only a fraction of the cost that used to be.

MARKET REVIEW

The Chinese economy accomplished the 5% growth target in 2024 despite facing complexities between international geopolitical uncertainties and domestic economic sluggishness. As we go into the new year, global geopolitical uncertainties remain unabated, and international trade friction is intensifying, unable to reverse the lacklustre economic performances yet so far across various sectors in the country. According to the latest official economic read in February 2025, the consumer price index (CPI) declined by 0.7% year-on-year. Even factoring in the Chinese New Year holiday seasonality, the Chinese economy has not shown clear signs of recovery yet in the first two months of 2025. Over the past year, the Chinese government had been implementing relatively moderate economic stimulus policies. Overall consumption has been a laggard in the economy and deflationary signs were not hard to spot. Nevertheless, we are encouraged by the economic stimulus plans that have included multi-dimensional, systematic and highly targeted initiatives, which would hopefully lead us to a solid rebound in the new year. Retail sales in January and February 2025 have shown better-than-expected growth of 4.0% over last year.

It was against such macro backdrops, the automobile market in China, especially the new automobile market, started to exhibit new characteristics and tendencies. In 2024, the number of new passenger automobiles registered reached 23.39 million units in China, a year-on-year increase of 7.8%. This has been the highest new passenger automobile sales volume peaked since in 2017, which we believe was mainly attributed to the vehicle trade-in policies implemented with vigor at various local governments and a glut of new car model launches with novelty features and aggressive social media marketing.

New passenger vehicles registered with unit price above RMB400 thousand were barely above 1.0 million, down about 300 thousand units from a year ago and representing a mere 4.5% of total. On the other hand, for those with unit price below RMB300 thousand increased by 3.5 million units between 2022 and 2024. While a deflationary trend had been hitting almost all consumer and retail sectors in China in the past couple years, it has been exacerbated in the auto sector particularly by their aggressive marketing and the glut of products that lack differentiation. According to the National Bureau of Statistics, the total retail sales in the auto sector only increased by about 1.0% in 2024, cross-checking the auto pricing downward shift.

The new car market competition has caused spillover effects in various segments of the entire value chain. We have seen unexpected news of closures or struggles from previously high-profile new energy vehicle startups. New car dealer margin was meaningfully squeezed and entered the negative territory in 2024, which was unprecedented and unsustainable in our view for the entire auto dealership industry. While we firmly believe, as elaborated in the Business Review section above, our strategy pivot to Zhongsheng branded premium auto services has proven effective in weathering a paradigm shift in the auto industry, the OEMs landscape in the Chinese automobile market will likely remain in ferocious competition in 2025 and even further, as favourable government policies towards NEVs on car plates and consumption tax waivers are still in effect.

Like that of the new automobile market in China, the pre-owned automobile market also cheered for volume growth though the aggregate market value was subdued as a result of depressed unit transaction price. The penetration ratio of pre-owned automobiles continued to rise among Chinese consumers thanks to the favourable government policies in promoting the circulation of pre-owned automobiles in the country and the increased transparency in transaction procedures. According to the China Automobile Dealers Association, the transaction volume of pre-owned automobiles in 2024 increased by 6.5% year-on-year to 19.61 million. There was obviously a trickle-down effect in the profitability of the pre-owned automobile market in China when the new automobile market was in severe price competition. Nonetheless, we are enthusiastic about the growth trajectory of the pre-owned automobile industry in the long run. More quality and efficient operators like Zhongsheng are poised to capture the bulk of the profitability in the market taking into consideration the strong access they have to both quality sources of vehicles and retail end consumers.

The automobile after-sale market continued to expand in tandem with increasing car parc driven by higher annual new automobile sales and growing demand from customers as they become more sophisticated. At the end of 2024, the Chinese car parc increased year-on-year by 5.1% to 350 million units, with 8.9% of which being new energy vehicles according to the Ministry of Public Security of China. As auto owners are becoming more and more experienced and sophisticated, and information asymmetry is also being eliminated, the automobile after-sale is undergoing secular changes that auto owners are looking for more diverse service items and higher quality execution. The industry is calling for more quality and reputable auto services providers to consolidate the market. Collision repair, as a major segment in the automobile after-sale business, is embracing changes from the increasing penetration of NEVs and advanced driver assistance systems (ADAS) in the car parc. According to National Financial Regulatory Authority, the total auto insurance premiums reached RMB913.7 billion in 2024 with a compensation ratio of 74.1%. Assuming empirically 60% of the compensation goes to vehicle damage, that gives an estimated annual auto collision repair market size above RMB400 billion. As NEV penetration ratio continues rising, their accident ratio has been ten percentage points higher than traditional vehicles according to several insurance companies, even as higher ADAS adoption ratio among NEVs is supposed to make driving safer. We believe the higher accident ratios among NEVs are attributed by the overall higher running speed and the lack of attention among drivers when accidents happen.

In terms of the market competitive dynamics, industry consolidation is becoming increasingly evident. The prolonged price war in the new automobile market has led to the exit of some authorised dealers due to liquidity issues. Major OEMs are also proactively optimising their distribution networks, leading to further consolidation of market share among top players. Institutional auto service providers like Zhongsheng are rapidly building their independent brand names in the premium segment while the mass segment is being reshaped by branded franchisees under online platforms like Tuhu, JD and New Car Zone. What is clear is that the branding of auto service providers will become more and more important as consumers are relying more on it to make decisions. It fits well with our pivotal strategy though we will remain disciplined by the guiding principles as discussed in the Strategy Updates section above.

APPRECIATION

On behalf of the Board, we extend our deepest appreciation to every member of our dedicated staff and management team for their tireless efforts, resilience and unwavering commitment to excellence. Equally, we wish to thank our valued shareholders and stakeholders for their steadfast trust and enduring partnership.

Huang Yi
Chairman

Li Guoqiang
President and Chief Executive Officer

Hong Kong, 28 March 2025

HONESTY
AND
BRILLIANCE



DEDICATION
AND
INNOVATION



LIFETIME
PARTNER



MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2023:

	2024 (Renminbi in millions, unless specified)	2023
Revenue	168,124.2	179,290.1
Cost of sales and services provided	(157,452.3)	(165,525.8)
Gross profit	10,671.9	13,764.3
Other income and gains, net	4,784.4	4,730.9
Selling and distribution expenses	(7,552.6)	(7,736.9)
Administrative expenses	(2,229.2)	(2,418.6)
Profit from operations	5,674.5	8,339.7
Finance costs	(1,572.9)	(1,507.4)
Share of profits/(losses) of joint ventures and associates	1.8	(1.3)
Profit before tax	4,103.4	6,831.0
Income tax expense	(1,032.5)	(1,840.1)
Profit for the year	3,070.9	4,990.9



	2024 (Renminbi in millions, unless specified)	2023
Attributable to:		
Owners of the parent	3,212.2	5,018.1
Non-controlling interests	(141.3)	(27.2)
	3,070.9	4,990.9

REVENUE

Revenue for the year ended 31 December 2024 was RMB168,124.2 million, representing a decrease of RMB11,165.9 million or 6.2% as compared to the year ended 31 December 2023. The following table sets forth the Group's revenue by different business segments for the years ended 31 December 2024 and 2023:

	2024 (Renminbi in millions, unless specified)	2023	Year-on-year change
New automobile sales	125,325.6	140,214.9	(10.6)%
Pre-owned automobile sales	15,417.3	13,984.8	10.2%
After-sales services	22,001.2	20,076.0	9.6%
Accessories and others	5,380.1	5,014.4	7.3%
Total revenue	168,124.2	179,290.1	(6.2)%

- Revenue from new automobile sales amounted to RMB125,325.6 million, representing a decrease of RMB14,889.3 million or 10.6% as compared to the year ended 31 December 2023, primarily due to the decline in the sales volume of new automobile and average selling price of new automobile for the year.
- Revenue from pre-owned automobile sales amounted to RMB15,417.3 million, representing an increase of RMB1,432.5 million or 10.2% as compared to the year ended 31 December 2023, primarily due to the growth of the sales volume of pre-owned automobile for the year, which was to a certain extent offset by a decrease in the average selling price of pre-owned automobiles.
- Revenue from after-sales services (maintenance, warranty and collision) amounted to RMB22,001.2 million, representing an increase of RMB1,925.2 million or 9.6% as compared to the year ended 31 December 2023, which was primarily due to the increase in the number of visits for after-sales services during the year.
- Revenue from accessories and others amounted to RMB5,380.1 million, representing an increase of RMB365.7 million or 7.3% as compared to the year ended 31 December 2023, primarily due to the increase in sales of responding sales volume as a result of greater offering diversity of accessories during the year.

New automobile sales business accounted for a substantial portion of the Group's revenue, representing 74.5% (the year ended 31 December 2023: 78.2%) of the total revenue for the year ended 31 December 2024. Pre-owned automobile sales accounted for 9.2% of the total revenue for the year ended 31 December 2024 (the year ended 31 December 2023: 7.8%). Accessories and after-sales services business accounted for 16.3% of the total revenue for the year ended 31 December 2024 (the year ended 31 December 2023: 14.0%). During the year ended 31 December 2024, almost all of the Group's revenue was derived from business located in the PRC.

In terms of revenue from new automobile sales, Mercedes-Benz is the Group's top selling brand, with revenue from the sales of which representing 40.0% of the Group's total revenue from new automobile sales (the year ended 31 December 2023: 40.9%).

COST OF SALES AND SERVICES PROVIDED

Cost of sales and services for the year ended 31 December 2024 amounted to RMB157,452.3 million, representing a decrease of RMB8,073.5 million or 4.9% as compared to the year ended 31 December 2023, which was primarily due to the decrease in cost of sales as a result of the decline in new automobile sales volume.

GROSS PROFIT

The Group's gross profit for the year ended 31 December 2024 amounted to RMB10,671.9 million, representing a decrease of RMB3,092.4 million or 22.5% as compared to the year ended 31 December 2023. The following table sets out the Group's gross profit by different business segments for the years ended 31 December 2024 and 2023:

	2024 (Renminbi in millions, unless specified)	2023	Year-on-year change
New automobile sales	(3,208.4)	1,057.9	N/M
Pre-owned automobile sales	1,229.8	940.0	30.8%
After-sales services	10,215.8	9,293.8	9.9%
Accessories and others	2,434.7	2,472.6	(1.5)%
Total gross profit	10,671.9	13,764.3	(22.5)%

N/M: Not meaningful

- Gross loss from new automobile sales business amounted to RMB3,208.4 million, as compared to gross profit from new automobile sales business of RMB1,057.9 million for the year the ended 31 December 2023, primarily due to the decline in new automobile sales volume for the year, and the narrowing of gross profit for new automobile sales at the dealership end as a result of the increasing competition in the domestic new automobile market and the decrease in the average selling price of new automobiles for the year.
- Gross profit from pre-owned automobile sales amounted to RMB1,229.8 million, representing an increase of RMB289.8 million or 30.8% as compared to the year ended 31 December 2023, primarily due to the growth of the sales volume of pre-owned automobile for the year.
- Gross profit from after-sales services (maintenance, warranty and collision) amounted to RMB10,215.8 million, representing an increase of RMB922.0 million or 9.9% as compared to the year ended 31 December 2023, primarily due to the increase in the number of visits for after-sales services for the year.
- Gross profit from accessories and others amounted to RMB2,434.7 million, representing a decrease of RMB37.9 million or 1.5% as compared to the year ended 31 December 2023, primarily due to the product mix change of accessories distributed.

The Group's gross profit margin for the year ended 31 December 2024 was 6.3% (the year ended 31 December 2023: 7.7%).

OTHER INCOME AND GAINS, NET

The other income and gains mainly consisted of commission income, interest income, rental income, government grants, other gains and losses, etc. The other income and gains, net, for the year ended 31 December 2024 amounted to RMB4,784.4 million, representing an increase of RMB53.5 million or 1.1% as compared to the year ended 31 December 2023.

Among which, the commission income (commission from automobile insurance, automobile financing and automobile registration services, etc.) amounted to RMB4,199.8 million for the year ended 31 December 2024, representing an increase of RMB67.7 million or 1.6% as compared to the year ended 31 December 2023, which remained stable.

The interest income amounted to RMB323.1 million for the year ended 31 December 2024, representing a decrease of RMB131.5 million or 28.9% as compared to the year ended 31 December 2023, due to the decrease in interest rates.

In addition, the provision for impairment of goodwill recorded in respect of the underlying cash-generating units during the period is included in other gains and losses and amounted to RMB99.9 million (the year ended 31 December 2023: Nil).

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended 31 December 2024 amounted to RMB7,552.6 million, representing a decrease of RMB184.3 million or 2.4% as compared to the year ended 31 December 2023, primarily due to the decrease in promotion and advertising expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December 2024 amounted to RMB2,229.2 million, representing a decrease of RMB189.4 million or 7.8% as compared to the year ended 31 December 2023, primarily due to the control and reduction in administrative-related cost.

SHARE OF PROFITS/(LOSSES) OF JOINT VENTURES AND ASSOCIATES

The share of net profits of joint ventures and associates amounted to RMB1.8 million for the year ended 31 December 2024, as compared to the share of net losses of joint ventures and associates of RMB1.3 million for the year ended 31 December 2023.

PROFIT FROM OPERATIONS

The profit from operations for the year ended 31 December 2024 amounted to RMB5,674.5 million, representing a decrease of RMB2,665.2 million or 32.0% as compared to the year ended 31 December 2023. Such change was primarily due to the decrease in gross margin for the abovementioned new automobile sales, which was to a certain extent offset by increase in gross profit from sales of pre-owned automobiles and accessories and after-sales services and decrease in selling and distribution expenses and administrative expenses. The operating profit margin for the year ended 31 December 2024 was 3.4% (the year ended 31 December 2023: 4.7%).

FINANCE COSTS

Finance costs for the year ended 31 December 2024 amounted to RMB1,572.9 million, representing an increase of RMB65.5 million or 4.3% as compared to the year ended 31 December 2023. The change was insignificant and was mainly due to the increase in debt size.

INCOME TAX EXPENSE

Income tax for the year ended 31 December 2024 amounted to RMB1,032.5 million, representing a decrease of RMB807.6 million, or 43.9% as compared to the year ended 31 December 2023, primarily due to the decrease in profit from operations for the year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent for the year ended 31 December 2024 amounted to RMB3,212.2 million, representing a decrease of RMB1,805.9 million or 36.0% as compared to the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

CASH FLOW

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

The cash position of the Group as at 31 December 2024 and 31 December 2023 was as follows:

	2024 (Renminbi in millions, unless specified)	2023
Cash and cash equivalents	18,687.5	15,612.0
Cash in transit	60.0	118.1
Time deposits and pledged bank deposits	4,256.5	3,871.4
Total cash	23,004.0	19,601.5

As at 31 December 2024, the cash balance of the Group was RMB23,004.0 million, representing an increase of RMB3,402.5 million in cash balance as compared to that as at 31 December 2023, which was mainly attributable to the net cash inflow from operating activities.

For the year ended 31 December 2024, the Group generated free cash flow of RMB1,555.5 million, which was attributable to the net cash flow from operating activities of RMB3,439.4 million, partially offset by the Group's net capital expenditures cash flow of RMB825.7 million and lease payments of RMB1,058.2 million.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets out the comparative figures for the years ended 31 December 2024 and 2023:

	2024 (Renminbi in millions, unless specified)	2023
Net cash generated from operating activities	3,439.4	6,426.0
Net cash generated from/(used in) investing activities	619.5	(497.0)
Net cash used in financing activities	(1,000.3)	(2,001.3)
Net increase in cash and cash equivalents	3,058.6	3,927.7
Cash and cash equivalents at the beginning of the year	15,612.0	11,679.0
Effect of foreign exchange rate changes, net	16.9	5.3
Cash and cash equivalents at the end of the year	18,687.5	15,612.0

CASH FLOW GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2024, the net cash generated from operating activities by the Group amounted to RMB3,439.4 million, representing a decrease of RMB2,986.6 million as compared to that for the year ended 31 December 2023, which was mainly attributable to the decrease in profit for the year and the increase in the share of working capital due to the increase in the rebate receivables from the OEMs.

CASH FLOW GENERATED FROM INVESTING ACTIVITIES

For the year ended 31 December 2024, the net cash generated from investing activities by the Group amounted to RMB619.5 million, which was mainly derived from the decrease in prepayments.

CASH FLOW USED IN FINANCING ACTIVITIES

For the year ended 31 December 2024, the net cash used in financing activities by the Group amounted to RMB1,000.3 million, primarily used for repurchase of bonds, payment of dividend and interest and lease payments.

OTHER FINANCIAL INFORMATION**CAPITAL EXPENDITURES AND INVESTMENT**

The Group's capital expenditures comprised of expenditures on property, plant and equipment (other than motor vehicles), land use rights and business acquisition. For the year ended 31 December 2024, the Group's total capital expenditures amounted to RMB1,356.7 million (for the year ended 31 December 2023: RMB1,426.5 million). Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2024.

INVENTORY ANALYSIS

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

The Group's inventories increased from RMB16,366.1 million as at 31 December 2023 to RMB18,476.9 million as at 31 December 2024, primarily due to the slight increase in the turnover days for new automobiles.

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

	For the year ended 31 December	
	2024	2023
Average inventory turnover days	35.1	31.2

The inventory turnover days of the Group showed an increase during the year ended 31 December 2024 as compared to the year ended 31 December 2023, which was mainly because the Group adjusted the level of its inventory to adapt to market changes. During the year ended 31 December 2024, the Group still had a healthy level of average inventory turnover days, and the Group's inventory mix will gradually optimise.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Group's bank loans and other borrowings amounted to RMB32,039.2 million (31 December 2023: RMB28,372.8 million), and its convertible bonds liability portion amounted to RMB3,356.2 million (31 December 2023: RMB3,175.9 million). The increase in the Group's bank loans and other borrowings during the year ended 31 December 2024 was primarily due to the increase in inventories financed by financial institutions, and the newly issued bond financing for refinancing for the year that has not yet been used to repay the original debt. The annual interest rates of the bank loans and other borrowings ranged from 0.3% to 6.29%.

INTEREST RATE RISK AND FOREIGN EXCHANGE RATE RISK

As at 31 December 2024, the Group did not use any derivatives to hedge interest rate risk. The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Most cash and bank deposits of the Group are denominated in RMB. In general, the Group's bank loans and other borrowings were denominated in RMB, United States dollars and Hong Kong dollars, and the liability component of convertible bonds were denominated in Hong Kong dollars. The Group has used derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency exposure. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

EMPLOYEE AND REMUNERATION POLICY

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

As at 31 December 2024, the Group had 26,357 employees (31 December 2023: 31,180). The Group strives to offer a harmonious, efficient and productive working environment, a diversified range of training programmes as well as an attractive remuneration package to its employees. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. The Group endeavours to motivate its staff with performance-based remuneration and reward its staff who had outstanding performances with cash bonuses, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals and to create long-term incentives for its staff.

PLEDGE OF THE GROUP'S ASSETS

The Group pledged its assets as securities for bank and other loan and banking facilities which were used to finance daily business operations. As at 31 December 2024, the pledged assets of the Group amounted to RMB12.2 billion (31 December 2023: RMB11.6 billion).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2024, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, the Group did not have any detailed future plans for material investments or capital assets.

GEARING RATIO

As at 31 December 2024, the gearing ratio of the Group was 42.5% (31 December 2023: 40.9%), which was calculated from net debt divided by the sum of net debt and total equity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

REPORT PROFILE

The report is the 2024 Environmental, Social and Governance (“**ESG**”) report issued by Zhongsheng Group Holdings Limited (the “**Group**”, “**Zhongsheng**” or “**we**”), which mainly introduces the Group’s management policies in the ESG aspect and the specific management measures adopted during the reporting period, with an aim to strengthen the communication and engagement with internal and external stakeholders of the Group.

REPORTING SCOPE

The time span of this report is from 1 January 2024 to 31 December 2024. The report covers Zhongsheng Group Holdings Limited and its 423 dealerships (275 luxury brand dealerships and 148 mid-to-high-end brand dealerships). There was no significant change in the scope of coverage this year as compared with the previous reporting year.

REPORT BASIS

The report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) of Hong Kong Exchanges and Clearing Limited (the “**Stock Exchange**”).

ACCESS AND RESPONSE TO THE REPORT

The Chinese and English versions of this report can be downloaded from the website of the Stock Exchange at <http://www.hkexnews.hk>. The report is published in both Chinese and English. In the case of any discrepancy between the two versions, the Chinese version shall prevail.

The Group welcomes stakeholders’ feedback on our ESG approach and performance. Suggestions can be sent to us via e-mail at zhongsheng-hk@zs-group.com.cn.

1. STRENGTHENING RESPONSIBILITY – LIFETIME UNDERTAKING

1.1 ESG VISION AND MANAGEMENT POLICY

As one of the leading national automobile dealership groups in the PRC, the Group has always adhered to the operating philosophy of “Pursuing for Excellence, Being Determined and Devoted, Being Trustworthy and Reliable, Being Innovative and Creative” to provide customers with quality services in an ethical and responsible manner. In addition, the Group is committed to sustainable development, actively promotes green culture, engages in exchanges on environmental issues, establishes a green supply chain, promotes environmental protection projects for public welfare, and puts into practice the new concept of environmental protection for corporate citizens. The Group attaches great importance to ESG governance, and we expect to work together with employees, investors and shareholders, customers, suppliers, governments and community groups for mutual benefits, so as to contribute to social progress, economic growth and environmental governance.

We have all along been committed to the operating philosophy of “Pursuing for Excellence, Being Determined and Devoted, Being Trustworthy and Reliable, Being Innovative and Creative” to provide customers with services that offer the maximum overall value by focusing on customers’ needs, continued to promote sustainable business practices and discharge corporate social responsibilities, so as to better capture the opportunities from the development of the industry and create overall value for stakeholders.

In order to improve the standard of ESG governance, in 2020, Zhongsheng Group established an ESG committee after being approved by a resolution of the Board, which is directly under the Board and its members are directors and independent directors of Zhongsheng Group. It is mainly responsible for the development of the Group’s ESG development strategy and the implementation and supervision of various activities. In response to the impact of energy conservation, emission reduction and climate change, the ESG committee has carefully assessed related risks and developed corresponding strategies and targets for environmental protection, carbon reduction and response to climate change, including: ① minimising and optimising water use, and establishing a recycling water system in areas where conditions permit; ② establishing a recycling system to achieve the target of living in harmony with nature; ③ gradually reducing new automobile emissions, automobile life cycle emissions and carbon dioxide emissions from related plant.

In order to achieve the aforesaid strategic targets, Zhongsheng Group will keep abreast of the trends of new environmental laws and regulations and formulate contingency strategies and policies in a timely manner to ensure compliance with environmental protection laws and regulations. We have strengthened talents recruitment and training, increased investment in development or introduced more environmentally friendly products or business models to effectively control the waste recycling process. In addition, the Group will introduce more related hybrid and new energy vehicles, and establish a complete inventory distribution and information management system to reduce the impact of any emergency.

In the future, Zhongsheng Group will continue to proactively assume corporate social responsibilities for achieving sustainable development. Zhongsheng Group will actively respond to and implement relevant government policies and requirements in place, actively support the society-wide low-carbon development, and actively engage in society-wide actions of energy conservation and emission reduction to ensure the effective promotion and implementation of sustainable development policies, measures, and targets at all levels in terms of business decision-making and operations.

1.2 ESG GOVERNANCE

The Board of the Group established an environmental, social and governance (ESG) committee in November 2020 to continuously improve the Group's sustainable development performance. The members of ESG committee include two executive directors of the Group, whose main functions are to review the Group's sustainable development targets and strategies (including assessment of ESG risks) and report to the Board on major domestic trends relating to ESG work. They developed sustainable development initiatives and monitored the performance and progress of the Group with reference to key performance indicators and other relevant standards and provided suggestions to promote the development and implementation of the Group's ESG work, as well as reviewed the ESG report of the Group. The ESG committee will conduct relevant discussions and hold meetings as required at least once a year. The Group will continue to improve the sustainable development management system and promote the sustainable development progress of the Group.

During the Reporting Period, the Board participated in the assessment and determination of the importance and priority of ESG issues, put forward its views and proposals on ESG issues that may affect the long-term sustainable development of the Company, and assessed and determined their priorities and management dimensions through participation in interviews and questionnaire surveys, meetings and other forms. In addition, the Group has incorporated key ESG risks into the Company's overall risk management system. Senior management and officers of relevant businesses have participated in the assessment of ESG key risks related to business and formulated risk response measures by identifying and judging the possibility of occurrence of ESG key risks, the degree of impact and the development trend. The Board regularly supervises ESG work, reviews key risks and discusses corresponding proposals.

Aiming to manage the risk of ESG of the Group, we have already formulated the Risk and Opportunities Identification Assessment Management System (《風險和機遇識別評估管理制度》) and set up an environmental management risk assessment task group. According to the job duties relevant to their job positions, business segments and departments are given the responsibilities to identify and monitor current possible and potential risk and opportunities for the Group.

The ESG task group at the management level of the Group had been further divided into staff care task group, energy conservation task group as well as supply chain management task group.

The staff care task group is made up of staff members from the Group's administration human resources departments and other functional departments;

The energy conservation and emission reduction task group is made up of staff members from Group's operational management centre and relevant functional departments;

The supply chain management task group is made up of staff members from Group's vehicles accessories companies, legal department, audit department;

The work of all EAS task group leadership-groups is already underway. These include further recalibrating ESG goals, enhancing specific operational plans and monitoring their progresses. Each task group undertakes ESG supervision and coordination functions, puts into practice decisions of decision-making organisation, communicates and coordinates ESG-related affairs, organises the preparation of ESG reports, and reports the implementation of related work to the ESG committee.

In addition, as to executive organisations for specific work, all functional departments and dealerships of the Company will implement the ESG plan formulated by the task group, effectively record and report ESG related information, and put into practice the ESG related management work.

ESG Governance Structure of the Group

Decision-making organisation ESG Committee of the Board	<ul style="list-style-type: none"> ➤ Responsible for overall ESG governance ➤ Supervising and reviewing ESG performance
Co-ordination organisation <ul style="list-style-type: none"> • Employee Care Group • Energy Conservation and Emission Reduction Group • Supply Chain Management Group 	<ul style="list-style-type: none"> ➤ Put into practice the decisions of decision-making organisation ➤ Communicating and coordinating ESG affairs ➤ Organising the preparation of ESG report
Executive organisation Various business outlets such as all functional departments, dealerships and collision centres	<ul style="list-style-type: none"> ➤ Executing ESG work plans ➤ Collecting and reporting ESG information ➤ Performing ESG management work

1.3 STAKEHOLDER COMMUNICATION

Taking into account the interests and influence of different stakeholders and establishing a good and effective communication channels with stakeholders will not only assist the Group in responding to and identifying existing and potential risks and opportunities in the market in a timely manner, but also serve as a basis for establishing a sustainable development strategy.

The Group's business involves various stakeholder groups, including but not limited to its employees, investors and shareholders, customers, suppliers and governmental and community groups. Having continuous communication and engagement with the stakeholders is an important part of the Group's daily operation. Communication with stakeholders would normally be conducted via our day-to-day interaction with them or during the annual general meeting. In addition, announcement and publications relevant to the Group would also be issued on the Group's or the Stock Exchange's websites to respond to the concerns of investment stakeholders. The main communication channels between the Group and each stakeholder, the main concerns of the stakeholders and the key actions of the Group are detailed as follows:

Stakeholders	Governments	Shareholders and investors	Employees	Customers	Suppliers	Community
Methods of communication and exchange	<ul style="list-style-type: none"> • Take part in discussions when relevant policies are being formulated, share enterprise experience • Guide and influence public policies actively • Engage in dialogue with the local government 	<ul style="list-style-type: none"> • Annual general meeting • Annual reports and interim reports • The Group's announcements and publications • Telephone or email 	<ul style="list-style-type: none"> • Working conference • Training programme • The Group's office platform • The Group's announcements and publications • Team building activities 	<ul style="list-style-type: none"> • The Group's announcements and publications • Communicate during the service offering process • Customer survey and feedback • Complaint hotline • Telephone or email • Corporate WeChat, the Group's WeChat official account, mini programme of Zhongsheng Home (中升之家) and mini programme of Zhongsheng GO (中升GO) 	<ul style="list-style-type: none"> • Announce the supplier management rules • Contract negotiation • Daily business exchange • Enhance information disclosures 	<ul style="list-style-type: none"> • Communicate with local government and organisations • Exchange ideas with community members • Enhance information disclosures • The Group's WeChat official account and mini programme of Zhongsheng Home (中升之家)

Stakeholders	Governments	Shareholders and investors	Employees	Customers	Suppliers	Community
Main concerns	<ul style="list-style-type: none"> Respond to state policies Operate according to laws and regulations Pay taxes in accordance with applicable tax laws Promote employment 	<ul style="list-style-type: none"> Business strategy & financial performance Protect shareholder's legal rights Business sustainability Company transparency 	<ul style="list-style-type: none"> Remuneration and benefits Guarantee of rights and interests Career development Safety and health Corporate culture 	<ul style="list-style-type: none"> Timely service User security Privacy protection Continuously improve service quality 	<ul style="list-style-type: none"> Abide by commercial ethics & state laws and rules Be transparent and fair Fulfill commitments, achieve mutual benefits and enable win-win cooperation 	<ul style="list-style-type: none"> Hold community activities Participate in community construction Participate in public welfare activities of community Promote the community's development
Key actions	<ul style="list-style-type: none"> Implement state policies, abide by state laws and regulations Accept supervision and check-ups Create more posts to boost the employment rate Tax return filing in a timely manner 	<ul style="list-style-type: none"> Convene shareholder meetings regularly Convene the Board meetings regularly Convene meetings with investors Disclose legally required information in a timely manner 	<ul style="list-style-type: none"> Enhance training for employees in respect of work skills Improve employees' living and working environment Guarantee employees' rights and benefits, upgrade their welfare level Health and safety guarantees for employees 	<ul style="list-style-type: none"> Regulate and standardise services Conduct regular customer satisfaction surveys Respond to customer complaints and provide them with feedback in a timely manner Earnestly protect customer privacy 	<ul style="list-style-type: none"> Set up an open and transparent bid invitation system Set up a communication platform for suppliers Perfect the supplier selection system Offer equal opportunities to suppliers 	<ul style="list-style-type: none"> Regularly hold activities to benefit community residents Be passionate about public welfare, and contribute to society

1.4 CORPORATE GOVERNANCE

In terms of capital structure control, Zhongsheng Group controls the overall debt size and optimises the debt structure with reference to the international credit rating framework and indicators, and focuses on the flexibility and liquidity of capital structure, striving to maintain the existing investment grade credit rating. The Group puts in place a strict process for investment as well as mergers and acquisitions and conducts detailed feasibility studies for reference. The investment threshold is set with a cash return period of no more than 5 years. The Group proactively maintains good communication with its shareholders, and communicates the Company's operational highlights and strategic development direction to the market in a timely manner through the release of regular reports such as interim report and annual report and quarterly operating data as well as post-performance roadshows on an annual basis. Meanwhile, the investor relation department also maintains daily communication with investors by attending meetings with investors, and arranging outlet research to help investors understand the market and the Group's operation in a timely and comprehensive manner, so as to ensure the transparency of the Group's operation and timely and effective information.

1.5 IDENTIFICATION OF MATERIAL ISSUES

In addition to considering the Group's ESG strategy and targets, as well as the concerns of various stakeholders, during the year, through benchmarking ESG reporting standards, ESG rating agencies, ESG reports from local and international peers, trends of automobile dealership industry and opinions from stakeholders, the Group identified the following issues that are important to the Group, listed these aspects as key focuses of the sustainable development of the Group, and disclosed in this report accordingly.

Name of issues	Definitions of issues
Social	
Customer service	The Group's management mechanism and measures in terms of customer service, such as after-sales service, response to complaints and customer satisfaction
Customer privacy protection	The Group's system, mechanism and measures in terms of customer data protection, how to protect customer data from being leaked out
Supply chain management	The Group's mechanism and measures in terms of environmental and social management of supply chain enterprises
Employment and benefits	The Group's management mechanism and measures in terms of employees' recruitment and dismissal, remuneration and holidays, and promotion
Health and safety	The Group's management mechanism and measures in terms of the occupational health and safety of employees, such as occupational disease prevention and treatment, and prevention of work injuries
Environmental	
Use of Resources	The Group's consumption and management mechanism in terms of related energy (electricity and gasoline) and resources (water resources and packaging materials)
Governance	
Corporate governance	The Group's overall governance in terms of ESG, top-down governance structure and bottom-up feedback

2. DEVOTED SERVICE – LIFETIME PARTNER

We believe that high-quality after-sales business is an important indicator for customers to choose 4S dealerships and collision centres. Zhongsheng Group has always adhered to the guiding principle of “Zhongsheng Group – Lifetime Partner”, attached great importance to the service quality of 4S dealerships and collision centres and continued to make effort to improve. The Group has been engaged in after-sales businesses for more than ten years. Such businesses provided include spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services, such as second-hand automobile trading services and rental of motor vehicles. With the increasing number of automobile owners in the PRC, the customer base of Zhongsheng Group is rapidly expanding, and its demand for after-sales businesses is increasing, making after-sales business an important part of operating model of the entire Group.

2.1 PRODUCT QUALITY MANAGEMENT

Adhering to the “people-oriented and customer-first” principles, the Group has actively enhanced in-depth co-operation with industry chain participants to continuously improve operational efficiency, service quality and customer satisfaction. The procurement of the Group's vehicle accessories is in strict compliance with manufacturers' standards. Vehicles must undergo a three-level inspection before being delivered to customers.

We have complied with relevant laws and regulations, including the Regulation concerning Management of Compulsive Product Certification (《強制性產品認證管理規定》), the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》), the Announcement on the Issuing of the Catalogue of Descriptions and Table of Definitions for Compulsory Product Certification by the Certification Accreditation Administration of the People's Republic of China (No. 45, 2014) (《國家認監委關於印發強制性產品認證目錄描述與界定表的公告(2014年第45號)》) and the Catalogue of Descriptions and Table of Definitions for Compulsory Product Certification and the Reference Table for HS Code 2014 (《強制性產品認證目錄描述與界定表》與2014年HS編碼參考表)). In 2024, there was no occurrence of non-compliance in terms of product and service liability that may have a significant impact on us.

After the new automobiles arrive at the dealership, the dealers will inspect the automobiles in accordance with the testing standards formulated by each brand. The main contents are as follows:

- In handing over the commercial automobiles with the logistics company, the automobile managers of sales department should strictly and carefully check whether there are defects in the exterior and interior of the automobile and whether there is any wrong installation or missing installation. If the aforesaid problems are found, they should sign and confirm with the logistics staff in time and negotiate with the logistics company or the brand storage and transportation department to solve the problems;
- The automobile managers of sales department should record the automobiles arriving in the store in a table, and check the exterior, interior decoration, function keys (such as air outlets and vanity mirrors), tires, wiper blades and other items one by one;
- After passing the preliminary inspection, the commercial automobile should be warehoused and the maintenance workshop should be arranged for Pre-Delivery Inspection (PDI);
- Maintenance technicians should carry out detailed inspections on the automobiles according to the requirements of each brand, including computer diagnosis, and regularly maintain the automobiles before delivery;
- If problems are found during the inspection, they should report to the manufacturer in time and follow up on the results;
- Documents for inspection process should be filed.

After-sales customers' automobiles are delivered to the factory, they will be serviced in accordance with the standards set by the brands and the Group's internal standards, which are as follows:

- Mutual supervision in the work process, fully realising APP automatic work dispatch, and when switching between the work processes, the current work process will carry out work process quality inspection on the previous work process;
- On-site control, when the workshop director and workshop supervisor are on the spot, they will carry out supervision and control, and sort out the on-site construction automobiles in the workshop, and follow up the automobile maintenance status in real time, and carry out rework for the maintenance quality problems;
- Service quality inspection strict control, the quality of spray paint to achieve high standards of measurement standards, for the construction of work orders to do the project inspection, mutual inspection, and to achieve customer satisfaction;

- After-sales equipment maintenance and updating, the operation of the use of sheet-metal equipment, coating equipment, baking room, etc., regular maintenance. According to the equipment cycle to update the replacement, to ensure the normal operation of equipment and safe operation, to provide protection for the quality of maintenance.

In addition, quality inspection for pre-owned automobile is also important. The main contents of the acquisition and quality inspection process for the Group's pre-owned automobiles are as follows:

- Automobile Evaluation: Carrying out inspection for automobile conditions in accordance with standard procedures
- Inspection Automobile Procedures: Checking the automobile procedures to ensure the normal trading and transfer of automobile in the future
- Maintenance Record Inquiry: Inquiring automobile maintenance records through the manufacturer system (automobiles of our brand) or a third-party platform (automobiles not of our brand) to have a further understanding of automobile usage
- Automobile Pricing: Quoting to customers based on the overall situation of the automobile
- Automobile Negotiations: Negotiating with customers based on automobile conditions to facilitate automobile transactions
- Entering into the Contract: After the two parties reach an agreement on the automobile price and related matters, a paper contract shall be entered into
- Automobile Handover: Handover of automobiles, procedures and keys
- Financial Payment: Payment of the automobile payment or deduction of the new automobile payment by the finance department, with the procurement process ending after the vehicle being warehoused

At the same time, the Group has clear quality inspection process for electric vehicle batteries which are as follows:

- Handover: When batteries are delivered and received at the dealerships, we strictly check whether the packaging is having any damage or not
- Transportation: Owing to the large volume, weight and specifications of the power batteries of certain models, it is necessary to use transportation vehicle such as forklifts and carriers to move them within the dealerships
- Storage: We meet the requirements in terms of space and location of battery storage stipulated by the national or local competent authorities, and complete the warehouse register form for stock-in and stock-out record of batteries
- Inspection: We arrange designated personnel to inspect the storage status of batteries on a daily basis to observe the physical condition, external appearance damage, liquid leakage, etc. If any problem is identified during the inspection process, we will report them to the manufacturers in time, and follow up the handling results
- Warranty: It enjoys certain different time-period or kilometres warranty service depending on different brands of vehicles

Each of the Group's products goes through a quality assurance process and when necessary, the Group carries out the following recall procedures in strict accordance with the requirements of the manufacturers if the Group's products are being recalled:

- manufacturer publishes announcement to recall products;
- identifying affected vehicles;
- preparing preliminary spare parts inventory based on actual situation;
- identifying customers' mailing addresses and delivering notices to customers;
- carrying out recall measures when the recalled vehicles arrive at the facilities.

2.2 CUSTOMER SERVICE AND CUSTOMER PRIVACY MANAGEMENT

Our corporate motto is "Zhongsheng Group – Lifetime Partner", and it is central to our corporate culture. We value the feedback from customers by establishing the mechanism about customer service and support. We treat providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concern in a timely manner and in accordance with international standards.

The Group has a 24-hour customer service hotline, WeChat and official website platforms for handling customer complaints. In addition, the Group provides employees with training to improve their efficiency and capacity in handling customer complaints. In 2024, we received a total of 85 complaints from clients about product quality, which were resolved successfully.

The Group respects and protects customer data and privacy, and strives to ensure customer information are encrypted and secure and has invested in highly secure information management systems in order to handle our customer's information securely. The application scope of the Group's data privacy policy covers all relevant business lines of the Group. All employees shall sign employee confidentiality agreements to protect customer privacy, and suppliers are also required to sign confidentiality agreements. The Group's consumer data protection and privacy policies are restricted to only collecting necessary information for customers, and only some employees have access to customer information from the Group's system. The information management department of the Group is responsible for the management of privacy and data security, and related privacy and data security issues will also be discussed at the Board meeting. We invite third parties to review the information security policy and system, the scope of which includes group-level control, change management control, logical access control and other general IT controls.

We impose stringent restrictions on access rights through security authentication technology, and ensure data security during storage, transmission and usage by applying data encryption, desensitisation and other protection technologies. The Group's information network adopts an access mechanism and employs a variety of security technologies to fully respond to various potential threats and avoid malicious data theft. We audit and monitor information terminals, network information flows and employees' online behaviours to avoid information leakage, spam and harmful information dissemination. We also regularly assess the risk of data leakage, and then develop or revise the data security system.

2.3 SUSTAINABLE SUPPLY CHAIN

Due to the business nature of our Group, we depend significantly on the automakers and suppliers of automobile accessories. As the Group's business development and scale have gradually expanded, our supplier network has also extended to different regions. The Group adheres to the principle of "fairness, impartiality and openness" to select suppliers consistent with the Group's values, and has established a supplier assessment system in terms of price, quality and costs, after-sales service and environmental indicators. The Group will carry out long-term quality monitoring and conduct regular reviews on all suppliers as well as casual examinations on different suppliers to ensure sustainable quality material supplies and services.

In the supplier admission stage, the Group requires suppliers to complete a self-assessment questionnaire to evaluate the failure rate of related products, operating results, tax declaration and results of approval of quality certification system. In terms of supplier management, all procurement contracts specify requirements for suppliers in terms of product quality, packaging, price and after-sales services.

In 2024, the Group had a total of 107 key suppliers, which were mainly spare parts suppliers. During the year, the Group was not aware that any key suppliers had any significant actual and potential negative impact on the business ethics, environmental protection, human rights and labour practices, nor did any of them have any non-compliance incident in respect of human rights issues.

	Number of key suppliers
By geographical region	
Northeastern and Northern China regions	24
Eastern and Central China regions	41
Southern China region	33
Southwestern and Northwestern mainland regions	9
<hr/>	
Total	107

3. TRUE CONCERN – LIFETIME SAFETY

Zhongsheng Group always believes that the employees are one of the enterprise's most important core competitiveness. We insist on placing the "people-oriented" concept in an important position of the Group's development and operation strategy to ensure the sustainable development of the Group.

Not only is the Group actively builds a harmonious working environment for our employees to give full play to their strengths, but it also committed to providing a sound employment system and corporate culture so that they can fully develop their talents, which is the key to our success. We have invested, and will continue to invest substantially in our employees in order to recruit, integrate and retain the best personnel for our business. As a result of our large scale operations, we have been able to implement a systematic approach to foster capable managers. One of our policies is to promote capable personnel within the Group's operations and provide a clear career development planning to those personnel, thus forming a large pool of motivated and experienced employees to support our business expansion plans.

In addition, as a leading national automobile services group in China with a sales portfolio of diversified automobile brands and multiple automobile services offerings, we are able to offer our employees diverse working opportunities, including cooperating with different automobile brands OEMs, components manufacturers, insurance companies, banks, and other institutions as well as working in other regions in China, and we believe this would increase our employee retention amid intense competition for human resources. During the year, the Group was awarded the title of “Top 100 Best Employers of the Year of 2024 in China” and won the award of “Model Employers of 2024 in Terms of Employment Contribution”, demonstrating the Group’s outstanding performance in the recruitment and training of talents in the industry, and also encouraging us to continuously improve the talent training mechanism and enhance our core competitiveness.

3.1 EMPLOYMENT AND STAFF BENEFITS *RECRUITMENT SYSTEM*

The Group has formulated a standardised recruitment management system to provide employees with reasonable remuneration, a non-discriminatory working atmosphere, fair and just promotion opportunities in strict accordance with relevant laws and regulations in the PRC, such as the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), Law on Protection of Minors (《未成年人保護法》) and Provisions on the Prohibition of Child Labour (《禁止使用童工規定》), so as to protect the legitimate rights and interests of employees, and lay a solid talent foundation for the future development of the Company.

At the same time, in order to actively respond to and solve the existing issues of gender discrimination and vulnerable groups in the society, and implement the policy of inclusiveness and diversity, it is particularly stipulated in the recruitment management system that for the recruitment and selection of personnel at all levels, it is strictly forbidden to use gender as the basis for selection or recruitment; apart from this, in order to provide targeted assistance to vulnerable groups, we actively encourage outlets to cooperate with local trade unions and the disabled federations to provide more job opportunities and income support to vulnerable groups.

To effectively attract and retain female employees, we have established policies for equal pay and fair promotion to eliminate gender discrimination for male and female employees. At the same time, the policy sets out that in key decision-making meetings, the participation rate of female executives must reach 50% and above to ensure that the treatment or welfare of male and female employees can be fairly implemented in key decision-making. For the year ended 31 December 2024, the number of female employees in the Group accounted for 35.70%, the number of women at executive or management level accounted for 17.28% of the management members, and female personnels accounted for 31.25% of the senior management members.

At the end of the reporting year, the Group employed a total of 26,357 employees, all of whom were full-time employees, representing a decrease of 4,823 as compared with the end of last year. The breakdown of the number of employees by gender, geographical region, age, and employee type is as follows:

By gender	Number of employees	Percentage of total
Male	16,947	64.30%
Female	9,410	35.70%

By geographical region	Number of employees	Percentage of total
Northeastern and Northern China regions	4,498	17.07%
Eastern and Central China regions	11,359	43.10%
Southern China region	6,836	25.93%
Southwestern and Northwestern mainland regions	3,664	13.90%

By age	Number of employees	Percentage of total
Below 25	2,032	7.71%
25-34	14,435	54.77%
35-44	8,854	33.59%
45-54	922	3.50%
55-64	114	0.43%

By employee type	Number of employees	Percentage of total
General employee	24,640	93.48%
Supervisor	1,301	4.94%
Middle management	400	1.52%
Senior management	16	0.06%

The senior management of the Group includes the members of the Board, senior managers who are not Directors, and the company secretary of the Company.

In terms of employee turnover, the number of departing employees of the Group during the year was 10,065, representing an increase of 118 as compared with that of last year, with a total turnover rate of 27.63%. The breakdown of employee turnover by gender, geographical region and age is as follows:

By gender	Number of employee turnover	Turnover rate
Male	6,034	26.26%
Female	4,031	29.99%

By geographical region	Number of employee turnover	Turnover rate
Northeastern and Northern China regions	1,451	24.39%
Eastern and Central China regions	4,406	27.95%
Southern China region	2,951	30.15%
Southwestern and Northwestern mainland regions	1,257	25.54%

By age	Number of employee turnover	Turnover rate
Below 25	1,628	44.48%
25-34	5,856	28.86%
35-44	2,103	19.19%
45-54	236	20.38%
55-64	242	67.98%

STAFF BENEFITS

The Group has formulated a standardised Secondment, Promotion and Demotion Management System (《異動、晉級、降級管理制度》), aiming to providing transparent remuneration, benefits and promotion opportunities for every employee in the Group and maintain a fair competitive environment within the Group. The Group has set up a standardised rank system and promotion mechanism and put a fixed promotion window every year to provide employees with an upward career path and achieve common development between employees and the Company. All employees can participate in the promotion process through nomination or self-recommendation. The assessment criteria are based on the qualifications of each rank/position, with the assessors ranging from officers of the organisation, supervisors, business stakeholders and the human resources department, to ensure that the promotion process is equitable, impartial and open, and the results are authoritative and effective. The promotion mechanism has effectively taken into account the development opportunities of all employees and the impetus retention of outstanding talents.

The Group follows the Employee Benefit Management System (《員工福利管理制度》), provides employees with paid annual leave, pays social insurance and provident funds in accordance with the law, and proactively provides employees with working meals, implements heatstroke prevention and cooling measures, team building activities and condolences provisions, aiming to making employees feeling cared for and enhance their sense of belonging through various methods.

In accordance with national laws and regulations, we organise employee lectures from time to time and provide online training courses to prevent employees from being discriminated, harassed or injured in the workplace, and provide effective employee assistance. We promote the Group's cultural composition and career development planning through normalised induction training for new employees, creating a more cohesive staff team, and promoting a more diverse and inclusive working environment.

We fully guarantee the two-way communication channels between the Group and employees, including the channels through which the Group disseminates corporate information to employees and the channels through which employees provide information to the Group and employee opinion surveys. The Group currently releases information about important appointments, systems and notices of key matters of the Group to employees through the Group's office platform. At the same time, it releases audit checks information and human resources communication information to employees, and receives various opinions from employees. We carefully review and consider every feedback received from employees, and make corresponding improvements to protect the rights and interests of employees in a timely manner.

We strive to maintain a positive interactive relationship with employees, and develop an open, democratic and smooth feedback and communication channel. The Group has launched discussion forums on the internal communication platform "E-Zhongsheng" and the internal learning platform "Zhongsheng Network Institute", through which employees can post comments or raise demands on the platform on their own, and can receive quick feedback within a short period of time, so that the reasonable demands of employees can be met in a timely manner. Meanwhile, in order to step up our efforts in developing corporate culture and understand employee needs, we conducted the Satisfaction Survey on Employees of the Company, which covered over ten aspects such as corporate culture, compensation and welfare, performance management, incentive and recognition and work intensity. The results of the survey depicted that more than 90% of the employees were satisfied with the management of the Group in every aspect, and the personalised issues of the remaining 10% employees were included in the review and consideration plan, and were tackled and solved one by one to ensure employee satisfaction.

EMPLOYMENT STANDARDS

The Group strictly follows relevant PRC labour regulations relating to working hours, rest and holidays to ensure the physical and mental health of all employees. The Group will not force employees to work overtime. Employees are entitled to overtime pay if they obtain prior approval from their senior manager. The Group also has implemented policies relevant to holidays, such that employees are entitled to paid days off from work for national public holidays and company holidays, as well as, for example, annual vacation leave, compassionate leave, marriage leave, maternity leave, sick leave, etc.

The Group strictly follows the Provisions on the Prohibition of Child Labour (《禁止使用童工規定》). The Group's human resources team affirms applicants' age by checking valid identification during interviews and hires a third party to conduct reference checks on all applicants. Individuals under 16 years of age are disqualified from employment at the Group. In addition, regular inspection will also be conducted to ensure no child or forced labour is employed.

If any suspicious case of child labour or forced labour is identified, the Group will take immediate actions to contact and report to official departments, including the police, to protect the right and well-being of the affected persons. In addition, internal investigation or discussion with employees involved will be conducted by the Group to review and evaluate the situation.

During the Report Period, there was no incident of child labour and forced labour, or incident of violation of relevant employment policies, laws and regulations within the Group.

3.2 STAFF TRAINING AND DEVELOPMENT

The Group is committed to identifying and nurturing the potential of its staff and devoting as much resources as possible to their development, so that their potential can be fully utilised with the support of the Group. Therefore, the Group continues to provide various training opportunities to encourage and assist them to make good use of the Company's resources to attain self-development and enhance their working knowledge and skills.

In accordance with the Employee Training Management Measures (《員工培訓管理辦法》), the Group standardises and improves the employee training system, formulates an exclusive development path for employees, stimulates their potential and supports their growth. We provide basic skills training, professional skills training, product training, middle management training and reserve general manager training throughout employees' careers. In addition, we encourage employees to participate in trainings on various products, skills, and management capability improvement of automobile makers, and provide training support. During the year, the Group provided employees with multiple sessions and multiple types of staff training. The breakdown of the number of employees trained by gender and employee type, as well as average training hours is as follows:

By gender	Number of employees trained	Percentage of employees trained	Average training hours
Male	16,042	94.66%	27
Female	9,150	97.24%	29

By employee type	Number of employees trained	Percentage of employees trained	Average training hours
General employees	23,513	95.43%	25
Supervisor	1,269	97.54%	72
Middle management	394	98.50%	65
Senior management	16	100.00%	43

In order to further increase our efforts in training talents, reserving outstanding talents and seeking long-term development, the Group currently carries out talent reserve training activities available to many core positions such as general managers and department managers in outlets and operating entities for brands and operating entities on a regular basis. In the selection of candidates for promotion and replacement, we can implement re-election evaluation and recommendation appointments through the reserve talent pool. We expect to use social recruitment as the main method, promote the unified image of the Group, conduct targeted external talent recruitment through job position fixing, and manage the talent pool through the brand/central city, so as to promote the career development of employees from management and professional dimensions. In line with this, we use manufacturer resources to actively carry out school-enterprise cooperation for targeted training in respect of some brands, so as to build a potential talent pool.

In addition, leveraging the advantages of multi-brand, multi-region, multi-store and multi-segment management, we take the successful experience of outstanding outlets and the excellent achievements of single segment as a reproducible course and focus on the development and promotion of reproducible course to form corresponding specific-purpose courses and specific-post courses and had effectively improved the business skills of employees. For employees hindered by geographical restrictions, they use the in-house online classroom of the Group, being Zhongsheng Network Institute, to conduct fragmented learning without time and space limitation in order to meet the personalised learning needs of learners. We actively promote and launch various forms of learning and interaction, such as learning workshops, skill competitions, performance competitions to name a few to appraise and commend outstanding employees, and encourage employees to be active in learning and growth.

3.3 SAFETY AND HEALTH MANAGEMENT

The Group attaches great importance to staff health and work environment safety, strictly abides by the relevant laws and regulations including the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Fire Control Law (《消防法》), Law on the Prevention and Control of Occupational Diseases (《職業病防治法》), with a view to reduce accidents, illness and risks in working area, and promote the health of employees, thus also reducing employee absence rate and turnover rate. The Group strives to ensure complete safety facilities in the office and other workplaces, create a healthy and safe working environment for employees and improve their self-health and safety awareness through providing regular health and safety reminders to employees.

The Group conducts regular risk assessments for its business operations to identify and formulate countermeasures to address current or potential safety risks and hazards. The Group also regularly conducts safety production inspections and formulates Health and Safety Policy and Occupational Health, Safety and Environmental Management Manual to standardise the policies and procedures of safety production and reduce the impact of safety hazards on daily operations and employees.

In the course of daily business operations, each outlet of the Group will conduct safety production training activities from time to time with the participation of all employees. The types of training include but are not limited to safety production and fire drills. In addition, physical examinations is one of the benefits provided by Zhongsheng Group to our employees. Every year, the Group organises a physical examination for all employees, and a special occupational health physical examination for workers in workshops to pay all-round attention to the physical and mental health of employees.

In 2024, there was no occurrence of non-compliance in terms of providing a safe working environment and protecting employees from occupational hazards, and there were no work-related fatalities in the Group, and the number of lost days due to work injury was zero.

3.4 EMPLOYEE INCENTIVE SYSTEM

The Group attaches great importance to the incentive systems for employees at all levels, which aim to mobilise their enthusiasm and creativity, give full play to the wisdom and talents of employees and build an excellent enterprise with high efficiency, high performance and high goals, as so to achieve a win-win results between the Group and employees. The Group adopts diversified employee incentive appraisal programmes by using performance appraisal tools such as balanced scorecards, key performance indicators and target performance assessments based on different business models and job divisions. There is no plan to launch any employee stock ownership programme at the moment. The setting of the employee incentive system of the Group is related to the position level. The incentive system for senior management positions is directly related to enterprise financial indicators, and the comprehensive incentive model is adopted for non-executive positions. We insist on setting up a fair, impartial, open and transparent remuneration and incentive system for employees, and adopt multiple forms of incentive methods such as target incentive, respect incentive, cultural incentive, honour incentive, caring incentive, material incentive, etc. Employees have clear goals and direction in their works and obtain corresponding return during the work process, thus forming a positive cycle for efficient work.

4. LOW-CARBON, ENVIRONMENTAL PROTECTION — LIFETIME CLEAN

The Group always regards the promotion of sustainable development as an obligatory social responsibility and strictly abides by the relevant environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) to practice green concepts and build a low-carbon society. We aim to achieve common development of economic benefit and environmental benefit. While developing our business, the Group thoroughly implement the concept of energy conservation and environmental protection through adopting a variety of measures, and continue to pursue clean, efficient and green development.

In 2024, the number of new energy vehicles sold under the Group was 19,801 units, accounting for 4.1% of total sales of new vehicles. The Group will launch more related gasoline-electric hybrid and new energy models. It is planned that the sales of new energy models will account for about 10% in 2026, which is expected to reduce carbon emission of approximately 67,711 tonnes per year.

4.1 EFFICIENT USE OF RESOURCES

Faced with limited supply of resources, building a resource-saving and environment-friendly society requires enterprises to shoulder social responsibilities, which are an obligatory responsibility of enterprises. Saving energy and a commitment to improving energy use efficiency can reduce operating costs of enterprise and promote the research and development of new technologies. The Group attaches great importance to the economical use of natural resources and strictly abides by the Energy Law of the People's Republic of China (《中華人民共和國能源法》), the Renewable Energy Law (《可再生能源法》), the Law on Promoting Circular Economy (《循環經濟促進法》), the Water Law of the People's Republic of China (《中華人民共和國水法》), the National Water Conservation Plan (《國家節水行動方案》) and the Interim Provisions on Saving Raw Material Management (《節約原材料管理暫行規定》) and other laws and regulations, aiming to achieve the coordinated and sustainable development of people, resources and the environment.

The Group is principally engaged in the business of automobile sales and other automobile-related services. As a result, power consumption is primarily generated from the lighting and air conditioning in the Group's offices and day-to-day operations. In terms of electricity consumption, we have taken the following measures to achieve this target:

- Set up separate rules for electricity consumption in the office and the workshop;
- Give priority in choosing low power consumption products when purchasing electricity equipment;
- Designating personnel to turn off lighting and ensure the reasonable use of air conditioning, and administrative departments to check electricity conservation from time to time;
- Optimise the use of electrical appliances, with measures including turning off the power to computers, printers, water dispensers, etc. after work to reduce standby energy consumption.

Set the air conditioning temperature in the showroom to 26°C in summer and 20°C in winter, and use fans or a fresh air system for better air circulation or reduced air conditioning load.

- Lighting: Specify the operating hours of lighting by area to reduce excess power consumption of lighting, ensuring offering basic illumination. For example, logo lights in outdoor areas are adjusted to energy-saving modes, and office areas in indoor areas are equipped with intelligent lighting;
- Conduct regular maintenance on high-energy-consuming equipment such as central air conditioning and elevators to ensure efficient operation; inspect the lubrication of workshop equipment to reduce extra energy consumption caused by friction;
- Carry out heat-resistant and insulation refitting, liking using heat-resistant film to showroom glass and installing insulated door curtains in workshops to reduce energy consumption of air conditioning;
- Elevators: Specify the operating hours and the number of elevators available during working hours and peak and off-peak periods of elevator use to reduce electricity consumption;
- Provide regular energy conservation and emission reduction related training to employees to increase their environmental awareness.

In addition, in all outlets of the Group, burning diesel fuel in the spray paint booth is gradually turned to electricity, thus reducing energy and other resources consumption, reducing waste and increasing recycling. The Group is continuously improving its environmental management practices, and has implemented energy use efficiency initiatives to reduce our energy consumption for our day-to-day operations. From 2022 to 2024, the energy consumption of the Group was as follows:

ENERGY CONSUMPTION AND INTENSITY OF THE GROUP

Category	2024	2023	2022	Unit
Electricity	166,830,418.55	156,930,920.02	156,278,821.34	kWh
Electricity consumption intensity	19.04	19.30	21.17	kWh/unit served
Gasoline	6,695.28	4,468.99	4,450.40	tonne
Diesel	4,549.09	4,553.25	4,534.33	tonne
Liquefied petroleum gas	6,386.43	6,392.28	6,365.72	tonne
Natural gas	642,374.93	642,962.78	640,291.06	Nm ³
Comprehensive energy consumption	253,940,259.73	217,393,133.48	216,489,794.77	kWh
Comprehensive energy consumption intensity	28.99	26.73	29.33	kWh/unit served

The Group is highly focused on the efficiency of resource utilisation and has continuously explored methods to best use the natural resources while guaranteeing service quality. In order to further strengthen the recycling of water resources, we have promoted reasonable and recycled water use among employees in workshops of various outlets in the Group to increase the utilisation rate of water resources. During the year, the Company had no serious problems in sourcing suitable water sources. In 2024, we have set annual targets for the use of water resources of the Group, which were mainly focused on reducing water waste and improving the use efficiency of water resources. To achieve the targets, we have taken the following measures:

- requiring water-saving; stopping water supply if car wash services are suspended; installing water-saving sprinklers for car wash;
- monitoring the Group's water consumption, conduct monthly statistical supervision of the total water volume and establish a regular inspection system;
- conducting regularly check whether water volume is abnormal and arrange relevant personnel to repair immediately if leakage is found, so as to reduce water wastage;
- collect and store the condensation water from the spray paint booth and air conditioner outdoor units in the repair workshops for:
 - Replenishing cooling water for workshop equipment
 - Irrigating green plants
 - Spraying to reduce dust on the ground

Through adopting the aforesaid measures, currently, we have basically achieved the targets for the year. The use of the Group's water resource during the years from 2022 to 2024 was as follows:

WATER CONSUMPTION AND INTENSITY OF THE GROUP

Category	2024	2023	2022	Unit
Total water consumption	2,917,511.84	2,920,591.38	2,908,455.38	m ³
Total water consumption intensity	0.33	0.36	0.39	m ³ /unit served

4.2 REDUCING POLLUTION EMISSION

EMISSIONS OF EXHAUST GAS AND GREENHOUSE GAS ("GHG")

We strictly abide by laws and regulations related to exhaust gas and GHG emissions, wastewater discharge, and waste generation and discharge including the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the State Council's Circular on Print and Distribution of the Work Program for Control of Greenhouse Gas Emissions in the "Thirteenth Five-year Plan" (《國務院關於印發「十三五」控制溫室氣體排放工作方案的通知》) (Guo Fa [2016] No. 61), the Water Pollutant Discharge Standards of the Automobile Maintenance Industry (汽車維修業水污染物排放標準) (GB 26877-2011), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), Decision on Implementing Scientific Concept of Development and Strengthening Environmental Protection by the State Council (《國務院關於落實科學發展觀加強環境保護的決定》), the Liaoning Ordinances on the Prevention and Control of Air Pollution (《遼寧省大氣污染防治條例》) and Hazardous Waste Management Guidelines Manual of Zhongsheng Group (《中升集團危廢管理指引手冊》). In 2024, there was no confirmed non-compliance of laws and regulations related to environmental protection that had a significant impact on the Group.

In 2024, we have set annual targets for air emissions of the Group, which were mainly focused on reducing sulphur and GHG emissions. To achieve the targets, we have taken the following measures:

- The environmental protection equipment of Zhongsheng's collision centres adopts (RC+CO) organic waste gas concentration and catalytic incineration purification process, and the VOC content can be reduced by over 95% after purification by the environmental protection equipment;
- undertaking an environmental impact assessment, inspection and rectification for the paint spray booth and improving emission monitoring equipment so as to reduce exhaust emission;
- improving the painting technology, adopting no-rinse spray bottle technology, guiding with professional technique which is more convenient, cleaning solvent and coating materials in a more economical way, and reducing hazardous waste emissions;
- adding heated room to reduce the time occupied by baking room and reduce carbon emission;
- planning to fully introduce water-based paint at the dealerships and collision centres by replacing oil-based paint with water-based paint and using water as a diluent, not only can it effectively reduce atmospheric pollution, but also conserves resources, reduces VOCs emissions, which is environmentally-friendly and improves the quality of vehicle painting to meet the actual needs of customers;

- undertaking standardised construction of environmental protection facilities and conducting sewage treatment improvement works within the Group;
- arranging a scientific test drive and test ride, rationally planning routes so as to reduce exhaust emission;
- equipping a dry grinder for dust produced in the paint spraying and polishing process, and a vacuum cleaner for poisonous gas produced in the welding process;
- encouraging employees to replace business travel and long-distance face-to-face meetings with telephone or video conferences, and use public transportation to reduce the use of private cars.

Through adopting the aforesaid measures, we have achieved initial successes. The emissions of the Group's exhaust gas and GHG from 2022 to 2024 are as follows:

EMISSIONS AND INTENSITY OF EXHAUST GAS AND GHG¹ OF THE GROUP

Category	2024	2023	2022	Unit
Sulphur dioxide	250.03	205.31	204.45	kg
Nitrogen oxides	8,241.88	4,920.29	4,899.84	kg
Particulates	675.68	431.18	429.39	kg
Direct GHG emissions	21,907.12	15,091.48	15,028.77	Tonnes CO ₂ equivalent
Indirect GHG emissions	101,783.24	95,743.55	95,345.71	Tonnes CO ₂ equivalent
Total GHG emissions	123,690.36	110,835.04	110,374.48	Tonnes CO ₂ equivalent
GHG emissions intensity	0.014	0.014	0.015	Tonnes CO ₂ equivalent/unit served

The calculations of GHG emissions:

Direct GHG emissions: Multiply the consumption of the Group's gasoline and natural gas by the corresponding emission factor. For the emission factor, refer to ① Chinese Energy Statistical Yearbook and ② IPCC2006;

Indirect GHG emissions: Multiply the consumption of the Group's purchased electricity by the corresponding emission factor. For the emission factor, refer to the Notice of the General Office of the National Development and Reform Commission on Carbon Emissions Reporting and Verification and Emissions Monitoring Program for the year 2016 and year 2017 (《國家發展改革委辦公廳關於做好二零一六年、二零一七年度碳排放報告與核查及排放監測計劃制定工作的通知》);

Total GHG emissions: the sum of direct GHG emissions and indirect GHG emissions.

WASTE MANAGEMENT

The wastes generated from our business operations include waste automotive spare parts, waste engine oil, waste batteries, construction/demolition wastes and filter grease waste. For hazardous wastes, we adopt and select qualified waste recycling enterprises to co-operate in carrying out recycling treatment. For non-hazardous wastes, we treat the non-hazardous waste according to the principle of priority recycling. In addition, we have established a comprehensive environmental pollution prevention and control system, adopted measures against industrial solid waste to prevent environmental pollution and clarified management responsibility. The Group has carried out standardised management in strict compliance with the requirements of relevant laws and regulations:

1. developing and strict organising the implementation of hazardous waste management system for enterprises in motor vehicle maintenance industry;
2. improving labeling hazardous waste, keeping management record and standardising temporary hazardous waste storage warehouses, and implementing standardised management for the entire process from production, temporary storage, transportation and disposal of the enterprise's hazardous wastes;
3. before transferring of hazardous waste such as waste engine oil and waste lead-acid batteries, going through the approval of the hazardous waste transfer plan and signing a disposal contract with an operating entity with hazardous waste disposal qualification, going through the transfer procedures such as the transfer receipt on the provincial hazardous waste transfer approval platform or the national solid waste management information system online, and implementing the transfer of hazardous waste after the transfer plan being approved.
 - The Group has continued to improve its environmental management practices to reduce energy and other resources consumption, minimise waste and increase recycling. We undertook waste treatment in accordance with the relevant government requirements and fully implemented the Hazardous Waste Management Requirements of Motor Vehicle Maintenance Industry. In 2024, we set the annual targets for the solid waste discharge of the Group, which were mainly focused on reducing waste discharge. To achieve the targets, we have taken the following measures:
 - giving priority to paper and packaging materials with environmental protection certification when purchasing, and recycling of paper, plastic or glass waste;
 - developing an electronic device lifecycle management platform featuring a “5-year service + 3-year personal use” tiered utilisation mode designed for office equipment such as laptops, to extend their use life by 40%;
 - establish a “carbon credit” incentive program accessible to 100% employees where employees are awarded scores for participating in green initiatives like double-sided printing and electronic filing and these scores can be redeemed for eco-friendly products or charitable donations;
 - adopting standard “zero waste meeting” procedures, reducing waste generation per meeting by 83% with measures, such as electronic meeting systems and recyclable materials.
 - administrative departments of the Group implements annual budget administration and quota management to strengthen internal control and improve material usage efficiency.

In addition, all employees of the Group participated in waste emissions reduction training in various outlets during the year. Through waste reduction training, the employees' quality, sense of responsibility and environmental awareness were improved, thus achieving the waste reduction targets.

Through adopting the aforesaid measures, we have achieved initial successes. In 2024, the total hazardous wastes generated by the Group was 11,362.04 tonnes, with an average intensity per store of 26.86 tonnes/store. The total non-hazardous waste generated was 7,046.99 tonnes, and an average intensity per store of 16.66 tonnes/store. The data related to wastes is as follows:

TOTAL WASTE PRODUCED AND INTENSITY OF THE GROUP

	Total production (tonne)	Average intensity per store (tonne/store)
Hazardous waste		
Waste automotive spare parts	1,497.18	3.54
Battery	475.77	1.12
Waste engine oil	8,296.72	19.61
Waste paint	244.05	0.58
Other hazardous wastes (waste cotton fiber, waste activated carbon and waste filter elements)	848.32	2.01
Total hazardous waste	11,362.04	26.86
Non-hazardous waste		
Total non-hazardous waste	7,046.99	16.66

4.3 RESPONSE TO CLIMATE CHANGE

The Global Risk Report published by the World Economic Forum depicted that environmental risks remained as the primary issue from the perspective of the probability and impact of risks in the next decade. Environmental risks are closely related to climate change, posing a severe challenge to response to climate change. For enterprises, their responses to climate change and the standards of green development will truly become their core competitiveness and determine their success or failure in the future.

Against the impact of climate change, the automotive industry will face mitigation and adjustment problems in the future, coupled with the implementation of related measures for response to climate change in countries around the world, the automotive industry and even the entire social concept are likely to be susceptible to significant changes. For example, more stringent policies, including fuel efficiency regulations, the implementation or increase of carbon pricing, and the launch of low-carbon products, are enough to significantly change customers' crisis awareness of environmental protection and climate change. With the formulation of regulations for responding to global climate change, it is expected that traditional fuel vehicles will be subject to a certain impact. The introduction of carbon pricing and the gradual implementation of transactions will result in higher production costs for automobile makers and purchase costs for consumers. However, the sale and the use of low-carbon new energy vehicles on the market will likely contribute to the emission reduction effect of carbon dioxide, which will also bring more business opportunities. In addition, climate change may cause more frequent or severe natural disasters, such as floods and heavy rainfall, which will result in delays in the delivery of products and spare parts, and affect operational efficiency and punctuality rate of automotive delivery, thereby affecting market sales performance.

In order to fully cope with the opportunities and challenges brought about by climate change and in response to climate change and its associated impacts. During the Reporting Period, the Group formulated a Climate Change Policy to minimise its impact on the Group's operations. The Group is also committed to adopting and expanding the use of renewable resources in accordance with our actual situation, and we have incorporated climate change into the Group's risk management system to reduce carbon emissions from our operations and the risks or opportunities arising from them.

Looking ahead, the Group will continue to implement the policies and measures in the Climate Change Policy to ensure that all climate change policies are integrated into every aspect of our business, and to further improve employees' participation so as to move forward together with the Group towards a sustainable development path.

In order to achieve the aforesaid strategic targets, Zhongsheng Group will keep abreast of the trends of new environmental laws and regulations, formulate contingency strategies and policies in a timely manner to ensure compliance with environmental protection laws and regulations. In the future, Zhongsheng Group will continue to proactively assume corporate social responsibilities for responding to climate change, and take effective measures to cope with the challenges brought by climate change, so as to achieve its own sustainable development. Zhongsheng Group will actively respond to and implement relevant government policies and requirements in response to climate change, and actively engage in society-wide common action in responding to climate change.

5. COMPLIANCE OPERATION – LIFETIME INTEGRITY

During the Reporting Period, the Group has complied with laws and regulations relating to bribery, extortion, fraud and money laundering, such as Law of The People's Republic of China against Unfair Competition. The Group defended and promoted fair competition to protect consumer interests as well as public interests, and did not monopolise or misappropriate operational resources.

The Group highly emphasises on business ethics and adheres to high-standard business principles. Employees are required to sign the Employee Undertaking and Personal Integrity Commitment upon onboarding. In addition, the Group has also organised a number of anti-corruption training activities. During the Reporting Period, the Group's legal department has carried out training on Common Duty Crimes and Conduct of Duty (《常見職務犯罪與職務操守》) for all employees of the Group. Through analysing the types of common duty crimes, such as embezzlement, fraud, and misappropriation of funds, and interpreting typical cases, the legal awareness of employees has been enhanced, and the occurrence of crimes of employees has been prevented, so that employees strictly abide by work discipline and professional ethics and perform their duties in a faithful and honest way. In addition, for the management leaders above the manager level, the legal department has drafted and required them to sign the Self-discipline Guarantee (《任職自律保證書》) to regulate the behavior of managers.

The Group has policies on the upper limit of gift giving to partners and government officials or dining reimbursement policies and has assigned personnel to be responsible for monitoring such policies to ensure their effective implementation. In addition, the Group has internal and external monitoring mechanisms to prevent and detect non-compliance or misconduct. For internal control, we have conducted risk training for employees on a regular basis, and conducted data monitoring and daily audit and supervision. In terms of external monitoring, we have arranged a whistle-blowing mailbox on the official website to provide channels for employees and external entities and personnel to report violations of laws, disciplines, regulations, the Group's articles of association and corrupt practice of the Group's directors, managers, and employees in the performance of their duties by real names or anonymity. The whistle-blowing mechanism is coordinated by the Group's audit and supervision department. Upon receiving whistle-blowing incidents, the department will analyse and sort out the whistle-blowing information. After preliminary review and verification, if it is believed that the reported person does have the facts of disciplinary violations, the investigation shall be formally filed and handled in accordance with the relevant regulations on case examination of the discipline inspection and supervision department.

During the Reporting Period, the Group confirmed there were not any corruption incidents or any violation of relevant laws and regulations.

6. CARE FOR THE COMMUNITY – LIFETIME RETURN

Corporate social responsibility requires us to place great emphasis on human values, active contributions and giving back to society during the production and operation process, going beyond the traditional concept of “only making profit”. Zhongsheng Group has always been committed to developing a harmonious and inclusive relationship between the enterprise and the community, fully taking into account the interests of the community in day-to-day operation and management, and pursuing sustainable development with equal emphasis on the economic benefits and social benefits of the Group.

As a renowned automobile dealership group, the Group has always provided long-term and stable job opportunities to society, maintained good employment relationships, provided employment opportunities for the society and increased local taxation. In 2024, we offered 315 jobs to the disabled, actively engaged in activities supporting the disabled, promoted the improvement in quality and efficiency of employment for the disabled, and improved the local automobile sales brand at the same time, thus facilitating local economic development, and achieving self-development and a win-win situation with the local community. In our daily operations, the Group's outlets across the nation are connected to local communities and established corresponding grievance committee and related grievance procedures to understand and respond to the needs of local communities.

The Group attaches great importance to social public welfare activities and hopes to spread our warmth and care to the society. Since 2009, the Group has continued to carry out the “Zhongsheng Little Yellow Hat” programme, through which we distribute yellow hats to communities and schools free of charge, and call on drivers to jointly create a safe and civilised traffic environment for children. The Group will embrace responsibility and take the initiative to escort the traffic safety of children, making the Zhongsheng Little Yellow Hat programme and the love from the Group carrying on. Looking into the future, Zhongsheng Group will enthusiastically participate in social welfare and continue to invest more social resources to the communities in need so as to better fulfil its social responsibility.

7. APPENDIX

7.1 ENVIRONMENTAL AND SOCIAL PERFORMANCE DATA TABLE

ENVIRONMENTAL PERFORMANCE DATA

Category	Use of Resources	
	Consumption	Unit
Electricity	166,830,418.55	kWh
Electricity consumption intensity	19.04	kWh/unit served
Gasoline	6,695.28	tonne
Diesel	4,549.09	tonne
Liquefied petroleum gas	6,386.43	tonne
Natural gas	642,374.93	Nm ³
Comprehensive energy consumption	253,940,259.73	kWh
Comprehensive energy consumption intensity	28.99	kWh/unit served
Total water consumption	2,917,511.84	m ³
Total water consumption intensity	0.33	m ³ /unit served
Lubricating oil	15,197.50	tonne

Category	Exhaust Gas and GHG Emissions	
	Emissions	Unit
Sulphur dioxide	250.03	kg
Nitrogen oxides	8,241.88	kg
Particular matters	675.68	kg
Direct GHG emissions	21,907.12	Tonnes CO ₂ equivalent
Indirect GHG emissions	101,783.24	Tonnes CO ₂ equivalent
Total GHG emissions	123,690.36	Tonnes CO ₂ equivalent
GHG emissions intensity	0.014	Tonnes CO ₂ equivalent/unit served

Hazardous waste	Waste	
	Total production (tonne)	Average intensity per store (tonne/store)
Waste automotive spare parts	1,497.18	3.54
Battery	475.77	1.12
Waste engine oil	8,296.72	19.61
Waste paint	244.05	0.58
Other hazardous wastes	848.32	2.01
Total hazardous waste	11,362.04	26.86

Non-hazardous Waste	Waste	
	Total production (tonne)	Average intensity per store (tonne/store)
Total non-hazardous waste	7,046.99	16.66

SOCIAL PERFORMANCE DATA

Breakdown of employee		
Total	26,357	100%
By gender		
	Number of employees	Percentage of total
Male	16,947	64.30%
Female	9,410	35.70%
By geographical region		
	Number of employees	Percentage of total
Northeastern and Northern China regions	4,498	17.07%
Eastern and Central China regions	11,359	43.10%
Southern China regions	6,836	25.93%
Southwestern and Northwestern mainland regions	3,664	13.90%
By age		
	Number of employees	Percentage of total
Below 25	2,032	7.71%
25–34	14,435	54.77%
35–44	8,854	33.59%
45–54	922	3.50%
55–64	114	0.43%
By level		
	Number of employees	Percentage of total
General employee	24,640	93.48%
Supervisor	1,301	4.94%
Middle management	400	1.52%
Senior management	16	0.06%
Breakdown of employee turnover		
By gender		
	Number of employee turnover	Turnover rate
Male	6,034	26.26%
Female	4,031	29.99%

By geographical region	Number of employee turnover	Turnover rate
Northeastern and Northern China regions	1,451	24.39%
Eastern and Central China regions	4,406	27.95%
Southern China regions	2,951	30.15%
Southwestern and Northwestern mainland regions	1,257	25.54%

By age	Number of employees turnover	Turnover rate
Below 25	1,628	44.48%
25-34	5,856	28.86%
35-44	2,103	19.19%
45-54	236	20.38%
55-64	242	67.98%

By gender	Staff Training		
	Number of employees trained	Percentage of employees trained	Average training hours
Male	16,042	94.66%	27
Female	9,150	97.24%	29

By level	Number of employees trained	Percentage of employees trained	Average training hours
General employee	23,513	95.43%	25
Supervisor	1,269	97.54%	72
Middle management	394	98.50%	65
Senior management	16	100.00%	43

7.2 HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Environmental, Social and Governance Reporting Guide		Section
Subject Areas A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Reducing Pollution Emission
A1.1	Types of emissions and respective emissions data.	Reducing Pollution Emission
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Pollution Emission
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume and per facility).	Reducing Pollution Emission
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Reducing Pollution Emission
A1.5	Description of emission target(s) set and steps taken to achieve them.	Reducing Pollution Emission
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	Reducing Pollution Emission
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Efficient Use of Resources

Environmental, Social and Governance Reporting Guide		Section
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	Efficient Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Efficient Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Efficient Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Efficient Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group consumes packaging materials (including cartons, iron and aluminum cans and plastic packaging) in the course of business operations, however, as a non-manufacturing company, the Group has no control over the packaging of automobiles sold, as these are directly supplied by the manufacturer. Therefore, it does not apply to the disclosure of consumption of packaging materials.
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Low-carbon, Environmental Protection — Lifetime Clean
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low-carbon, Environmental Protection — Lifetime Clean
Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change

Environmental, Social and Governance Reporting Guide		Section
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change
Subject Areas B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	True Concern — Lifetime Safety
B1.1	Total employess by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Staff Benefits
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Staff Benefits
Aspect B2: Health and Safety		
B2	General Disclosure (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety and Health Management
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety and Health Management
B2.2	Lost days due to work injury.	Safety and Health Management
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety and Health Management

Environmental, Social and Governance Reporting Guide		Section
Aspect B3: Development and Training		
B3	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	Staff Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Staff Training and Development
Aspect B4: Labour Standards		
B4	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	Employment and Staff Benefits
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Staff Benefits
B4.2	Description of steps taken to eliminate such non-compliance when discovered.	Employment and Staff Benefits
Operating Practices		
Aspect B5: Supply Chain Management		
B5	<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>	Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain

Environmental, Social and Governance Reporting Guide		Section
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain
Aspect B6: Product Responsibility		
B6	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Devoted Service — Lifetime Win-win
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service Management
B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Group has attached great importance to the maintenance and protection of third-party intellectual property rights, and not been involved in associated irregularities.
B6.4	Description of quality assurance process and recall procedures.	Service Quality Management
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer and Data Privacy Management

Environmental, Social and Governance Reporting Guide		Section
Aspect B7: Anti-corruption		
B7	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to prevention of bribery, extortion, fraud and money laundering.</p>	<p>Compliance Operation</p> <p>– Lifetime Integrity</p>
B7.1	<p>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p>	<p>Compliance Operation</p> <p>– Lifetime Integrity</p>
B7.2	<p>Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p>	<p>Compliance Operation</p> <p>– Lifetime Integrity</p>
B7.3	<p>Description of anti-corruption training provided to directors and staff.</p>	<p>Compliance Operation</p> <p>– Lifetime Integrity</p>
Community		
Aspect B8: Community Investment		
B8	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	<p>Care for the Community</p> <p>– Lifetime Return</p>
B8.1	<p>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	<p>Care for the Community</p> <p>– Lifetime Return</p>
B8.2	<p>Resources contributed (e.g. money or time) to the focus area.</p>	<p>Care for the Community</p> <p>– Lifetime Return</p>

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the “**Board**”) is pleased to present this Corporate Governance Report in the annual report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE AND STRATEGY

The Company acts as an investment holding company and the principal activities of the Group include the sale and service of motor vehicles in the PRC. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees’ conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company’s vision, mission, policies and business strategies:

- (a) Integrity — we strive to do what is right;
- (b) Excellence — we aim to deliver excellence;
- (c) Collaboration — we are always better together;
- (d) Accountability — we are accountable for delivering on our commitments;
- (e) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and
- (f) Sustainability — we are committed to a sustainable future.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has committed to achieving high corporate governance standards.

The Group believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the shareholders of the Company (the “**Shareholders**”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company’s corporate governance practices are based on the principles and code provisions as set out in 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 “**Stock Exchange**”) (the “**Listing Rules**”).

The Company has applied the principles as set out in the CG Code.

The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with the code provisions as set out in the CG Code.

A. THE BOARD

1. RESPONSIBILITIES

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The directors of the Company (the "**Directors**") make decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

2. DELEGATION OF MANAGEMENT FUNCTION

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions by the abovementioned officers.

3. BOARD COMPOSITION

The Board comprises the following directors during the year ended 31 December 2024 and up to 23 April 2025 (the "**Latest Practicable Date**"):

Executive Directors:

Mr. HUANG Yi (*Chairman*)
Mr. LI Guoqiang (*President and Chief Executive Officer*)
Mr. ZHANG Zhicheng
Mr. TANG Xianfeng
Ms. YU Ning (appointed on 27 March 2024)
Ms. ZHOU Xin (appointed on 27 March 2024)

Non-executive Directors:

Mr. CHAN Ho Yin
Mr. SUN Yanjun

Independent non-executive Directors:

Mr. SHEN Jinjun (resigned on 8 April 2025)
Mr. YING Wei
Mr. CHIN Siu Wa Alfred
Mr. LI Yanwei
Ms. CHENG Po Chuen (appointed on 8 April 2025)

Note: Pursuant to Rule 3.09D of the Listing Rules. Ms. YU Ning and Ms. ZHOU Xin have obtained professional advice on 25 March 2024 from Allen & Overy and Ms. CHENG Po Chuen has obtained professional advice on 8 April 2025 from Allen Overy Shearman Sterling, the Company's Hong Kong legal advisers in Hong Kong, as regards, among others, the requirements under the Listing Rules that are applicable to them as a director of a listed issuer. Each of Ms. YU Ning, Ms. ZHOU Xin and Ms. CHENG Po Chuen has confirmed respectively that she understood her obligations as a Director.

The biographical information of the Directors as at the date of this annual report is set out in the section headed "Directors and Senior Management" on pages 67 to 72 of the annual report for the year ended 31 December 2024.

None of the members of the Board is related to one another.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with his role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

5. NON-EXECUTIVE DIRECTORS AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's articles of association (the "**Articles of Association**"). The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors of the Company has entered into a service contract with the Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than three months' written notice served by either the executive Directors or the Company. Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment. The appointments are subject to the provisions of retirement and rotation of directors under the Articles of Association.

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting after appointment and be subject to re-election at such meeting. Any director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to Article 84 of the Articles of Association, Mr. Li Guoqiang, Mr. Tang Xianfeng, Mr. Ying Wei and Mr. Li Yanwei shall retire by rotation at the annual general meeting to be held on 20 June 2025 whereas in accordance with Article 83(3) of the Articles of Association, Ms. Cheng Po Chuen (appointed by the Board on 8 April 2025) shall hold office only until the same annual general meeting. Mr. Li Guoqiang, Mr. Tang Xianfeng, Mr. Ying Wei, Mr. Li Yanwei and Ms. Cheng Po Chuen, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

6. BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2024, all Directors had completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

7. CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors have kept abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director would receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and appropriate. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be circulated to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2024, the following Directors attended in-house briefing(s), seminar(s) and training session(s) arranged by the Company or the following professional institution(s)/professional firm(s):

Topic	Date	Name of Organizer	Directors' Attendance											
			Huang Yi	Li Guoqiang	Zhang Zhicheng	Tang Xianfeng	Yu Ning	Zhou Xin	Chan Ho Yin	Sun Yanjun	Shen Jinjun	Ying Wei	Chin Siu Wa Alfred	Li Yanwei
Amendments to the Listing Rules relating to treasury shares in 2024	16 December 2024	Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

In addition, Li Yanwei have read various relevant materials including books, business journals and financial magazines during the year ended 31 December 2024.

8. ATTENDANCE RECORDS OF DIRECTORS AND BOARD COMMITTEE MEMBERS

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 December 2024 are set out in the table below:

Name of Director	Attendance/Number of Meetings During His/Her Tenure							
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Compliance Committee	Risk Committee	Environmental, Social and Governance Committee	Annual General Meeting
Huang Yi	6/6	1/1			1/1	1/1		1/1
Li Guoqiang	6/6		1/1		1/1			1/1
Zhang Zhicheng	6/6					1/1	1/1	1/1
Yu Ning (appointed on 27 March 2024)	5/5							1/1
Zhou Xin (appointed on 27 March 2024)	5/5							1/1
Tang Xianfeng	6/6				1/1		1/1	1/1
Chan Ho Yin	6/6							1/1
Sun Yanjun	6/6							1/1
Shen Jinjun (resigned on 8 April 2025)	6/6	1/1	1/1	2/2				1/1
Ying Wei	6/6			2/2				1/1
Chin Siu Wa Alfred	6/6	1/1	1/1	2/2				1/1
Li Yanwei	6/6							1/1

Apart from regular Board meetings, the chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors on 27 March 2024. All the relevant Directors attended this meeting.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The chairman of the Board (the “**Chairman**”) is Mr. Huang Yi, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for the strategic management of the Group and for formulating the Group’s overall corporate direction and task. The chief executive officer is Mr. Li Guoqiang, who is responsible for the overall management and operations of the Group. He is also responsible for running the Company’s businesses and implementing the Group’s strategic plans and business goals.

To facilitate a timely discussion of all key and appropriate issues by the Board, the Chairman co-ordinates with the senior management to provide adequate, complete and reliable information to all Directors for consideration and review.

C. BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee, the Compliance Committee, the Risk Committee and the Environmental, Social and Governance Committee to oversee particular aspects of the Company’s affairs. The six Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of Company and/or the Stock Exchange and are available to the Shareholders upon request.

The majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under “Corporate Information” on page 2.

1. AUDIT COMMITTEE

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2024, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of internal control and risk management systems and internal audit function, appointment of external auditors and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee meetings are set out under “Attendance Records of Directors and Board Committee Members” on page 55.

The Audit Committee also met the external auditors twice without the presence of the executive Directors during the year ended 31 December 2024.

2. REMUNERATION COMMITTEE

The primary functions of the Remuneration Committee include establishing transparent procedures for developing remuneration policy and structure, ensuring that no Director or any of his associates will participate in deciding his own remuneration, determining the remuneration policy and structure for all Directors and senior management, assessing their performance and approving the terms of their service contracts, and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Details of the amount of Directors' and chief executive officer's remuneration are set out in note 9 under "Notes to Financial Statements" on pages 134 to 136.

For the year ended 31 December 2024, the aggregate emoluments payable to members of senior management fell within the following band:

Band	Number of Individual(s)
HK\$16,000,001 to HK\$16,500,000	1
HK\$11,500,001 to HK\$12,000,000	1
HK\$6,000,001 to HK\$6,500,000	1

The Remuneration Committee held one meeting during the year ended 31 December 2024 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 55.

3. NOMINATION COMMITTEE

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held one meeting during the year ended 31 December 2024 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to recommend the appointment of Ms. Yu Ning and Ms. Zhou Xin as executive Directors, to consider the qualifications of the retiring Directors standing for election at the annual general meeting, and to consider and recommend to the Board on the appointment of Directors. The Nomination Committee has set a measurable objective implementing the Board Diversity Policy by appointing at least one Director of a different gender on the Board no later than 31 December 2024. On 27 March 2024, two Directors of a different gender were appointed. The Nomination Committee considers that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee meeting are set out under “Attendance Records of Directors and Board Committee Members” on page 55.

BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company’s corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company’s business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

According to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. For the year ended 31 December 2023, the Company was with a single gender Board. In order to meet the requirements of the Listing Rules, the Nomination Committee has set a clear target, and have appointed two Directors of a different gender on 27 March 2024. At present, the Nomination Committee consider that the Board is sufficiently diverse and the Board has not set any measurable objectives.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (A) at least one of the members of the Board shall be female;
- (B) at least one-third of the members of the Board shall be independent non-executive Directors; and
- (C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board is committed to improving the diversity of the Board and has achieved the above objectives as at the date of this annual report.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2024:

Units: Proportion (Number of employee)

By employee type	Female	Male
Board	16.67% (2)	83.33% (10)
Senior Management	75.00% (3)	25.00% (1)
Other employees	35.70% (9,405)	64.30% (16,936)
Overall workforce	35.70% (9,410)	64.30% (16,947)

At the end of 2024, the percentage of female directors on the Board reached 16.67%, which was better than the target of 5%, and the percentage of female in senior management reached 75%, which was better than the target of 30%. The Board will endeavour to maintain the gender diversity of the Board and senior management and increase the gender diversity of the rest of the Group's employees, with a view to achieving and maintaining approximately 40% female employees by the end of 2026.

More details regarding the gender of the employees can be found in the Environmental, Social and Governance Report on pages 28 to 29 of this annual report.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

4. COMPLIANCE COMMITTEE

The primary function of the Compliance Committee is to determine the policy for the corporate governance of the Company so as to ensure compliance on regulatory matters and corporate governance.

The Compliance Committee held one meeting during the year ended 31 December 2024 to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, and the Company's compliance with the CG Code and disclosures in this Corporate Governance Report. The attendance records of the Compliance Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 55.

To discharge our corporate governance duties, the inside information disclosure policy was adopted and a shareholders' communication policy was devised.

5. RISK COMMITTEE

The primary functions of the Risk Committee are to determine the risk management strategies, review the risk management system of the Group as well as to assess the Group's risk profile and risk management capabilities so as to improve the Group's risk management and internal control systems.

The Risk Committee held one meeting during the year ended 31 December 2024 to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Company considers that it has effective and adequate risk management and internal control systems. The attendance records of the Risk Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 55.

6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The primary functions of the Environmental, Social and Governance Committee are to oversee the sustainability goals and strategies of the Company, including assessing the environmental, social and governance risks and reporting to the Board on the key domestic trend in relation to environmental, social and governance works, to develop the sustainability initiatives and monitor the performance and progress of the Company with reference to the key performance indicators and other relevant standards and to report and advise the Company regarding its performance on sustainability and reviewing the environmental, social and governance report of the Company, so as to promote the development and implementation of the environmental, social and governance works of the Group.

The Environmental, Social and Governance Committee held one meeting during the year ended 31 December 2024 to review the environmental, social and governance report. The attendance records of the Environmental, Social and Governance Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 55.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company's employees, who are likely to be in possession of unpublished inside information of the Group, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company throughout the year ended 31 December 2024.

E. DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 88 to 92.

The external auditors of the Company, Ernst & Young, attended the annual general meeting held on 21 June 2024 to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The remuneration paid and payable to the Company's external auditors in respect of audit services for the year ended 31 December 2024 amounted to RMB6,800,000.

The Audit Committee recommended to the Board that, subject to our shareholders' approval at the forthcoming annual general meeting (to be held on 20 June 2025), Ernst & Young be re-appointed as the external auditors of the Company.

G. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems. Such systems are in place to provide reasonable, though not absolute, assurance against material misstatement or loss, and to manage rather than eliminate the risk of failure to achieve business objectives.

The Audit Committee and Risk Committee assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

We attach significance importance to risk management. Our appraisal system further focuses on the effect of enhancement, while the continual improvement is the foundation, which ensures the implementation of internal control rectification. The Company's risk management and internal control features prevention beforehand rather than punishment afterwards, and the risk management is carried out in all aspects, pursuing the goal in overall efficiency maximisation. The Company's risk management and internal control procedures are as follows: (i) regional brand projects unit requires dealerships to complete self-check before the 10th of each month and review them before the 25th of each month, sharing best practices internal control; and (ii) the Group periodically provides risk alerts, self-check guidance and comprehensive oversight.

All departments have conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Risk Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board, the Audit Committee and Risk Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The Internal Audit Department of the Group is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department of the Group examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee and Risk Committee.

The Board, as supported by the Audit Committee and Risk Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and the adequacy of relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Fraud and Anti-Bribery Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Chief Execution Officer (directly or via Auditing Division) and the Internal Audit Department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the year ended 31 December 2024, the Company held 12 anti-corruption trainings and briefings to all employees. There were no non-compliance cases in relation to bribery and corruption.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries in order to prohibit any unauthorised access and use of inside information.

The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Group on regular intervals basis when necessary.

H. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has in place a Shareholders' Communication Policy. The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Board endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings or other general meetings to communicate with them and encourage their participation. The Board regularly reviews this policy to ensure its effectiveness.

(A) CORPORATE COMMUNICATION

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(B) CORPORATE WEBSITE

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.zs-group.com.cn). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(C) SHAREHOLDERS' MEETINGS

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend annual general meeting of the Company to answer Shareholders' questions.

(D) SHAREHOLDERS' ENQUIRIES

ENQUIRIES ABOUT SHAREHOLDINGS

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, via its online holding enquiry service at www.computershare.com/hk/en/online_feedback, or call its hotline at +852 2862 8555, or go in person to its public counter at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: zhongsheng@zs-group.com.cn or by post to No. 44, Binhai East Road, Zhongshan District, Dalian, China. Shareholders may call the Company at (+86-411) 3979 8888 for any assistance.

(E) WEBCAST

Webcasts of the Company's interim and annual results briefings are available.

(F) OTHER INVESTOR RELATIONS COMMUNICATION PLATFORMS

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular basis.

During the year ended 31 December 2024, an annual general meeting was held on 21 June 2024 in Hong Kong, and the topics discussed included: the consideration of the audited consolidated financial statements of the Group and reports of the Directors and of the auditors for the year ended 31 December 2023; approving the re-election of certain Directors; approving the re-appointment of Ernst & Young as auditors and the declaration of final dividend.

The forthcoming annual general meeting will be held on 20 June 2025.

The Company has amended its Memorandum and Articles of Association on 21 June 2024. A latest version of the Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

The Board has reviewed the Shareholders' Communication Policy and confirmed that the implementation and effectiveness of such policy throughout the year ended 31 December 2024 are satisfactory.

I. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings must be voted on by poll pursuant to the Listing Rules, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll voting results must be posted on the websites of the Company and of the Stock Exchange after each general meeting as soon as possible, in accordance with the Listing Rules.

(I) CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Pursuant to article 58 of the Articles of Association, an extraordinary general meeting (an "EGM") may be convened by the Board on requisition of one or more Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be held within 2 months after the deposit of such requisition. If the Board fails to proceed to convene such EGM within 21 days of the deposit of the requisition, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

The requisitioner(s) must state the objects clearly in the requisition, sign the requisition and deposit the same to the Board or the company secretary or the primary contact person of the Company.

(II) PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an EGM following the procedures set out in paragraph (I) above.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at www.zs-group.com.cn.

(III) PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquires to the Company.

Note: The Company will not normally deal with verbal or anonymous enquires.

PRIMARY CONTACT PERSON

Shareholders may send their requisitions, proposed resolutions or enquiries as mentioned in paragraphs (I), (II) and (III) above to the primary contact person of the Company as set out below:

Name:	Ms. Yao Zhenchao
Address:	Room 1803-09, 18/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong
Fax:	(+852) 2803 5676
Email:	yaozhenchao@zs-group.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

J. COMPANY SECRETARY

Ms. Yao Zhenchao (“**Ms. Yao**”) has been appointed as one of the joint company secretaries of the Company with effect from 1 April 2019. The waiver had been granted to the Company by the Stock Exchange from strict compliance from Rules 3.28 and 8.17 of the Listing Rules. On 1 April 2022, the Stock Exchange has confirmed that Ms. Yao is qualified to act as a company secretary of the Company under Rule 3.28 of the Listing Rules. As a result, Ms. Yao has served as the sole company secretary of the Company with effect from 1 August 2022.

For the year ended 31 December 2024, Ms. Yao has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

K. GOING CONCERN

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

L. SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2024.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the Board as at the Latest Practicable Date:

Name	Age	Position
HUANG Yi	62	Chairman and executive Director
LI Guoqiang	61	President, executive Director and Chief Executive Officer
ZHANG Zhicheng	52	Vice-general manager, executive Director and Chief Operating Officer
TANG Xianfeng	55	Vice-general manager and executive Director
YU Ning	41	Vice-general manager, executive Director and Chief Financial Officer
ZHOU Xin	45	Vice-general manager and executive Director
CHAN Ho Yin	47	Non-executive Director
SUN Yanjun	55	Non-executive Director
CHIN Siu Wa Alfred	68	Independent non-executive Director
YING Wei	58	Independent non-executive Director
LI YANWEI	50	Independent non-executive Director
CHENG Po Chuen	53	Independent non-executive Director

EXECUTIVE DIRECTORS

HUANG Yi (黃毅), aged 62, is the Chairman and executive Director. Mr. Huang is one of the two founders, and has been chairman of the Group since its inception in 1998. He is responsible for the strategic management of the Group and for formulation our overall corporate direction and focus. Prior to founding our Group, Mr. Huang was a director and deputy general manager at China Resources Machinery Co., Ltd. ("**China Resources Machinery**"), a state-owned enterprise engaged in importing and exporting automobiles and other machinery. Mr. Huang held numerous management positions in business administration, product procurement and sales operations in China Resources Machinery during his tenure between 1984 and 1994. In 1994, Mr. Huang joined China Automobile Company Limited ("**China Automobile**") as a director, and was responsible for China Automobile's procurement and sales divisions. In 1996, Mr. Huang invested in, and became a shareholder of, China Automobile. China Automobile, currently known as Hokuryo Holdings Company Limited, is presently an indirect wholly-owned subsidiary of the Group. Mr. Huang served as the president of the second and third sessions of Mercedes-Benz Dealer Association from November 2014 to February 2025, the president of the Lexus China Dealer Advisory Council since 2013, as well as the president of the Advisory Council of GZ Toyota since 2012. Mr. Huang has substantial senior management experience and more than 35 years' of experience and in-depth knowledge of the PRC automobile industry. Mr. Huang received a Bachelor's degree in Economics from Xiamen University in 1983.

LI Guoqiang (李國強), aged 61, is the other founder of the Group, and has been serving as the Group's chief executive officer and president since 1998 and as an executive Director since 23 June 2008. He is also a director of the various companies in the Group. Mr. Li is responsible for the overall management and operations of the Group. In 1995, Mr. Li founded Dalian Aotong Automobile Repair & Assembly Factory ("**Aotong Repair & Assembly**"), a company engaged in automobile repair and maintenance services. Mr. Li served as the factory director and legal representative of Aotong Repair & Assembly, and was responsible for its overall management and operations. From 1996 to 1998, Mr. Li served as the vice chairman of Dalian Toyota Maintenance & Service Co., Ltd. and general manager of Dalian Bonded Zone Toyota Automobile Sales Co., Ltd., and was responsible for the decisions of procurement and sales of automobiles as well as the management of the national distribution networks during his tenure. In 1998, Mr. Li founded Dalian Aotong Industry Co., Ltd. ("**Aotong Industry**"), a company engaged in distribution of automobiles. Aotong Industry is the predecessor of Zhongsheng (Dalian) Group Co., Ltd., which is presently a wholly-owned subsidiary of the Group. Mr. Li has substantial senior management experience and more than 35 years of experience and in-depth knowledge of the PRC automobile industry. Mr. Li was listed on Forbes China's Best CEO List in 2020.

ZHANG Zhicheng (張志誠), aged 52, has been serving as vice-general manager of the Group since July 2008 and executive Director since 31 March 2014, and has been the Chief Operating Officer since November 2020. Mr. Zhang joined the Group in 2003, and has held numerous management positions in several of the Group's key operating subsidiaries, including Fuzhou Zhongsheng Toyota Automobile Sales Co., Ltd., Dalian Zhongsheng Lexus Automobile Sales & Services Co., Ltd. and Dalian Zhongsheng Toyota Automobile Sales & Services Co., Ltd., primarily responsible for implementing the strategic decisions of the Group and liaising with the automakers regarding developing the brand automobile sales business of the Group. Mr. Zhang currently oversees the sales and management of the Group's brand automobile sales business. Mr. Zhang has over 21 years' relevant experience and in-depth expertise in the China's automobile industry. Mr. Zhang received a master's degree in Business Administration from Dongbei University of Finance and Economics in 2003. Mr. Zhang also received Peak Performance General Manager awards in both 2006 and 2007 from Toyota Motor (China) Investment Co., Ltd., as part of the Lexus Certification Program.

TANG Xianfeng (唐憲峰), aged 55, joined the Group in January 2014 and currently serves as an executive Director and vice-general manager of the Group, primarily responsible for construction and development. Prior to joining the Group, Mr. Tang served as the vice-president of Dalian Huarui Heavy Industry Group Co., Ltd. from January 2012 to December 2013. In addition, Mr. Tang also served as a designer in the research institute, office vice-director, assistant to the head of reducer factory, vice-director of labour and personnel department and head of port machinery factory of Dalian Daqi Group from 1999 to 2003. Mr. Tang worked at Dalian DHI.DCW in June 2003 and served as the executive vice head and head of Second Business Division, assistant to the general manager and vice general manager of the Group. Mr. Tang obtained a Bachelor's degree in lifting transportation and mechanical engineering from Taiyuan Heavy Machinery Institute in 1991 and obtained a master's degree in mechanical engineering from Wuhan University of Technology in 2006. Mr. Tang obtained the senior professional manager qualification and was qualified as professor and researcher level senior engineer.

YU Ning (于寧), aged 41, was appointed as vice-general manager and joint chief financial officer of the Company on 11 May 2021. Ms. Yu has been serving as an executive Director and chief financial officer of the Company since 27 March 2024. Ms. Yu previously worked as an auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from July 2007 to May 2013. Ms. Yu then worked as a finance director in Dalian Yuanyang Yuye Jinqiang Yudiao Co., Ltd.* (大連遠洋漁業金槍魚釣有限公司) from May 2013 to December 2018. Ms. Yu has joined the Company as a general manager of the finance department since January 2019. Ms. Yu graduated from East China University of Science with a bachelor's degree in Accounting in July 2006 and received a Master of Business Administration degree from Dalian Maritime University in July 2017.

ZHOU Xin (周新), aged 45, joined the Group in 2004 and currently serves as vice-general manager of the Group and general manager of the operations management centre of the Group, primarily responsible for the after-sales and accessories business and operations of the Group. Ms. Zhou has been serving as an executive Director since 27 March 2024. Ms. Zhou served as front desk supervisor of Dalian Zhongsheng Nissan Automobile Sales & Services Co., Ltd. from October 2004 to May 2010, and subsequently served as after-sales service manager of Dalian Zhongsheng Botong Automobile Sales & Services Co., Ltd. from June 2010 to July 2012. Ms. Zhou served as vice general manager of Dalian Zhongsheng Nissan Sales & Services Co., Ltd. from August 2012 to January 2013. From January 2013 to December 2013, she served as senior finance and insurance manager of the Group, primarily responsible finance and insurance affairs. From January 2014 to January 2015, she served as regional director of after-sales services of the Group, leading the Group in promoting its automobile after-sale services. From January 2015 to February 2016, she served as general manager of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd., and was primarily responsible for handling insurance affairs of the company. From March 2016 to February 2017, she served as general manager of Dalian Zhongsheng Yingbin Toyota Sales & Services Co., Ltd. She served as executive director of Zhongsheng (Tian Jin) Insurance Sales & Co., Ltd. from December 2017 to November 2020. Ms. Zhou also served as general manager of the Volvo brand of the Group from January 2018 to February 2020 and head of the after-sale management department of the Group from February 2020 to October 2020. Ms. Zhou obtained a bachelor's degree in electronic commerce from Dongbei University of Finance and Economics in 2007, and was named an "Outstanding Businessperson" among a group of businesspersons for her contribution to the development of the Binhai New District, Tianjin in 2019.

NON-EXECUTIVE DIRECTORS

CHAN Ho Yin (陳豪賢), aged 47, has been serving as a non-executive Director since 31 December 2021. Mr. Chan joined Jardine Matheson Group as an executive trainee in 2004 and is currently the Chief Executive Officer of Jardine Schindler Group. Prior to his current role, Mr. Chan has held various senior positions in Jardines, including the role as Managing Director of Zung Fu (China) Limited. Mr. Chan is an associate of The Chartered Institute of Management Accountants and holds a Bachelor Degree from Oxford University.

SUN Yanjun (孫燕軍), aged 55, has been serving as a non-executive Director since 1 August 2022. Mr. Sun has over two decades of private equity investing, M&A and capital markets experience. Since August 2022, he is a Director of Jardine Matheson Limited and Chairman of Jardine Matheson (China) Limited, responsible for supporting Jardine Matheson's investments and business developments in the Chinese mainland, Taiwan, and Macau. Prior to joining Jardine Matheson Group, he was a Partner and Co-head of China at TPG Capital, leading private equity investments and facilitating business development efforts for TPG's global business units in China, including cross-border transactions and strategic partnerships. He was previously Managing Director in Goldman Sachs' Principal Investment Area — the investment bank's private equity unit — responsible for Greater China investments. Mr. Sun is a non-executive director of Yonghui Superstores Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code 601933) since 29 June 2023. Mr. Sun is an independent non-executive director of China National Building Material Company Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code 3323). He was an alternate director and an alternate member of the audit committee of Greatview Aseptic Packaging Company Limited (a company listed on the Stock Exchange with stock code 468) ("**Greatview Aseptic**") to Mr. Pang Yiu Kai, a former non-executive director of Greatview Aseptic, from 1 August 2022 to 22 September 2023. He was a non-executive director of Phoenix Media Investment (Holdings) Limited (a company listed on the Stock Exchange with stock code 2008) from 5 November 2013 to 16 August 2019. Mr. Sun received a bachelor's degree in international finance from Renmin University of China (中國人民大學) in July 1992 and an MBA degree with high distinction from University of Michigan in May 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHIN Siu Wa Alfred (former name: QIAN Shaohua) (錢少華), aged 68, was appointed as an independent non-executive Director on 10 August 2018. Mr. Chin served as group vice president at Shangri-La Asia Limited (“SA”, a company listed on the Stock Exchange with stock code 69) from February 2017 to December 2018 and served as the vice president of development at SA from February 2004 to September 2007. Mr. Chin also served as the non-executive director of the Kerry Logistics Network Limited (a company listed on the Stock Exchange with stock code 636) from November 2013 to May 2019. Mr. Chin served as a director of Kerry Properties Limited (“KPL”, a company listed on the Stock Exchange with stock code 683) from September 2007 to January 2017 and was re-designated as an executive director of KPL from July 2009 to January 2017. He also served as a co-managing director of KPL from August 2013 to September 2015. Mr. Chin served as the chairman and general manager of Zhongshan City Tourism Group Company, a state-owned enterprise primarily engaged in the business of tourism development, from January 1996 to May 2002, where he was responsible for the day-to-day general management, asset management, and business development primarily for the PRC market. Mr. Chin graduated from South China Normal University in 1986 and completed an advanced management programme at Harvard Business School in 2002.

YING Wei (應偉), aged 58, has served as an independent non-executive Director since 19 December 2016. Mr. Ying served as a director of Giant Network Group Co., Ltd (formerly Chongqing New Century Cruise Co., Ltd.) (a company listed on the Shenzhen Stock Exchange, stock code: 2558) from May 2016 to February 2021, an independent non-executive Director of CHTC Fong’s International Company Limited (formerly CHTC Fong’s Industries Company Limited) (a company listed on the Stock Exchange, stock code 641) from September 2011 to March 2022 and a director of Sinocelltech Group Limited (a company listed on Shanghai Stock Exchange, stock code 668520). Currently, Mr. Ying is an independent non-executive director of Fountain Set (Holdings) Limited (a company listed on the Stock Exchange, stock code 420) and a director of Microvast Holdings, Inc. (a company listed on American NASDAQ, stock code MVST). Mr. Ying is also a managing partner of CDH Shanghai Dinghui Bai Fu Investment Management Co., Ltd. Mr. Ying is a non-practising member of The Chinese Institute of Certified Public Accountants and holds a master’s degree in Business Administration from the University of San Francisco and a bachelor’s degree in Economics from Zhejiang Gongshang University (formerly Hangzhou College of Commerce).

LI Yanwei (李顏偉), aged 50, has been serving as an independent non-executive Director since 9 December 2019. Mr. Li joined Sina.com Technology (China) Co., Ltd. in 2003 and was engaged in the work relating to media in respect of the automobile industry. Mr. Li has been the founder of 秒車信息技術有限公司 Miaoche Information Technology Co., Ltd.* since 2014. Mr. Li has also been a member of the expert committee of China Automobile Dealers Association (“CADA”) since 2015. For every year from 2016 to 2019, Mr. Li was honoured with the title of Outstanding Expert of CADA. Mr. Li obtained a bachelor’s degree in law from Yanbian University.

CHENG Po Chuen (鄭寶川), aged 53, served as a consultant in the business consulting division of Arthur Andersen & Co from September 1994 to May 1997. She worked in the investment banking arms of DBS Asia Capital Limited, The Hongkong and Shanghai Banking Corporation Limited and Macquarie Group from May 1997 to August 2010, with her last position as a division director in Macquarie Capital Securities Limited. Ms. Cheng joined the global wealth management division of UBS AG as head of corporate advisory group in Hong Kong in September 2010, and subsequently had served there until January 2020 with her last position as a managing director. Ms. Cheng served as the chief financial officer since January 2020 and an executive director since April 2020 in Crazy Sports Group Limited (formerly known as V1 Group Limited) (a company listed on the Stock Exchange with stock code 82) until November 2023. Ms. Cheng has served as the director of development of The Hong Kong Philharmonic Society Limited since August 2024. Ms. Cheng has served as an independent non-executive director of China Resources Beverage (Holdings) Company Limited (a company listed on the Stock Exchange with stock code 2460) since October 2024. Ms. Cheng is a member of American Institute of Certified Public Accountants. She holds a bachelor degree in business administration from The University of Hong Kong.

* The English transliteration of the Chinese names in this report, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

OTHER SENIOR MANAGEMENT

The table below shows certain information in respect of our senior management (excluding Directors who also hold executive positions and the secretary of the Company):

Name	Age	Position
HAO Qing	49	Vice-general manager and Lexus brand general manager
LI Yuanhua	44	Vice-general manager and head of audit and supervision department
Daniel Zheng ZHOU	39	Chief strategy officer

HAO Qing (郝青), aged 49, joined the Group in July 1998 and currently serves as vice-general manager and Lexus brand general manager of the Group. Ms. Hao served as a sales manager in Dalian Free Trade Zone Nissan Automobile Sales and Service Co., Ltd. from July 1998 to August 2005. Ms. Hao joined Dalian Zhongsheng Lexus Automotive Sales & Service Co., Ltd. ("**Dalian Zhongsheng Lexus**") from August 2005 to January 2012 and served as a sales manager, the vice-president and general manager. In addition, Ms. Hao served as the brand operation director and store manager at the Lexus Brand Office and Dalian Zhongsheng Lexus from January 2012 to December 2013; the regional general manager in the Dalian Regional Office and the general manager and store manager in the Lexus Brand Office from December 2013 to July 2015; and the brand general manager and store manager in the Lexus Brand Office from July 2015 to April 2019. Ms. Hao received the honour of National Outstanding General Manager of Lexus China Distributor from 2010 to 2013. Ms. Hao obtained a Bachelor's degree in English from Liaoning Normal University.

LI Yuanhua (李遠華), aged 44, joined the Group in October 2014 and currently serves as vice-general manager and head of audit and supervision department, primary responsible for duties in merger and acquisition, audit and supervision. Prior to joining the Group, Ms. Li served in the finance and accounting department, securities department and branch office at Dalian Equipment Heavy Industry Group Co., Ltd. (大連裝備重工集團股份有限公司) (“**Dalian Equipment Heavy Industry**”) from July 2002 to November 2006 and served as the chief accountant at Dalian Equipment Heavy Industry Crane Company (大連裝備重工起重機公司) from December 2006 to January 2012, responsible for financing, salary management, bidding and operation management. In addition, Ms. Li served as the chief accountant at Dalian Equipment Heavy Industry Group Complete Company (大連裝備重工集團成套公司) from January 2012 to September 2014, responsible for financing, procurement, engineering cost, risk control. Ms. Li served as a director of the audit and supervision department of the Group from October 2014 to July 2017, served as a director of the financial management department and a director of the supervision department from August 2017 to November 2019, she was also responsible for the Group’s human resources, finance, and used car areas during her tenure as deputy general manager from 2019 to 2023. Ms. Li has been awarded the honour of Model Worker of Dalian City and Dalian Equipment Heavy Industry Group (大連裝備重工集團) several times from 2007 to 2013. Ms. Li obtained a bachelor’s degree in accounting from Harbin University of Science and Technology in 2002 and qualified as a Fellow of the Association of International Accountants (FAIA) in 2012.

Daniel Zheng ZHOU (周正), aged 39, joined the Company as chief strategy officer in February 2023, primarily responsible for financial and strategic planning and capital markets related matters. Prior to joining the Company, Mr. Zhou served as the chief financial officer of Minovate Inc. from May 2021 to January 2023. From November 2017 to April 2021, he served as the chief financial officer of VCREDIT Holdings Limited (a company listed on the Stock Exchange with stock code 2003). Prior to that, he served as a vice president at Credit Suisse from May 2016 to November 2017, worked at Goldman Sachs from June 2015 to April 2016, and worked at Blackstone from March 2011 to May 2015. From October 2024, Mr. Zhou is an independent non-executive director for Qiniu Limited (a company listed on the Stock Exchange with stock code 2567).

Mr. Zhou obtained a bachelor of business administration degree in finance from Hong Kong University of Science and Technology and a master of business administration degree from the Sloan School of Management of Massachusetts Institute of Technology.

COMPANY SECRETARY

YAO Zhenchao (姚振超), aged 44, was appointed as joint company secretary of the Company on 1 April 2019 and has served as the sole company secretary of the Company since 1 August 2022. She joined the Group in July 2011 and currently serves as the chief legal officer of the Company. She is admitted as a registered attorney in the PRC and the State of New York, the United States of America.

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the “**Financial Statements**”).

PRINCIPAL ACTIVITIES

The Group’s operations are conducted in the PRC through its subsidiaries in the PRC. The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the sale and service of motor vehicles. There were no significant changes in the nature of the Group’s principal activities during the Reporting Period.

We are a leading national automobile dealership group in the PRC. We have dealership agreements to operate our 4S dealerships for a diversified portfolio of automobile brands, consisting of luxury automobile brands including Mercedes-Benz, Lexus, BMW, Audi, Jaguar Land Rover, Porsche, Volvo and AITO, and mid-to-high end automobile brands including Toyota, Nissan and Honda. Through our “One-stop Automobile Shop” business model, we offer a comprehensive range of new automobiles and after-sales products and services in each of our outlet. In addition to our new automobile sales business, our after-sales businesses offer spare parts, automobile accessories, repair and maintenance services, detailing services, and other automobile-related products and services.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the Financial Statements on pages 93 to 195 of this annual report.

BUSINESS REVIEW

A review of the business of the Company and a discussion and analysis of the Company’s performance during the year, and the material factors underlying its results and financial position are provided in the Management Discussion and Analysis on pages 10 to 16. Main risks and uncertain factors faced by the Group and corresponding mitigation methods are set out in note 48 to the Financial Statements. An analysis of the Group’s performance during the year using financial Key Performance Indicators is provided in the section headed “Management Discussion and Analysis – Financial Review” on pages 10 to 14 of this annual report. The future development of the Company’s business is discussed throughout this annual report including in the Letter from Senior Leadership on pages 3 to 8 and Management Discussion and Analysis on pages 10 to 16. The Board recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure the Group’s compliance to the prevailing environmental protection laws and regulations. Additional details regarding the Company’s performance on environmental and social-related key performance indicators and policies are provided in the “Environmental Policies and Performance” of this Report of Directors on page 85.

Compliance with relevant laws and regulations which have a significant impact on the Company are provided in the “compliance with laws and regulations” of this Report of Directors; and an account of the Company’s relationships with its employees, customers, suppliers, shareholders, etc. are disclosed, in “Relationship with Stakeholders” of this Report of Directors on page 86.

CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 35 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity and note 36 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has distributable reserves of RMB3,093.3 million in total available for distribution, of which RMB1,500.0 million has been proposed as final dividend for the year.

DIVIDEND POLICY

The Board has adopted a dividend policy. The Company does not have any pre-determined dividend payout ratio. The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends: financial results; cash flow situation; business conditions and strategies; future operations and earnings; capital requirements and expenditure plans; interests of Shareholders; any restrictions on payment of dividends; and any other factors that the Board may consider relevant.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 196 of this annual report.

DONATIONS

The Company had made a donation of RMB25,000 to various PRC charity projects or organisations for the year ended 31 December 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 13 to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group as at 31 December 2024 are set out in note 29 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our directors, the Company has maintained the amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors of the Company during the year ended 31 December 2024 and up to the Latest Practicable Date are:

EXECUTIVE DIRECTORS

Mr. Huang Yi (*Chairman*)
 Mr. Li Guoqiang (*President and Chief Executive Officer*)
 Mr. Zhang Zhicheng
 Mr. Tang Xianfeng
 Ms. Yu Ning (appointed on 27 March 2024)
 Ms. Zhou Xin (appointed on 27 March 2024)

NON-EXECUTIVE DIRECTORS

Mr. Chan Ho Yin
 Mr. Sun Yanjun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Jinjun (resigned on 8 April 2025)
 Mr. Ying Wei
 Mr. Chin Siu Wa Alfred
 Mr. Li Yanwei
 Ms. Cheng Po Chuen (appointed on 8 April 2025)

Pursuant to the Articles of Association, Mr. Li Guoqiang, Mr. Tang Xianfeng, Mr. Ying Wei and Mr. Li Yanwei shall retire from their office by rotation at the forthcoming annual general meeting (the “**AGM**”) whereas Ms. Cheng Po Chuen (who was appointed on 8 April 2025) shall hold office only until the AGM. Mr. Li Guoqiang, Mr. Tang Xianfeng, Mr. Ying Wei, Mr. Li Yanwei and Ms. Cheng Po Chuen, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 67 to 72 of this annual report.

DIRECTORS’ SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years with effect from their respective date of appointment unless terminated by not less than three months’ notice in writing served by either the executive Directors or the Company. Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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

As at 31 December 2024, the interests and short positions of our directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules, were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY'S SHARES

Name of Director	Capacity/Nature of Interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%) (Note 1)
Mr. Huang Yi	Interest of controlled corporation, founder of a discretionary trust, agreement to acquire interests, treasury shares and beneficial owner	1,184,817,374 (Long position) (Note 2)	49.66
Mr. Li Guoqiang	Interest of controlled corporation, founder of a discretionary trust, agreement to acquire interests, treasury shares and beneficial owner	1,184,817,374 (Long position) (Note 2)	49.66
Mr. Zhang Zhicheng	Beneficial owner	5,500,000 (Long position) (Note 3)	0.23
Ms. Zhou Xin	Beneficial owner and interest of spouse	426,500 (Long position) (Note 4)	0.02
Mr. Sun Yanjun	Beneficial owner	30,000 (Long position)	0.00
Mr. Chin Siu Wa Alfred	Beneficial owner	100,000 (Long position)	0.00
Mr. Li Yanwei	Beneficial owner	71,000 (Long position)	0.00

Notes:

- The approximate percentage of shareholding is calculated based on 2,385,668,363 shares of the Company in issue (including the treasury shares held by the Company) as at 31 December 2024.
- These interests include the 18,674,500 treasury shares held by the Company as at 31 December 2024 as the Director controls over one-third of the voting power at general meetings of the Company. The Director is taken to have an interest in such treasury shares by virtue of the SFO.
- These interests represent options granted to the Director as beneficial owner under the Share Option Scheme.
- These interests comprise 336,500 shares of the Company held by the Director and 90,000 shares of the Company held by her spouse.

INTERESTS IN THE COMPANY'S DEBENTURES

Name of Director	Nature of Interest	Currency of Debenture	Amount of Debenture Held	Amount of Debenture in Same Class in Issue	Type of Debenture
Mr. Huang Yi	Beneficial owner and founder of a discretionary trust	US\$	20,000,000	157,834,000	3% bonds due 2026
Mr. Li Guoqiang	Beneficial owner	US\$	10,000,000	157,834,000	3% bonds due 2026

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

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

As at 31 December 2024, the following are the persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Shareholder	Capacity/Nature of Interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%)
Blue Natural Development Ltd. (Note 2)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Light Yield Ltd. (Note 4)	Beneficial owner, interest of controlled corporation and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Vest Sun Ltd. (Note 5)	Interest of controlled corporation and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Mountain Bright Limited (Note 6)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
UBS TC (Jersey) Ltd.	Trustee and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66
Vintage Star Limited (Note 7)	Beneficial owner and agreement to acquire interests	1,184,817,374 (Long position) (Note 3)	49.66

Name of Shareholder	Capacity/Nature of Interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%) (Note 1)
Jardine Matheson Holdings Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
Jardine Strategic Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
JMH Investments Limited	Interest of controlled corporation	505,816,116 (Long position)	21.20
JSH Investment Holdings Limited	Beneficial owner	505,816,116 (Long position)	21.20

Notes:

- The approximate percentage of shareholding is calculated based on 2,385,668,363 shares of the Company in issue (including the treasury shares held by the Company) as at 31 December 2024.
- Blue Natural Development Ltd. is owned by Light Yield Ltd. (62.30%) and Vest Sun Ltd. (37.70%). Mr. Huang Yi and Mr. Li Guoqiang are directors of Blue Natural Development Ltd.
- These interests include the 18,674,500 treasury shares held by the Company as at 31 December 2024 as the substantial shareholder controls over one-third of the voting power at general meetings of the Company. The substantial shareholder is taken to have an interest in such treasury shares by virtue of the SFO.
- Light Yield Ltd. is wholly-owned by Mr. Huang Yi, who is also the sole director of Light Yield Ltd.
- Vest Sun Ltd. is wholly-owned by Mr. Li Guoqiang, who is also the sole director of Vest Sun Ltd.
- Mountain Bright Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Huang Yi (the settler of the trust) and his family.
- Vintage Star Limited is wholly owned by UBS TC (Jersey) Ltd. as trustee of a trust settlement for Mr. Li Guoqiang (the settler of the trust) and his family.

Save as disclosed above, as at 31 December 2024, the Directors and chief executives of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONVERTIBLE BONDS

2025 CONVERTIBLE BONDS

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

The 2025 Convertible Bonds are convertible into share(s) of the Company (the “**Share(s)**”) at an initial conversion price of HK\$45.61 per Share at the option of the holder thereof, at any time on or after 1 July 2020 up to the close of business on the tenth day prior to the maturity date, being a date falling on or about 21 May 2025. The closing price per Share was HK\$34.800 as quoted on the Stock Exchange on 12 May 2020 (being the date on which the terms of the subscription of the 2025 Convertible Bonds were fixed). The net price of each Share was approximately HK\$45.20. The issue of the 2025 Convertible Bonds in the aggregate amount of HK\$4,560 million was completed on 21 May 2020. To the best of the Directors’ knowledge, the 2025 Convertible Bonds were offered and sold by the 2025 Convertible Bond Managers to no less than six independent placees (who are independent individuals, corporate and/or institutional investors).

The Directors considered that the issue of the 2025 Convertible Bonds allowed the Company to refinance its existing debt and to extend its debt maturity profile.

Pursuant to the terms and conditions of the 2025 Convertible Bonds, certain holders of the 2025 Convertible Bonds served notices of redemption on the Company, requiring the Company to redeem an outstanding principal amount of HK\$1,436,000,000 of the 2025 Convertible Bonds at 110.15% of their principal amount on 21 May 2023, representing approximately 31.49% of the principal amount of the 2025 Convertible Bonds. Immediately after the early redemption, such redeemed 2025 Convertible Bonds were cancelled and the principal amount of the outstanding 2025 Convertible Bonds is HK\$3,124,000,000 (the “**Outstanding 2025 Convertible Bonds**”).

Pursuant to the terms and conditions of the 2025 Convertible Bonds, in light of the payment of a final dividend of HK\$1.09 per Share for the year ended 31 December 2022 and a final dividend of HK\$0.797 per Share for the year ended 31 December 2023, the conversion price of the 2025 Convertible Bonds was adjusted from HK\$45.61 to HK\$45.02 per Share with effect from 29 June 2023 and further to HK\$43.88 per Share with effect from 4 July 2024, respectively.

There has been no conversion of the Outstanding 2025 Convertible Bonds as at 31 December 2024 and 23 April 2025, being the latest practicable date prior to the printing of this annual report. Upon full conversion of the Outstanding 2025 Convertible Bonds at the conversion price of HK\$43.88 per Share, the Company would issue 71,194,165 Shares, with an aggregate nominal value of approximately HK\$7,119.42, increasing the total issued Shares to 2,438,188,028 Shares (excluding treasury shares), which represent approximately 3.01% of the then existing share capital of the Company (excluding treasury shares) (calculated as at 23 April 2025, being the latest practicable date prior to the printing of this annual report), and approximately 2.92% of the issued share capital of the Company (excluding treasury shares) as enlarged by the issue of the Shares upon full conversion of all the Outstanding 2025 Convertible Bonds. Upon full exercise of the conversion rights attaching to the Outstanding 2025 Convertible Bonds, the shareholdings of Mr. Huang Yi, Mr. Li Guoqiang and UBS TC (Jersey) Ltd., the substantial shareholders of the Company, will be diluted from approximately 49.27%, 49.27% and 49.27%, respectively, to approximately 47.83%, 47.83% and 47.83%, respectively, of the issued share capital of the Company (excluding treasury shares) as enlarged by the issue of the Shares upon the conversion of all the Outstanding 2025 Convertible Bonds, based on the shareholdings of Mr. Huang Yi, Mr. Li Guoqiang and UBS TC (Jersey) Ltd. of the issued share capital of the Company (excluding treasury shares) as at 23 April 2025, being the latest practicable date prior to the printing of this annual report. Based on the profit for the year ended 31 December 2024 attributable to ordinary equity holders of the parent of approximately RMB3,212.2 million, the basic and diluted earnings per Share attributable to the owners of the Company were RMB1.35 and RMB1.35, respectively.

Details of the Outstanding 2025 Convertible Bonds are set out in note 30 to the Financial Statements.

During the year ended 31 December 2024, profit attributable to owners of the parent of the Group is approximately RMB3,212.2 million. As at 31 December 2024, the Group had consolidated reserves of RMB47,022.9 million and net current assets of RMB25,561.0 million. The Company will redeem the Outstanding 2025 Convertible Bonds on the maturity date at its principal amount together with accrued and unpaid interest thereon. Based on the financial position of the Group, to the best knowledge of the Company, the Company expects that it will be able to meet its redemption obligations under the Outstanding 2025 Convertible Bonds issued by the Company. As the Outstanding 2025 Convertible Bonds bear no interest on the principal amount, it would be equally financially advantageous for the bondholders to convert or redeem the Outstanding 2025 Convertible Bonds (and therefore the bondholders would be indifferent as to whether the Outstanding 2025 Convertible Bonds are converted or redeemed) in the event that the price of each Share traded on the Stock Exchange equals the then adjusted conversion price of the Outstanding 2025 Convertible Bonds. Conversion price of the Outstanding 2025 Convertible Bonds will be subject to adjustment for consolidation or subdivision, capitalisation of profits or reserves, capital distribution, right issues, debt equity swap and other dilutive events, as the case may be, which may have impacts on the rights of the holders of the Outstanding 2025 Convertible Bonds.

As at 31 December 2024, the net proceeds (after deduction of commission and expenses) of approximately HK\$4,521.24 million from the issue of the 2025 Convertible Bonds had been fully utilised according to the intentions previously disclosed by the Company, with (1) approximately HK\$4,246.18 million having been used to fund the repurchase of existing convertible bonds of the Company, and (2) approximately HK\$275.06 million having been used for offshore working capital purpose.

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

BONDS

2026 BONDS

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

In July 2024, the Company made an offer to purchase for cash the 2026 Bonds at a purchase price of US\$966 per US\$1,000 principal amount of the 2026 Bonds, plus accrued interest, from certain holders of the 2026 Bonds (the “**Offer**”). The aggregate principal amount of the 2026 Bonds validly tendered pursuant to the Offer amounted to US\$292,166,000. All of the validly tendered 2026 Bonds were accepted, purchased and cancelled by the Company on 1 August 2024. Following the settlement of the Offer and cancellation of the 2026 Bonds purchased pursuant to the Offer, the outstanding aggregate principal amount of the 2026 Bonds is US\$157,834,000 as at 1 August 2024 (the “**Outstanding 2026 Bonds**”). The Company is scheduled to redeem each Outstanding 2026 Bond at its principal amount on the maturity date of the Outstanding 2026 Bonds.

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

2028 BONDS

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

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

PANDA BONDS

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

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’ and Chief Executives’ Interests and Short Positions In Shares, Underlying Shares and Debentures” above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries or holding company or any subsidiary of the Company’s holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2024 and up to the date of this annual report, none of the Directors and controlling shareholders (i.e. Mr. Huang Yi, Mr. Li Guoqiang, Light Yield Ltd., Vest Sun Ltd., Blue Natural Development Ltd., Mountain Bright Limited, UBS TC (Jersey) Ltd. and Vintage Star Limited) of the Company was interested in any business which competes or is likely to compete with the businesses of our Group.

We have received an annual written confirmation from our controlling shareholders, including Mr. Huang Yi and Mr. Li Guoqiang, in respect of the compliance by and with the provisions of the non-competition deed entered into between the Company and our controlling shareholders (the “**Non-competition Deed**”).

Our independent non-executive Directors have reviewed the compliance with the Non-competition Deed during the year ended 31 December 2024 and up to the date of this annual report based on information and confirmation provided by or obtained from our controlling shareholders, and were satisfied that our controlling shareholders, including Mr. Huang Yi and Mr. Li Guoqiang, have duly complied with the Non-competition Deed.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the year ended 31 December 2024 that is required to be disclosed under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No director or any entity connected with any Director had a material interest, either directly or indirectly, in any transactions, arrangement or contract of significance to the business of our Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2024 and up to the date of this annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of our Group.

Details of the Directors' remuneration during the year ended 31 December 2024 are set out in note 9 to the Financial Statements.

RETIREMENT SCHEMES

Details of the retirement benefits plans of our Group are set out in note 2 to the Financial Statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024 and up to the date of this annual report.

MATERIAL CONTRACTS

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any material contracts or contract of significance with the controlling shareholders or any of their respective subsidiaries, nor had any material contracts been entered into for the services provided by the controlling shareholder or any of their respective subsidiaries to the Company or any of its subsidiaries.

SHARE OPTION SCHEME

The Share Option Scheme (as defined in the Company's prospectus dated 16 March 2010) was conditionally approved by a resolution of the shareholders of the Company on 9 February 2010 and adopted by a resolution of the Board on the same day. Under the Share Option Scheme, the Board could grant options to any individual who is an employee of the Group (including executive Directors) or any entity in which the Company holds any equity interest and such other persons who has or will contribute to the Company as approved by the Board from time to time on the basis of their contribution to the development and growth of the Group. The amount payable by a participant upon a grant of option was HK\$1.00. The amount payable for each share to be subscribed for under an option upon exercise would be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares. The Share Option Scheme did not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of grant of the options, the Company could specify any such minimum period(s). The Share Option Scheme expired on 25 March 2020. No further options can be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of the Share Option Scheme or otherwise as handled in accordance with the provisions of the Share Option Scheme.

The purpose of the Share Option Scheme was to attract and retain skilled and experienced personnel, to incentivise them to remain with the Group and to give effect to the customer-focused corporate culture of the Group, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company.

Details of the outstanding options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the year ended 31 December 2024 are set out below:

Name of Grantees	Date of grant	Exercise price per Share	Outstanding as at 31 December 2023	Number of Share Options			Outstanding as at 31 December 2024
				Granted during the period	Exercised/ Vested during the period	Lapsed/ Cancelled during the period	
Mr. Zhang Zhicheng – Executive Director	26 April 2018	HK\$22.60	5,500,000 ⁽¹⁾	–	–	–	5,500,000
Total			5,500,000				5,500,000

Note:

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

Further details of the Share Options are set out in note 37 to the financial statements. The Binomial Option Pricing Model is one of the commonly used models to estimate the fair value of an option which can be exercised before the expiry of the option period. The value of an option varies with different variables of certain subjective assumptions.

Any change in variables so adopted may materially affect the estimation of the fair value of an option.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

During the year ended 31 December 2024, no options had been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 31 December 2024, the total number of Shares that may be issued under the Share Option Scheme was 5,500,000 Shares, representing approximately 0.23% of the issued share capital of the Company (excluding treasury shares) as at 23 April 2025, being the latest practicable date prior to the printing of this annual report, and approximately 0.23% of the weighted average number of Shares in issue during the year ended 31 December 2024.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in this annual report, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DEBENTURES IN ISSUE

Save as disclosed in this annual report, the Company did not have any debentures in issue during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENT

Save for the 2025 Convertible Bonds and the Share Option Scheme, the Company did not enter into any equity-linked agreement during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed above, no permitted indemnity provision was made by the Company for the year ended 31 December 2024 and no permitted indemnity provision was in force as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the percentage of the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales. The respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 38.3% and 76.8%. These suppliers are relatively large and reputable corporations with long-standing relationships with the Group.

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

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

During the Reporting Period, the Company bought back a total of 18,674,500 Shares on the Stock Exchange for holding as treasury shares, with an aggregate consideration of approximately HK\$212.16 million (excluding commissions and other expenses). Subject to compliance with the Listing Rules, the Company may consider using the treasury shares for future resales, transfers or cancellation.

Details of the share buy-backs by the Company on the Stock Exchange during the Reporting Period are as follows:

Month of repurchase	No. of Shares repurchased	Price per Share		Total paid HK\$
		Highest HK\$	Lowest HK\$	
June	5,883,000	12.40	11.04	68,373,830
July	10,545,000	12.94	10.54	123,476,470
September	2,246,500	9.32	8.80	20,307,730
Total	18,674,500			212,158,030

As at 31 December 2024 and up to 23 April 2025, being the latest practicable date prior to the printing of this annual report, such Shares repurchased were held by the Company as treasury shares, and none of such treasury shares had been sold by the Company. The Board believes that the share buy-backs could reflect the Board's confidence in the Company's long-term business prospects.

Save as disclosed above, neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after 31 December 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations. Adhering to the concept of green environmental protection, the Group has also promoted green operations and advocated the concept of green office. Environmental protection, energy conservation and emissions reduction and reasonable and efficient utilisation of resources have been consistently implemented in the daily operation activities of the Group. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Company has been allocating system and staff resources to ensure on-going compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year ended 31 December 2024, the Company has complied, to the best of the knowledge of the Directors, with all relevant rules and regulations that have a significant impact on the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that our employees, customers and business associates are key to our sustainability development. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting the community and social welfare.

The Company places significant emphasis on human capital. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. Furthermore, we have established and will continue to promote our KPI-driven corporate culture with a clear career and promotion system to motivate our employees. Our employees are provided with rotation opportunities both cross-stores and cross-functions to develop their skills and their own career path with us.

We promote a customer-oriented culture within the Company. Our corporate motto is "Zhongsheng Group — Lifetime Partner", and it is central to our corporate culture. The Company values the feedback from customers by daily communication and other means. The Company has also established the mechanism about customer service and support. The Company treats providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concern in a timely manner and in accordance with international standards.

We have strong and established working relationships with leading global automakers and their PRC joint venture corporations. We believe that our suppliers are equally important in our development into a first-class automobile dealer enterprise. Therefore, we proactively collaborate with our business partners to deliver quality sustainable services.

With the goal of developing into a preeminent international enterprise and a trustworthy public company, the Company actively fulfill its social responsibility. The Group, with high quality products and services, is committed to creating good internal and external corporate relationships, and build a harmonious enterprise to undertake its responsibilities for employees, customers, suppliers and the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2024 and up to the date of this annual report, the Company has been in compliance with the code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024 and up to the date of this annual report.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Ernst & Young, certified public accountants. Ernst & Young will be retired and, being eligible to offer themselves for re-appointment at the AGM. A resolution to re-appoint Ernst & Young as the auditors of the Company in the following year will be proposed at the AGM. The Company did not change its auditors during the preceding three years.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND

The Board resolved to propose to the Shareholders at the forthcoming annual general meeting (the “AGM”) on 20 June 2025 for the distribution of a final dividend of HK\$0.678 per Share for the year ended 31 December 2024 payable to the Shareholders whose names are listed in the register of members of the Company on 2 July 2025, in an aggregate amount of HK\$1,604 million (equivalent to approximately RMB1,500 million). It is expected that the final dividend will be paid on 11 July 2025. The proposal for the distribution of the above final dividend is subject to the consideration and approval of the Shareholders at the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Monday, 16 June 2025.

In addition, the Company’s register of members will be closed from Friday, 27 June 2025 to Wednesday, 2 July 2025 (both days inclusive) for the purpose of determining the Shareholder’s entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the AGM), unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at the above-mentioned address for registration before 4:30 p.m. on Thursday, 26 June 2025.

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

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands as an exempted company with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongsheng Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 93 to 195 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

KEY AUDIT MATTER

IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS

The carrying values of goodwill and intangible assets amounted to approximately RMB8,272,614,000 and RMB9,238,214,000 as at 31 December 2024, respectively. Under HKFRSs, the Group is required to perform an impairment test for goodwill annually and the intangible assets with definite useful lives are reviewed to determine whether there is any indication of impairment at the end of each reporting period. An impairment test itself for intangible assets with definite useful lives has to be carried out only if there are such indicators of impairment. The impairment test is based on the recoverable value of each of the cash-generating units ("CGUs") or group of CGUs to which the goodwill and the intangible assets are allocated. As a result of the impairment assessment, impairment losses of RMB99,932,000 were recognised by the management for the year ended 31 December 2024.

Accordingly, the management identified impairment indicators and performed impairment assessment of the cash-generating units ("CGUs") that the goodwill and intangible assets were related to by estimating the recoverable amount based on the value in use calculation using discounted cash flow projections.

Management's assessment process was complex and significant judgement was involved, including the degree of subjectivity of expected future cash flow forecasts, associated growth rates and the discount rate applied.

Information about the goodwill and intangible assets was disclosed in note 2.4 *Material accounting policies – Impairment of non-financial assets*, note 3 *Significant accounting judgement and estimates – Estimation uncertainty*, note 17 *Intangible assets* and note 18 *Goodwill* to the financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We involved our internal valuation specialists to assist us in evaluating the models and certain assumptions used by the Group in the impairment test of goodwill and intangible assets. We paid attention to the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance of the respective CGUs or group of CGUs. We also reviewed the Group's assessment of whether there were any indicators of impairment of the intangible assets with definite useful lives for the year. We also checked the related disclosures.

KEY AUDIT MATTERS (continued)

KEY AUDIT MATTER

VENDOR REBATE RECEIVABLES

The Group recognised volume-related vendor rebates on an accrual basis based on the terms of the suppliers' contracts. As at 31 December 2024, the rebate receivables recognised in the consolidated statement of financial position amounted to approximately RMB8,595,715,000. The balance of rebate receivables was significant and the process of calculating the accrual was complex.

Information about the rebate receivables was disclosed in note 2.4 *Material accounting policies – vendor rebates* and note 24 *Prepayments, other receivables and other assets* to the financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We obtained an understanding of and tested management's key internal controls in relation to the recognition of vendor rebates. We checked the rebate policies adopted against the terms of the relevant supplier contracts and checked the calculation of the rebate receivables based on the rebate policies and underlying inputs, including sales and purchase volume, rebate rates and other criteria as set out in the rebate policies. We also checked the subsequent settlement of the rebates against the accrued balances.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young

Certified Public Accountants
Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5(a)	168,124,205	179,290,093
Cost of sales and services provided		(157,452,291)	(165,525,773)
Gross profit		10,671,914	13,764,320
Other income and gains, net	5(b)	4,784,427	4,730,929
Selling and distribution expenses		(7,552,654)	(7,736,991)
Administrative expenses		(2,229,183)	(2,418,598)
Profit from operations		5,674,504	8,339,660
Finance costs	7	(1,572,886)	(1,507,393)
Share of losses of joint ventures		(998)	(3,582)
Share of profits of associates		2,799	2,263
Profit before tax	6	4,103,419	6,830,948
Income tax expense	8	(1,032,544)	(1,840,063)
Profit for the year		3,070,875	4,990,885
Attributable to:			
Owners of the parent		3,212,188	5,018,077
Non-controlling interests		(141,313)	(27,192)
		3,070,875	4,990,885
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For profit for the year (RMB)	12	1.35	2.09
Diluted			
— For profit for the year (RMB)	12	1.35	2.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	3,070,875	4,990,885
Other comprehensive loss		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,453	(35,070)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	4,453	(35,070)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(240,190)	(80,983)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(240,190)	(80,983)
Other comprehensive loss for the year, net of tax	(235,737)	(116,053)
Total comprehensive income for the year	2,835,138	4,874,832
Attributable to:		
Owners of the parent	2,976,451	4,902,024
Non-controlling interests	(141,313)	(27,192)
	2,835,138	4,874,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	17,323,828	18,055,099
Right-of-use assets	15	5,266,645	5,077,814
Land use rights	14	3,448,389	3,493,701
Prepayments	16	342,764	399,420
Intangible assets	17	9,238,214	9,629,424
Goodwill	18	8,272,614	8,364,196
Investments in joint ventures	19	53,854	54,852
Investments in associates	20	2,471	9,881
Derivative financial instruments	33	20,674	—
Debt investments at amortised cost	21	73,153	72,065
Deferred tax assets	34	548,214	513,352
Total non-current assets		44,590,820	45,669,804
CURRENT ASSETS			
Inventories	22	18,476,861	16,366,096
Trade receivables	23	4,653,569	4,108,501
Prepayments, other receivables and other assets	24	19,312,792	17,340,686
Amounts due from related parties	46(b)(i)(ii)	7,712	33,322
Financial assets at fair value through profit or loss	25	124,669	148,551
Time deposits and pledged bank deposits	26	4,256,545	3,871,391
Cash in transit	27	60,039	118,126
Cash and cash equivalents	28	18,687,542	15,611,984
Total current assets		65,579,729	57,598,657
CURRENT LIABILITIES			
Bank loans and other borrowings	29	16,965,321	15,873,276
Lease liabilities	15	689,047	609,762
Convertible bonds, current portion	30	3,356,212	—
Trade and bills payables	31	12,607,800	11,041,368
Other payables and accruals	32	4,238,461	3,686,529
Amounts due to related parties	46(b)(iii)(iv)	6,731	6,801
Income tax payable		2,153,207	2,309,847
Dividends payable		2,000	2,000
Total current liabilities		40,018,779	33,529,583
NET CURRENT ASSETS		25,560,950	24,069,074
TOTAL ASSETS LESS CURRENT LIABILITIES		70,151,770	69,738,878

Consolidated Statement of Financial Position (continued)

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	34	3,429,179	3,418,851
Bank loans and other borrowings	29	15,073,848	12,499,506
Lease liabilities	15	4,730,926	4,598,066
Convertible bonds	30	—	3,175,879
Total non-current liabilities		23,233,953	23,692,302
Net assets		46,917,817	46,046,576
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	207	207
Treasury shares		(193,649)	—
Reserves	36	47,022,883	45,797,089
		46,829,441	45,797,296
Non-controlling interests		88,376	249,280
Total equity		46,917,817	46,046,576

Huang Yi
Director

Li Guoqiang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2024

	Attributable to owners of the parent													Total equity RMB'000
	Share capital RMB'000	Share premium* RMB'000	Equity component of		Treasury shares RMB'000	Discretionary reserve fund* RMB'000	Statutory reserve* RMB'000	Merger reserve* RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
			convertible bonds* RMB'000	Share option reserve* RMB'000										
At 31 December 2022	208	7,703,606	30,484	49,391	(51,742)	37,110	4,098,420	(1,386,176)	(2,094,572)	(845,373)	36,272,368	43,813,724	303,836	44,117,560
Effect of adoption of amendments to HKAS 12	-	-	-	-	-	-	-	-	-	-	(52,319)	(52,319)	(816)	(53,135)
At 1 January 2023 (restated)	208	7,703,606	30,484	49,391	(51,742)	37,110	4,098,420	(1,386,176)	(2,094,572)	(845,373)	36,220,049	43,761,405	303,020	44,064,425
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,018,077	5,018,077	(27,192)	4,990,885
Other comprehensive loss for the year:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(116,053)	-	(116,053)	-	(116,053)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	(116,053)	5,018,077	4,902,024	(27,192)	4,874,832
Repurchase and cancellation of shares	(1)	(500,780)	-	-	51,742	-	-	-	-	-	-	(449,039)	-	(449,039)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	20,093	-	-	20,093	778	20,871
Transfer from retained profits	-	-	-	-	-	-	310,241	-	-	-	(310,241)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(27,326)	(27,326)
Early redemption of 2018 convertible bonds	-	-	(9,600)	-	-	-	-	-	(52,704)	-	-	(62,304)	-	(62,304)
Final 2022 dividend declared	-	(2,374,883)	-	-	-	-	-	-	-	-	-	(2,374,883)	-	(2,374,883)
At 31 December 2023	207	4,827,943	20,884	49,391	-	37,110	4,408,661	(1,386,176)	(2,127,183)	(961,426)	40,927,885	45,797,296	249,280	46,046,576
At 1 January 2024	207	4,827,943	20,884	49,391	-	37,110	4,408,661	(1,386,176)	(2,127,183)	(961,426)	40,927,885	45,797,296	249,280	46,046,576
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,212,188	3,212,188	(141,313)	3,070,875
Other comprehensive loss for the year:														
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(235,737)	-	(235,737)	-	(235,737)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	(235,737)	3,212,188	2,976,451	(141,313)	2,835,138
Repurchase of shares	-	-	-	-	(193,649)	-	-	-	-	-	-	(193,649)	-	(193,649)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(14,500)	(14,500)
Transfer from retained profits	-	-	-	-	-	-	170,656	-	-	-	(170,656)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,964)	(3,964)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(15,992)	(15,992)	(1,127)	(17,119)
Final 2023 dividend declared	-	(1,734,665)	-	-	-	-	-	-	-	-	-	(1,734,665)	-	(1,734,665)
At 31 December 2024	207	3,093,278	20,884	49,391	(193,649)	37,110	4,579,317	(1,386,176)	(2,127,183)	(1,197,163)	43,953,425	46,829,441	88,376	46,917,817

* These reserve accounts comprise the consolidated reserves of RMB46,829,234,000 (2023: RMB45,797,089,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Profit before tax		4,103,419	6,830,948
Adjustments for:			
Share of (profits)/losses of joint ventures and associates	19(b),20(b)	(1,801)	1,319
Depreciation and impairment of property, plant and equipment	13	1,536,521	966,560
Depreciation of right-of-use assets	15	823,142	737,502
Amortisation of land use rights	14	115,025	114,684
Amortisation of intangible assets	17	402,893	399,753
Impairment of trade receivables	6	7,588	46,759
Write-down of inventories to net realisable value	6	11,142	27,264
Interest income	5(b)	(323,061)	(454,532)
Net losses on disposal of items of property, plant and equipment	5(b)	27,118	94,911
Net losses on disposal of intangible assets		1,540	—
Finance costs	7	1,572,886	1,507,393
Gain on disposal of a subsidiary	5(b)	17,244	—
Fair value (gains)/losses, net:			
— Listed equity investments held for trading	5(b)	(7,001)	(23,893)
— Funds	5(b)	1,684	(1,266)
Dividend income from a listed equity investment	5(b)	(2,830)	(2,284)
Income on redemption of convertible bonds	5(b)	—	(58,084)
Gains on disposal of right-of-use assets		(66,317)	(1,675)
Interest income from debt investments at amortised cost		(5,364)	(3,796)
Impairment of goodwill	18	99,932	—
		8,313,760	10,181,563
Decrease in cash in transit		58,575	33,857
Increase in trade receivables		(544,201)	(2,349,833)
Increase in prepayments, other receivables and other assets		(3,094,235)	(1,647,509)
Increase in inventories		(2,092,096)	(1,094,928)
Increase in trade and bills payables		1,545,742	2,817,328
Increase in other payables and accruals		439,329	314,367
Decrease/(Increase) in amounts due from related parties — trade related		25,610	(26,143)
(Decrease)/Increase in amounts due to related parties — trade related		(70)	4,592
Cash generated from operations		4,652,414	8,233,294
Tax paid		(1,213,014)	(1,807,324)
Net cash generated from operating activities		3,439,400	6,425,970

	Notes	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,100,858)	(2,864,097)
Proceeds from disposal of items of property, plant and equipment		1,463,417	1,757,219
Purchase of land use rights		(175,154)	(15,043)
Purchase of intangible assets		(13,075)	(13,798)
Purchase of debt investments at amortised cost		—	(70,827)
Purchase of equity investments at fair value through profit or loss		—	(25,608)
Prepayments for the potential acquisitions of equity interests from third parties		242	(58,850)
Acquisition of subsidiaries		(33,989)	(80,618)
Decrease in prepayments, other receivables and other assets		1,142,281	417,791
Dividends received from listed equity investments		2,830	2,284
Proceeds on disposal of a subsidiary, net of cash		567	—
Interest received		323,061	454,532
Disposal of a shareholding in an associate		10,209	—
Net cash generated from/(used in) investing activities		619,531	(497,015)
FINANCING ACTIVITIES			
New bank loans and other borrowings		100,545,307	115,558,793
Repayments of bank loans and other borrowings		(100,094,220)	(109,195,627)
Repurchase of shares		(193,649)	(449,039)
Increase in time deposits and pledged bank deposits		(385,154)	(2,062,196)
Contributions from the other equity holders of the subsidiaries		—	778
Lease payments		(1,058,206)	(817,208)
Acquisition of non-controlling interests		(14,500)	—
Proceeds from issue of bonds payable		5,227,508	—
Redemption of bonds payable		(2,016,092)	—
Redemption of convertible bonds		—	(1,422,962)
Interest paid for bank loans and other borrowings		(1,219,324)	(1,238,340)
(Increase)/decrease in deposits to entities controlled by suppliers for borrowings		(40,165)	26,712
Dividends paid to non-controlling shareholders		(17,119)	(27,326)
Dividends paid		(1,734,665)	(2,374,883)
Net cash used in financing activities		(1,000,279)	(2,001,298)
Net increase in cash and cash equivalents		3,058,652	3,927,657
Cash and cash equivalents at beginning of year		15,611,984	11,679,029
Effect of foreign exchange rate changes, net		16,906	5,298
Cash and cash equivalents at end of year	28	18,687,542	15,611,984

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

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

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PRESENTATION (continued)

BASIS OF CONSOLIDATION (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRS are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to HKFRS Accounting Standards — Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRs. HKFRS 18 and the consequential amendments to other HKFRs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES *INVESTMENTS IN ASSOCIATES AND JOINT VENTURES*

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS AND GOODWILL (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENT (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives and residual values of property, plant and equipment are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	10 to 30 years	5%
Leasehold improvements	5 years	—
Plant and machinery	5 to 10 years	5%
Furniture and fixtures	5 years	5%
Motor vehicles	5 to 10 years	5% to 40%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	3 to 5 years
Dealership agreements	20 to 40 years
Customer relationships	15 years
Others	5 to 44 years

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *RIGHT-OF-USE ASSETS*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings and land	2 to 30 years
Motor vehicles	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

LEASES (continued)

GROUP AS A LESSEE (continued)

(b) LEASE LIABILITIES

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of land and buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

LAND USE RIGHTS

All land in Mainland China is state-owned and no individual land ownership rights exist. The Group acquires the right to use certain land and the amount paid for such a right is recorded as land use rights, which are amortised over the lease terms of 12 to 57 years using the straight-line method.

INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

SUBSEQUENT MEASUREMENT (continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GENERAL APPROACH

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | |
|---------|--|
| Stage 1 | — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

SIMPLIFIED APPROACH

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, lease liabilities, bank loans and other borrowings, and convertible bonds.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

FINANCIAL LIABILITIES AT AMORTISED COST (TRADE AND OTHER PAYABLES, AND BORROWINGS)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

SUBSEQUENT MEASUREMENT (continued)

CONVERTIBLE BONDS

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency risk and interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on specific identification basis as appropriate and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling price in the ordinary course of business less the estimated costs to be incurred to completion and disposal.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

INCOME TAX (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group offers customers a membership program for which its customers can earn membership points from qualified purchases. The membership points can be converted into auto services and consumer products that are available on Zhongsheng GO (WeChat mini program).

Customers membership points earned through qualified purchases are considered as a separate performance obligation arising from transactions with customers. The Group estimates the value of the future redemption obligation based on the estimated value of the products for which the membership points are expected to be redeemed based on historical redemption patterns, including an estimate of the breakage for points that will not be redeemed.

A contract liability is recognised until the points are redeemed or expired.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(b) RENDERING OF SERVICES

For the rendering of services, the control is transferred over time and therefore, the performance obligation is satisfied and revenue is recognised over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (ii) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

REVENUE FROM OTHER RESOURCES

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

OTHER INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

VENDOR REBATES

Volume-related vendor rebates are recognised as a deduction from cost of sales on an accrual basis based on the expected entitlement earned up to the reporting date for each relevant supplier contract.

Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Binomial Option Pricing Model, further details of which are given in note 37 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

OTHER EMPLOYEE BENEFITS

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, a capitalisation rate of 6.0% (2023: 6.0%) has been applied to the expenditure on the individual assets.

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using their respective functional currencies. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

DEFERRED TAX ASSETS

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses of RMB3,691,050,000 (2023: RMB3,124,622,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB922,763,000. Further details on deferred taxes are disclosed in note 34 to the financial statements.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimation of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2024 was RMB8,272,614,000 (2023: RMB8,364,196,000). Further details are given in note 18.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

USEFUL LIVES OF INTANGIBLE ASSETS

The intangible assets are depreciated on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation charges for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortisation charges when useful lives become shorter than previously estimated.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore the depreciation charge in the future periods.

LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

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

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

INFORMATION ABOUT GEOGRAPHICAL AREA

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

INFORMATION ABOUT MAJOR CUSTOMERS

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

5. REVENUE, OTHER INCOME AND GAINS

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

(a) REVENUE:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or services		
Sales of motor vehicles	140,742,927	154,199,703
Accessories and after-sales services	27,381,278	25,090,390
Total	168,124,205	179,290,093
Geographical market		
Chinese Mainland	168,124,205	179,290,093
Timing of revenue recognition		
At a point in time	168,124,205	179,290,093

5. REVENUE, OTHER INCOME AND GAINS (continued)

(a) REVENUE: (continued)

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of motor vehicles	2,475,494	2,398,796
Accessories and after-sales services	142,111	121,090
Total	2,617,605	2,519,886

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

SALE OF MOTOR VEHICLES

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

SALE OF ACCESSORIES

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

AFTER-SALES SERVICES

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

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

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	2,946,287	2,617,605

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

5. REVENUE, OTHER INCOME AND GAINS (continued)**(b) OTHER INCOME AND GAINS, NET:**

	2024 RMB'000	2023 RMB'000
Commission income	4,199,812	4,132,099
Rental income	58,361	29,702
Interest income	323,061	454,532
Government grants	32,550	49,816
Net losses on disposal of items of property, plant and equipment	(27,118)	(94,911)
Loss on disposal of subsidiaries	(17,244)	—
Interest income from debt investments at amortised cost	5,334	3,796
Gain on the extinguishment of convertible bond	—	58,084
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss		
— listed equity investments	7,001	23,893
— funds	(1,684)	1,266
Dividend income from listed equity investments	2,830	2,284
Others	201,524	70,368
Total	4,784,427	4,730,929

6. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Employee benefit expense (including directors' and chief executive officer's remuneration (note 9)):		
Wages and salaries	3,745,645	3,616,953
Pension scheme contributions (defined contribution scheme)*	950,752	788,788
Other welfare	415,042	381,418
	5,111,439	4,787,159
Cost of inventories sold	153,633,782	162,851,998
Depreciation and impairment of property, plant and equipment	1,536,521	966,560
Depreciation of right-of-use assets	823,142	737,502
Amortisation of land use rights	115,025	114,684
Amortisation of intangible assets	402,893	399,753
Auditors' remuneration	6,800	6,800
Lease payments not included in the measurement of lease liabilities	403,673	143,247
Promotion and advertisement	1,204,416	1,407,713
Office expenses	441,333	490,798
Logistics expenses	441,412	355,772
Impairment of trade receivables	7,588	46,759
Write-down of inventories to net realisable value	11,142	27,264
Net loss on disposal of items of property, plant and equipment	27,118	94,911
Gain on the extinguishment of convertible bond	—	(58,084)
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss		
— listed equity investments	(7,001)	(23,893)
— funds	1,684	(1,266)
Dividend income from listed equity investments	(2,830)	(2,284)
Interest income from debt investments at amortised cost	(5,334)	(3,796)
Impairment of goodwill	99,932	—
Loss on disposal of subsidiaries	17,244	—

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest expense on bank borrowings	1,104,330	1,024,310
Interest expense on convertible bonds	109,687	126,507
Interest expense on other borrowings	105,072	117,641
Interest expense on lease liabilities	326,490	321,827
Less: Interest capitalised	(72,693)	(82,892)
Total	1,572,886	1,507,393

8. INCOME TAX EXPENSE

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

	2024 RMB'000	2023 RMB'000
Current Chinese Mainland corporate income tax	1,036,373	1,937,984
Deferred tax (note 34)	(3,829)	(97,921)
Total	1,032,544	1,840,063

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

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

No Hong Kong tax has been provided as the Group had no assessable profits arising in Hong Kong during the year (2023: Nil).

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

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

8. INCOME TAX EXPENSE (continued)

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

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

	2024 RMB'000	2023 RMB'000
Profit before tax	4,103,419	6,830,948
Tax at the statutory tax rate (25%)	1,025,855	1,707,737
Tax effect of non-deductible expenses	192,707	70,645
Income not subject to tax	(85,178)	(42,705)
Profits and losses attributable to jointly-controlled entities and associates	190	330
Lower tax rates for specific provinces or enacted by local authority	(352,125)	(268,080)
Adjustments in respect of current tax of previous periods	26,028	65,942
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	86,613	114,220
Tax losses not recognised	138,454	191,974
Tax charge	1,032,544	1,840,063

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	963	945
Other emoluments:		
Salaries, allowances and other benefits	61,951	36,563
Discretionary bonuses	40,310	64,782
Contributions to defined contribution retirement schemes	408	226
Subtotal	102,669	101,571
Total	103,632	102,516

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
– Mr. Shen Jinjun	–	–
– Mr. Ying Wei	321	315
– Mr. Chin Siu Wa Alfred	321	315
– Mr. Li Yanwei	321	315
Total	963	945

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

(b) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
2024					
Executive directors:					
– Mr. Huang Yi	–	2,382	20,155	16	22,553
– Mr. Zhang Zhicheng	–	21,398	–	92	21,490
– Mr. Tang Xianfeng	–	10,489	–	92	10,581
– Ms. Yu Ning (i)	–	10,489	–	92	10,581
– Ms. Zhou Xin (ii)	–	14,811	–	100	14,911
Executive director and the chief executive:					
– Mr. Li Guoqiang	–	2,382	20,155	16	22,553
Non-executive directors:					
– Mr. Sun Yanjun	–	–	–	–	–
– Mr. Chan Ho Yin	–	–	–	–	–
Total	–	61,951	40,310	408	102,669

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)**(b) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND THE CHIEF EXECUTIVE (continued)**

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
2023					
Executive directors:					
— Mr. Huang Yi	—	2,339	32,391	16	34,746
— Mr. Zhang Zhicheng	—	21,397	—	97	21,494
— Mr. Tang Xianfeng	—	10,488	—	97	10,585
Executive director and the chief executive:					
— Mr. Li Guoqiang	—	2,339	32,391	16	34,746
Non-executive directors:					
— Mr. Sun Yanjun	—	—	—	—	—
— Mr. Chan Ho Yin	—	—	—	—	—
Total	—	36,563	64,782	226	101,571

(i) Ms. Yu Ning (“Ms. Yu”) was appointed as an executive director and chief financial officer of the Company with effect from 27 March 2024.

(ii) Ms. Zhou Xin (“Ms. Zhou”) was appointed as an executive director of the Company with effect from 27 March 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included four directors and the chief executive (2023: three directors and the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining one (2023: two) non-director, highest paid employees for the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, bonuses, allowances and benefits in kind	14,843	29,652
Discretionary bonuses	—	—
Pension scheme contributions	92	193
Total	14,935	29,845

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK\$16,000,000	—	—
HK\$16,000,001 to HK\$16,500,000	1	2
Total	1	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Proposed final — HK\$0.678 (approximately RMB0.634) (2023: HK\$0.797) per ordinary share	1,500,000	1,756,327

The calculation of the proposed final dividend for the year ended 31 December 2024 is based on the proposed final dividend per ordinary share, and the total number of ordinary shares (excluding treasury shares) as at 28 March 2025.

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

During the year ended 31 December 2024, a final dividend of HK\$0.797 per ordinary share in respect of the year ended 31 December 2023 was declared and paid to the ordinary equity holders of the Company. The aggregate amount of the final dividend declared and paid in the year ended 31 December 2024 was HK\$1,901,378,000 (equivalent to RMB1,734,665,000).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,377,083,431 (2023: 2,396,898,896) in issue during the year.

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

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

EARNINGS

	2024 RMB'000	2023 RMB'000
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	3,212,188	5,018,077
Interest on convertible bonds	109,687	126,507
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	3,321,875	5,144,584

SHARES

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,377,083,431	2,396,898,896
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	2,515,168
Convertible bonds	71,194,165	69,391,381
Weighted average number of ordinary shares used in the diluted earnings per share calculation	2,448,277,596	2,468,805,445

EARNINGS PER SHARE

	2024 RMB'000	2023 RMB'000
Basic	1.35	2.09
Diluted	1.35	2.08

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	15,063,869	2,880,518	1,324,427	1,300,131	3,321,540	706,612	24,597,097
Exchange realignment	—	174	—	2	86	—	262
Additions	121,248	607,121	170,063	173,990	993,782	202,629	2,268,833
Acquisition of subsidiaries (note 38)	32,521	7,890	988	483	3,112	241	45,235
Transfer	315,211	—	1,690	—	—	(316,901)	—
Disposals	(258,007)	(4,813)	(101,515)	(97,336)	(1,744,011)	(4,849)	(2,210,531)
Disposal of subsidiaries	(12,192)	—	(310)	(250)	(2,418)	(7,013)	(22,183)
At 31 December 2024	15,262,650	3,490,890	1,395,343	1,377,020	2,572,091	580,719	24,678,713
Accumulated depreciation and impairment:							
At 1 January 2024	3,739,193	813,085	684,147	793,170	512,403	—	6,541,998
Exchange realignment	—	119	—	2	63	—	184
Depreciation and impairment provided during the year	614,716	207,300	106,017	146,978	461,510	—	1,536,521
Disposals	(144,221)	(29)	(60,402)	(71,814)	(443,530)	—	(719,996)
Disposals of subsidiaries	(2,869)	—	(191)	(168)	(594)	—	(3,822)
At 31 December 2024	4,206,819	1,020,475	729,571	868,168	529,852	—	7,354,885
Net book amount:							
At 31 December 2024	11,055,831	2,470,415	665,772	508,852	2,042,239	580,719	17,323,828
Cost:							
At 1 January 2023	14,660,965	2,267,490	1,263,749	1,196,110	4,060,394	895,331	24,344,039
Exchange realignment	—	105	—	1	50	—	156
Additions	170,936	393,742	126,962	137,845	1,717,918	512,416	3,059,819
Acquisition of subsidiaries	—	9,726	1,435	828	5,285	—	17,274
Transfer	429,902	234,565	9,473	27,195	—	(701,135)	—
Disposals	(197,934)	(25,110)	(77,192)	(61,848)	(2,462,107)	—	(2,824,191)
At 31 December 2023	15,063,869	2,880,518	1,324,427	1,300,131	3,321,540	706,612	24,597,097
Accumulated depreciation and impairment:							
At 1 January 2023	3,608,659	623,770	616,197	709,578	989,410	—	6,547,614
Exchange realignment	—	60	—	1	34	—	95
Depreciation and impairment provided during the year	214,269	196,395	111,332	138,749	305,815	—	966,560
Disposals	(83,735)	(7,140)	(43,382)	(55,158)	(782,856)	—	(972,271)
At 31 December 2023	3,739,193	813,085	684,147	793,170	512,403	—	6,541,998
Net book amount:							
At 31 December 2023	11,324,676	2,067,433	640,280	506,961	2,809,137	706,612	18,055,099

13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2024, the application for the property ownership certificates of certain buildings with a net book amount of approximately RMB5,330,634,000 (2023: RMB5,024,255,000) was still in progress. Notwithstanding this, the Directors are of the opinion that the Group owned the beneficial titles to these buildings as at 31 December 2024 and 2023.

As at 31 December 2024, certain of the Group's buildings with an aggregate net book amount of approximately RMB240,982,000 (2023: RMB249,925,000) were pledged as security for the Group's bank loans (note 29(a)(ii)).

14. LAND USE RIGHTS

	2024 RMB'000	2023 RMB'000
Cost:		
At the beginning of the year	4,355,925	4,341,354
Additions	38,314	14,571
Acquisition of subsidiaries	43,782	—
Disposal of subsidiaries	(1,132)	—
At the end of the year	4,436,889	4,355,925
Amortisation:		
At the beginning of the year	862,224	747,540
Charge for the year	115,025	114,684
Acquisition of subsidiaries	11,628	—
Disposals of subsidiaries	(377)	—
Net book value:		
At the end of the year	3,448,389	3,493,701

The lease prepayments of the Group represent the cost of the Group's land use rights in respect of land located in Mainland China. The remaining periods of the land use rights of the Group are from 12 to 57 years.

As at 31 December 2024, certain of the Group's land use rights with an aggregate net book value of approximately RMB54,758,000 (2023: RMB56,785,000) were pledged as security for the Group's bank loans (Note 29(a)(i)).

As at 31 December 2024, the Group had yet to obtain the legal title of certain land use rights in Mainland China subject to certain administrative procedures to be completed by the Group and the local government authorities. The net book value of these land use rights as at 31 December 2024 amounted to RMB239,414,000 (2023: RMB244,235,000). Notwithstanding this, the Directors are of the opinion that the Group owned the beneficial titles to these land use rights as at 31 December 2024 and 2023, respectively.

15. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of land and buildings and motor vehicles used in its operations. Leases of land and buildings generally have lease terms between 2 and 30 years, while others generally have lease terms between 3 and 5 years. The rest of the leases have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings and lands RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2023	4,470,695	302	4,470,997
Additions	1,308,242	10,268	1,318,510
Additions as a result of acquisition of subsidiaries	41,236	—	41,236
Lease termination	(7,619)	—	(7,619)
Lease modification	(7,808)	—	(7,808)
Depreciation charge	(736,642)	(860)	(737,502)
As at 31 December 2023 and 1 January 2024	5,068,104	9,710	5,077,814
Additions	1,490,732	—	1,490,732
Additions as a result of acquisition of subsidiaries (note 38)	31,433	—	31,433
Lease termination	(497,375)	(9,133)	(506,508)
Disposal of subsidiaries (note 39)	(3,684)	—	(3,684)
Depreciation charge	(822,565)	(577)	(823,142)
As at 31 December 2024	5,266,645	—	5,266,645

Land use rights have been disclosed separately in the consolidated statement of financial position and in note 14.

15. LEASES (continued)

(b) LEASE LIABILITIES

The carrying amount of lease liabilities (excluding land use rights) and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	5,207,828	4,360,565
New leases	1,476,164	1,287,204
Additions as a result of acquisition of subsidiaries (note 38)	30,009	41,236
Accretion of interest recognised during the year	326,490	321,827
Payments	(1,043,639)	(793,710)
Lease termination	(572,825)	(9,294)
Disposal of subsidiaries (note 39)	(4,054)	—
Carrying amount at 31 December	5,419,973	5,207,828
Analysed into:		
Current portion	689,047	609,762
Non-current portion	4,730,926	4,598,066

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4-10	2025	689,047	4-10	2024	609,762
Non-current						
Lease liabilities	4-10	2026-2054	4,730,926	4-10	2025-2054	4,598,066

The maturity analysis of lease liabilities is disclosed in note 48 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases (excluding land use rights) are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	326,490	321,827
Depreciation charge of right-of-use assets	823,142	737,502
Expense relating to leases of short-term or low-value assets	403,673	143,247
The impact of lease termination	(66,317)	(1,675)
The impact of lease modification	(3,485)	(541)
Total amount recognised in profit or loss	1,483,503	1,200,360

(d) The total cash outflow for leases is disclosed in notes 40(c) to the financial statements.

16. PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Prepayment for land use rights	254,164	258,970
Prepayments for potential acquisitions	88,600	140,450
Total	342,764	399,420

17. INTANGIBLE ASSETS

	Software RMB'000	Dealership agreements RMB'000	Customer relationships RMB'000	Others RMB'000	Total RMB'000
Cost:					
At 1 January 2024	131,087	10,914,085	1,265,018	114,094	12,424,284
Exchange realignment	—	—	—	(100)	(100)
Additions	10,465	1,256	—	1,353	13,074
Acquisition of subsidiaries (note 38)	—	5,200	2,400	—	7,600
Disposals	(379)	—	(653)	(1,500)	(2,532)
Disposal of subsidiaries	(49)	(10,300)	(613)	—	(10,962)
At 31 December 2024	141,124	10,910,241	1,266,152	113,847	12,431,364
Accumulated amortisation and impairment:					
At 1 January 2024	93,994	1,943,062	684,176	73,628	2,794,860
Exchange realignment	—	—	—	(325)	(325)
Amortisation provided during the year	8,321	309,141	82,469	2,962	402,893
Disposals	(73)	—	—	(919)	(992)
Disposals of subsidiaries	(49)	(2,896)	(341)	—	(3,286)
At 31 December 2024	102,193	2,249,307	766,304	75,346	3,193,150
Net book value:					
At 31 December 2024	38,931	8,660,934	499,848	38,501	9,238,214

17. INTANGIBLE ASSETS (continued)

	Software RMB'000	Dealership agreements RMB'000	Customer relationships RMB'000	Others RMB'000	Total RMB'000
Cost:					
At 1 January 2023	118,020	10,860,175	1,260,124	113,601	12,351,920
Exchange realignment	—	—	—	466	466
Additions	13,067	10	694	27	13,798
Acquisition of subsidiaries	—	53,900	4,200	—	58,100
At 31 December 2023	131,087	10,914,085	1,265,018	114,094	12,424,284
Accumulated amortisation and impairment:					
At 1 January 2023	86,451	1,636,159	601,730	70,390	2,394,730
Exchange realignment	—	—	—	377	377
Amortisation provided during the year	7,543	306,903	82,446	2,861	399,753
At 31 December 2023	93,994	1,943,062	684,176	73,628	2,794,860
Net book value:					
At 31 December 2023	37,093	8,971,023	580,842	40,466	9,629,424

The Group's principal identifiable intangible assets represent dealership agreements in Mainland China with various vehicle manufacturers and customer relationships acquired from third parties. The dealership agreements do not include a specified contract period or termination arrangement.

18. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	8,481,360
Accumulated impairment	(155,209)
Net carrying amount	8,326,151
Cost at 1 January 2023, net of accumulated impairment	8,326,151
Acquisition of subsidiaries	38,045
Cost and net carrying amount at 31 December 2023	8,364,196
At 31 December 2023:	
Cost	8,519,405
Accumulated impairment	(155,209)
Net carrying amount	8,364,196
Cost at 1 January 2024, net of accumulated impairment	8,364,196
Acquisition of subsidiaries (note 38)	12,556
Disposal of subsidiaries (note 39)	(4,206)
Impairment during the year	(99,932)
Cost and net carrying amount at 31 December 2024	8,272,614
At 31 December 2024:	
Cost	8,527,755
Accumulated impairment	(255,141)
Net carrying amount	8,272,614

18. GOODWILL (continued)

IMPAIRMENT TESTING OF GOODWILL

The goodwill comprises the fair value of expected business synergies arising from the acquisitions, which is not separately recognised.

Goodwill acquired through business combinations has been allocated to the relevant 4S dealership business (or group of 4S dealership businesses) from which the goodwill originated. These individual 4S dealership businesses are treated as individual cash-generating units for impairment testing.

The carrying amount of goodwill allocated to each cash-generating unit (or group of cash-generating units) of the operation of 4S dealership businesses is:

	2024 RMB'000	2023 RMB'000
4S dealership businesses	8,272,614	8,364,196

The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATION

The following describes the key assumptions of the cash flow projections.

Revenue from the sale and service of motor vehicles — the bases used to determine the future earnings of the sale and service of motor vehicles are the historical sales and the growth rates which are reference to the industry growth forecast. The growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period from the end of the reporting period is 2.3% (2023: 2.3%). The growth rates are by reference to industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry.

Operating expenses — the bases used to determine the values assigned are cost of inventories, staff costs, depreciation, amortisation and other operating expenses. The values assigned to the key assumptions reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.

Discount rate — The discount rate applied to the cash flow projections beyond the one-year period is 14.3% (2023: 15.5%). The discount rate used is before tax and reflects specific risk relating to the relevant units. During the year ended 31 December 2024, as the impact of overall lackluster economic activities and severe price competition have created uncertainty in the financial performance of the industry in general, the Group recognised an impairment loss of goodwill of RMB99,932,000 for certain underperforming CGUs.

19. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	53,854	54,852

Xiamen Zhongsheng Toyota Automobile Sales & Services Co., Ltd. (廈門中升豐田汽車銷售服務有限公司) (“Xiamen Zhongsheng”), Zhongsheng Tacti Automobile Services (Dalian) Co., Ltd. (中升泰克提汽車服務(大連)有限公司) (“Zhongsheng Tacti”), TAC Automobile Accessories Trading (Shanghai) Co., Ltd. (提愛希汽車用品商貿(上海)有限公司) (“TAC”) and Shanghai Zhongsheng Hehai Industrial Co., Ltd (上海中聲禾海實業有限公司) (“Zhongsheng Hehai”) are jointly-controlled entities of the Group and are considered to be related parties of the Group.

(a) PARTICULARS OF THE JOINT VENTURES

Joint ventures	Place and date of registration	Authorised registered/ paid-in/issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Xiamen Zhongsheng	Xiamen, the PRC, 1998	RMB12,000,000	50%	50%	50%	Sale and service of motor vehicles
Zhongsheng Tacti	Dalian, the PRC, 2009	USD3,000,000	50%	50%	50%	Sale and service of accessories
TAC	Shanghai, the PRC, 2011	RMB4,000,000	50%	50%	50%	Sale and service of accessories
Zhongsheng Hehai	Shanghai, the PRC, 2023	RMB5,000,000	50%	50%	50%	Sale of food products

All of the above investments in joint ventures are directly held by the Company or through a wholly-owned subsidiary of the Company.

- (b) None of the joint ventures are considered individually material, and the aggregate financial information of all the joint ventures is as follows:

Share of the joint ventures' assets and liabilities:

	2024 RMB'000	2023 RMB'000
Non-current assets	5,926	6,109
Current assets	64,116	77,467
Current liabilities	(16,188)	(28,724)
Net assets	53,854	54,852

19. INVESTMENTS IN JOINT VENTURES (continued)

- (b) None of the joint ventures are considered individually material, and the aggregate financial information of all the joint ventures is as follows: (continued)

Share of the joint ventures' results:

	2024 RMB'000	2023 RMB'000
Income	180,728	182,809
Expenses	(182,256)	(187,581)
Tax	530	1,190
Loss for the year	(998)	(3,582)

20. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	2,471	6,003
Goodwill on acquisition	—	3,878
Total	2,471	9,881

Shanghai Zhongsheng Yongtai International Trade Co., (上海中晟永泰國際貿易有限公司) ("Zhongsheng Yongtai") is the associate of the Group and is considered to be a related party of the Group.

On 31 July, 2024, the Group disposed the equity interests in Shanghai Xusheng Insurance Agency Co., Ltd. (上海旭昇保險代理有限公司) for a total consideration of RMB5,040,000.

(a) PARTICULARS OF THE ASSOCIATES

Associate name	Place and date of registration	Authorised registered/ paid-in/issued capital	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Zhongsheng Yongtai	Shanghai, the PRC, 2023	RMB5,000,000	45%	45%	45%	Sale of food products

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

20. INVESTMENTS IN ASSOCIATES (continued)

(b) The associate is considered individually immaterial, and the financial information of the associate is as follows:

Share of the associate's assets and liabilities:

	2024 RMB'000	2023 RMB'000
Non-current assets	—	17
Current assets	2,636	11,437
Current liabilities	(165)	(5,451)
Net assets	2,471	6,003

Share of the associate's results:

	2024 RMB'000	2023 RMB'000
Income	7,362	10,377
Expenses	(3,698)	(7,510)
Tax	(865)	(604)
Profit for the year	2,799	2,263

21. DEBT INVESTMENTS AT AMORTISED COST

	2024 RMB'000	2023 RMB'000
Financial bonds	73,153	72,065

22. INVENTORIES

Inventories in the consolidated statement of financial position represent:

	2024 RMB'000	2023 RMB'000
Motor vehicles	16,311,581	14,418,816
Spare parts and others	2,231,755	2,002,613
	18,543,336	16,421,429
Less: Provision for inventories	66,475	55,333
Total	18,476,861	16,366,096

As at 31 December 2024, certain of the Group's inventories with a carrying amount of approximately RMB4,604,504,000 (2023: RMB4,367,244,000) were pledged as security for the Group's bank loans and other borrowings (notes 29(a)(iii) and 29(b)).

As at 31 December 2024, certain of the Group's inventories with a carrying amount of approximately RMB3,998,906,000 (2023: RMB5,064,734,000) were pledged as security for the Group's bills payable.

23. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	4,733,136	4,181,131
Impairment	(79,567)	(72,630)
Net carrying amount	4,653,569	4,108,501

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. On 31 December 2024, the Group had certain concentrations of credit risk as 37.23% of the Group's trade receivables were due from the Group's five largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

23. TRADE RECEIVABLES (continued)

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:

	2024 RMB'000	2023 RMB'000
Within 3 months	4,545,090	3,649,488
More than 3 months but less than 1 year	105,073	432,608
Over 1 year	3,406	26,405
Total	4,653,569	4,108,501

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

	2024 RMB'000	2023 RMB'000
At beginning of year	72,630	26,698
Amount written off as uncollectible	(651)	(827)
Impairment losses, net (note 6)	7,588	46,759
At end of year	79,567	72,630

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

The information about the credit risk exposure on the Group's trade receivables using a provision matrix is disclosed in note 48 to the financial statements.

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments and deposits to suppliers	3,780,934	3,262,482
Deposits paid for acquisition of land use rights	1,995,982	1,863,948
Advances to certain companies to be acquired	179,758	180,000
Rebate receivables	8,595,715	7,428,467
VAT recoverable (i)	840,578	743,378
Receivables on disposal of items of property, plant and equipment	5,633	4,103
Receivables from original shareholders of subsidiaries acquired	48,762	49,058
Prepaid finance costs	19,762	4,507
Others	3,845,668	3,804,743
Total	19,312,792	17,340,686

Note:

- (i) The Group's sales of motor vehicles are subject to Mainland China Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 RMB'000	2023 RMB'000
Listed equity investments, at fair value	(i)	124,669	121,376
Funds	(ii)	—	27,175
Total		124,669	148,551

- (i) The listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

- (ii) The funds were issued by financial institutions, which were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The funds have been fully redeemed during the year.

26. TIME DEPOSITS AND PLEDGED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Deposits pledged with banks as collateral against credit facilities granted by the banks	3,332,290	1,915,961
Short-term deposits with maturity over three months, not restricted as to use	924,255	1,955,430
Time deposits and pledged bank deposits	4,256,545	3,871,391

Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions.

27. CASH IN TRANSIT

	2024 RMB'000	2023 RMB'000
Cash in transit	60,039	118,126

Cash in transit represents the sales proceeds settled by credit cards, which have yet to be credited to the Group by the banks.

28. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	16,056,633	14,909,318
Short term deposits	2,630,909	702,666
Cash and cash equivalents	18,687,542	15,611,984

As at 31 December 2024, the cash and bank balances and short term deposits of the Group denominated in a currency other than RMB amounted to RMB2,200,713,179 (2023: RMB72,141,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

29. BANK LOANS AND OTHER BORROWINGS

	Notes	2024			2023		
		Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank overdrafts							
– secured	(a)	2–6	2025	1,032,113	2–4	2024	1,301,585
– unsecured		2–4	2025	1,044,779	2–4	2024	1,241,140
Bank loans							
– secured	(a)	2–4	2025	2,618,104	2–4	2024	2,273,344
– unsecured		2–5	2025	8,291,315	2–6	2024	8,581,706
Other borrowings							
– secured	(b)	1–6	2025	961,702	1–7	2024	800,798
– unsecured		1–6	2025	2,176,464	1–7	2024	1,316,777
Current portion of long term bank loans							
– secured	(a)	3–4	2025	755,844	3–4	2024	245,926
– unsecured		4	2025	85,000	4	2024	112,000
Total – current				16,965,321			15,873,276
Non-current							
Bank loans							
– secured	(a)	3–4	2026–2027	985,254	3–4	2025–2026	1,651,848
– unsecured		3–6	2026–2027	5,181,158	3–7	2025–2026	5,140,506
Syndicated term loans							
– unsecured		6	2027	2,513,682	7	2025	2,478,960
Other borrowings							
– unsecured		3–6	2026–2028	6,393,754	3	2026	3,228,192
Total – non-current				15,073,848			12,499,506
Total				32,039,169			28,372,782

29. BANK LOANS AND OTHER BORROWINGS (continued)

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	13,827,155	13,755,701
In the second year	3,593,988	1,034,420
In the third to fifth years	2,572,424	5,757,934
	19,993,567	20,548,055
Other borrowings repayable:		
Within one year	3,138,166	2,117,575
In the third to fifth years	6,393,754	3,228,192
	9,531,920	5,345,767
Syndicated term loans:		
In the second year	2,513,682	2,478,960
	32,039,169	28,372,782

Notes:

- (a) Certain of the Group's bank loans were secured by:
- (i) mortgages over the Group's land use rights situated in Mainland China, which had an aggregate carrying amount of approximately RMB54,758,000 (2023: RMB56,785,000) as at 31 December 2024;
 - (ii) mortgages over the Group's buildings, which had an aggregate carrying amount of approximately RMB240,982,000 (2023: RMB249,925,000) as at 31 December 2024;
 - (iii) mortgages over the Group's inventories, which had an aggregate carrying amount of approximately RMB3,643,634,000 (2023: RMB3,569,026,000) as at 31 December 2024; and
 - (iv) mortgages over the entire shares of certain subsidiaries of the Company.
- (b) Certain of the Group's other borrowings were secured by mortgages over the Group's inventories, which had an aggregate carrying amount of approximately RMB960,870,000 (2023: RMB798,218,000) as at 31 December 2024.
- (c) All bank loans and other borrowings were denominated in RMB, except for certain bank loans which were denominated in Hong Kong dollars, United States dollars amounting to RMB296,333,000 and RMB8,735,673,000, respectively. (2023: loans in Hong Kong dollars, United States dollars amounting to RMB289,990,000 and RMB6,521,667,000).

30. CONVERTIBLE BONDS

2025 CONVERTIBLE BONDS

On 21 May 2020, the Company issued zero coupon convertible bonds due 2025 with a nominal value of HK\$4,560,000,000 (the “2025 Convertible Bonds”). The bonds are convertible at the option of the bondholders into ordinary shares at any time on or after 1 July 2020 until and including 11 May 2025 at a conversion price of HK\$45.61 per share. By the end of 31 December 2023, the Company has redeemed principal amounts of HK\$1,436,000,000 of the bonds. In light of the payment of a final dividend of HK\$1.09 per share for the year ended 31 December 2022, the conversion price of the remaining bonds with a principal amount of HK\$3,124,000,000 was adjusted to HK\$45.02 per share with effect from 29 June 2023. Any convertible bonds not converted will be redeemed on 21 May 2025 at 117.49% of their principal amount. There was no conversion of the 2025 Convertible Bonds during the years ended 2024 and 2023.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders’ equity.

The 2025 Convertible Bonds have been split into the liability and equity components as follows:

	2024 RMB'000	2023 RMB'000
Nominal value of convertible bonds issued during year 2020	4,169,664	4,169,664
Equity component	(30,760)	(30,760)
Direct transaction costs attributable to the liability component	(37,239)	(37,239)
Liability component at the issuance date	4,101,665	4,101,665
Interest expense	623,789	514,102
Exchange realignment	49,655	(20,991)
Redemption of convertible bonds	(1,418,897)	(1,418,897)
Liability component at the end of the year	3,356,212	3,175,879
Less: Portion classified as current liabilities	3,356,212	—
Long-term portion	—	3,175,879

31. TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	2,907,697	3,956,492
Bills payable	9,700,103	7,084,876
Trade and bills payables	12,607,800	11,041,368

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

	2024 RMB'000	2023 RMB'000
Within 3 months	11,864,667	10,450,209
3 to 6 months	635,130	527,770
6 to 12 months	95,224	41,409
Over 12 months	12,779	21,980
Total	12,607,800	11,041,368

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

32. OTHER PAYABLES AND ACCRUALS

	Note	2024 RMB'000	2023 RMB'000
Payables for purchase of items of property, plant and equipment and land use rights		158,833	142,002
Advances and deposits from distributors		26,907	25,658
Contract liabilities	(a)	2,946,287	2,617,605
Payables for purchase of equity interests from third parties		158,792	151,312
Staff payroll and welfare payables		71,110	88,400
Payables for customer membership points		128,733	71,988
Others		747,799	589,564
Total		4,238,461	3,686,529

32. OTHER PAYABLES AND ACCRUALS (continued)

(a) Details of contract liabilities as at 31 December 2024 and 2023 are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
<i>Short-term advances received from customers</i>		
Sale of goods	2,924,730	2,614,178
Customer membership points	21,557	3,427
Total	2,946,287	2,617,605

Contract liabilities include short-term advances received to deliver new automobiles, auto services and consumer products. The increase mainly due to the increase in short-term advances received from customers in relation to the sales of new automobiles at the end of the year.

33. DERIVATIVE FINANCIAL INSTRUMENTS

	Derivatives designated as net investment hedging instruments		
	Contractual/ Notional amount USD'000	Fair value of assets RMB'000	Line item in the statement of financial position
As at 31 December 2024			
Cross-currency interest rate swaps	600,000	20,674	Derivative financial assets

The Group enters into derivative financial instruments related to cross-currency interest rate swaps for hedging.

The contractual/notional amounts and fair values of the derivative instruments held by the Group are set out in the tables. The contractual/notional amounts of financial instruments provide a basis for comparison with the fair values of instruments recognised in the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments may become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign currency exchange rates, or credit spreads relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The Group's consolidated statement of financial position is affected by exchange differences between the functional currencies of the Group and functional currencies of its branches and subsidiaries. The Group hedges such exchange exposures only in limited circumstances. Hedging is undertaken using cross-currency interest rate swap contracts in the same or exchange-rate pegged currencies as the functional currencies of the related branches and subsidiaries, which are accounted for as hedges of certain net investments in foreign operations. Under the hedging relationships of designating cross-currency interest rate swap contracts as hedging instruments, the Group separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract. There was no ineffectiveness for the year ended 31 December 2024 (2023: Nil).

33. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

- (i) The following table sets out the maturity and average exchange rate of the hedging instruments mentioned above:

As at 31 December 2024	Net investment hedges Between 1 and 5 years
Foreign exchange risk	
Cross-currency interest rate swaps Notional amount (USD'000)	600,000
Average exchange rate of USD/RMB	7.1065

- (ii) The Group's fair value changes from the hedging instruments recognised in "Other comprehensive income" on net investment hedges are as follows:

	2024 RMB'000
Amounts of fair value changes on hedging instruments recognised in "Other comprehensive income"	20,674

34. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

DEFERRED TAX ASSETS:

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	261,449	205,999	45,904	513,352
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	112,795	(69,356)	(8,032)	35,407
Deferred tax arising from disposal of subsidiaries	(545)	—	—	(545)
At 31 December 2024	373,699	136,643	37,872	548,214

34. DEFERRED TAX (continued)

DEFERRED TAX ASSETS: (continued)

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2022	159,720	—	46,926	206,646
Effect of adoption of amendments to HKAS 12	—	168,691	—	168,691
At 1 January 2023 (restated)	159,720	168,691	46,926	375,337
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	101,729	37,308	(1,022)	138,015
At 31 December 2023	261,449	205,999	45,904	513,352

The Group has tax losses arising in Hong Kong of RMB800,276,000 (2023: RMB763,198,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of RMB2,890,774,000 (2023: RMB2,361,424,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

34. DEFERRED TAX (continued)*DEFERRED TAX LIABILITIES:*

	Fair value adjustment arising from/ (reversal from) acquisition/ disposal of subsidiaries RMB'000	Capitalisation of interest expenses and others RMB'000	Withholding tax RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	2,545,064	302,796	35,049	239,021	296,921	3,418,851
Deferred tax arising from acquisition of subsidiaries (note 38)	1,899	—	—	—	—	1,899
Deferred tax reversal through disposal of subsidiaries (note 39)	(3,149)	—	—	—	—	(3,149)
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	(103,976)	14,708	15,000	41,703	64,143	31,578
Deferred tax reversal through payment	—	—	(20,000)	—	—	(20,000)
At 31 December 2024	2,439,838	317,504	30,049	280,724	361,064	3,429,179

	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Capitalisation of interest expenses and others RMB'000	Withholding tax RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 31 December 2022	2,634,009	281,013	48,671	—	212,335	3,176,028
Effect of adoption of amendments to HKAS 12	—	—	—	221,826	—	221,826
At 1 January 2023 (restated)	2,634,009	281,013	48,671	221,826	212,335	3,397,854
Deferred tax arising from acquisition of subsidiaries (note 38)	14,525	—	—	—	—	14,525
Deferred tax recognised in the consolidated statement of profit or loss during the year (note 8(a))	(103,470)	21,783	20,000	17,195	84,586	40,094
Deferred tax reversal through payment	—	—	(33,622)	—	—	(33,622)
At 31 December 2023	2,545,064	302,796	35,049	239,021	296,921	3,418,851

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

35. SHARE CAPITAL

Shares	2024 HK\$'000	2023 HK\$'000
Issued and fully paid: 2,385,668,363 (2023: 2,385,668,363) ordinary shares	239	239
Equivalent to RMB'000	207	207

During the years ended 31 December 2024 and 2023, the movements in the Company's share capital were as follows:

	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2023	2,403,296,863	208	(51,742)	7,703,606	7,652,072
Shares repurchased and cancelled	(17,628,500)	(1)	51,742	(500,780)	(449,039)
Final 2022 dividend declared	—	—	—	(2,374,883)	(2,374,883)
At 31 December 2023 and 1 January 2024	2,385,668,363	207	—	4,827,943	4,828,150
Shares repurchased	—	—	(193,649)	—	(193,649)
Final 2023 dividend declared	—	—	—	(1,734,665)	(1,734,665)
At 31 December 2024	2,385,668,363	207	(193,649)	3,093,278	2,899,836

36. RESERVES

(i) DISCRETIONARY RESERVE FUND

Pursuant to the articles of association of certain subsidiaries of the Group registered in the PRC, these subsidiaries are required to transfer part of their profits after taxation to the discretionary reserve fund. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries, in accordance with the Company Law of the People's Republic of China, the discretionary reserve fund can be used to offset previous years' losses, if any, and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after the conversion is not less than 25% of the registered capital.

(ii) STATUTORY RESERVE

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC are required to transfer no less than 10% of their profits after taxation, as determined under PRC accounting regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iii) EXCHANGE FLUCTUATION RESERVE

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

(iv) MERGER RESERVE

The merger reserve of the Group represents the capital contributions from the equity holders of the Company.

(v) OTHER RESERVE

The other reserve of the Group represents the excess of the carrying amount of the non-controlling interests acquired over the consideration.

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the employee, management member or director of the Company, or any of the Company’s subsidiaries and third-party service providers. The Scheme was conditionally approved by a resolution of the shareholders on 9 February 2010 and adopted by a resolution of the Board on the same day. Unless otherwise terminated, the Scheme will remain in force for 10 years from the date on which it becomes unconditional.

The maximum number of shares in respect of which options may be granted under the Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the Scheme. No option may be granted to any one person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to that person in any twelve-month period up to the date of the latest grant exceeds 1% of the Company’s issued share capital from time to time, unless the approval of the Company’s shareholders is obtained.

Share options granted to a connected person are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, if the shares issued and to be issued upon exercise of all options granted and proposed to be granted to him are in excess of 0.1% of the shares of the Company then in issue or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, within the twelve-month period up to and including the proposed date of such grant, are subject to shareholders’ approval in advance in a general meeting.

The last day for accepting an option and the Company to receive the nominal consideration of HK\$1 for the option shall be determined by the Board and shall be set out on the offer letter for granting such option. The period during which a granted option may be exercised in accordance with the terms of the Scheme shall be the period of time to be notified by the Board to each grantee, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the offer date.

The amount payable for each share to be subscribed for under an option upon exercise shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the option and shall be not less than the higher of: (a) the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

The share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

37. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	22.60	5,500	22.60	11,000
Cancelled during the year	—	—	22.60	(5,500)
At 31 December	22.60	5,500	22.60	5,500

The exercise prices and exercise periods of the share options outstanding as at the end of 2024 and 2023 are as follows:

	Number of options '000	Exercise price HK\$ per share	Exercise period
2024	5,500	22.60	26 April 2019 to 25 April 2028 (both dates inclusive)
2023	5,500	22.60	26 April 2019 to 25 April 2028 (both dates inclusive)

The fair value of the share options granted was HK\$29,068,000 (HK\$5.29 each). On 30 October 2023, the Company cancelled the 5,500,000 Share Options under the Share Option Scheme. No share option expense is recognised during the year ended 31 December 2024.

The fair value of these share options granted determined using the Binomial Option Pricing Model. The significant inputs into the model were the exercise price of HK\$22.60 at the grant date, volatility of 33.94%, dividend yield of 3.00% and an annual risk-free interest rate of 2.22%.

The validity period of the options is 10 years. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected dividend yield is based on historical dividend payment record of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 5,500,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,500,000 additional ordinary shares of the Company and additional share capital of HK\$550 (before issue expenses).

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

38. BUSINESS COMBINATION

As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired 100% of the equity interests in several individually immaterial dealerships which are engaged in the motor vehicle sales and service business in Mainland China, from certain third parties on 1 February 2024 and 31 August 2024 at a total consideration of RMB43,357,000. The purchase consideration for the acquisition was in the form of cash, with RMB38,137,000 paid by the end of 2024.

Company name	Acquired equity interests (%)
福建中升豐悅汽車銷售服務有限公司 Fujian Zhongsheng Fengyue Automobile sales service Co., Ltd	100%
無錫中升捷豐汽車銷售服務有限公司 Wuxi Zhongsheng Jiefeng Automobile sales and service Co., Ltd	100%
揚州中升雷克薩斯汽車銷售服務有限公司 Yangzhou Zhongsheng Lexus auto sales service Co., Ltd	100%
蘇州迎賓中升豐田汽車銷售服務有限公司 Suzhou Yingbin Zhongsheng Toyota Motor Sales Service Co., Ltd	100%

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Notes	Recognised fair values on acquisition date RMB'000
Property, plant and equipment	13	45,235
Land use rights		32,154
Intangible assets	17	7,600
Right-of-use assets	15	31,433
Inventories		40,505
Trade receivables		8,480
Prepayments and other receivables and other assets		25,719
Cash in transit		491
Cash and cash equivalents		9,367
Trade and bills payables		(21,342)
Other payables and accruals		(96,075)
Bank borrowings		(20,859)
Deferred income tax liability	34	(1,899)
Lease liabilities	15	(30,009)
Total identifiable net assets at fair value		30,800
Goodwill on acquisition	18	12,556
Total purchase consideration		43,356

38. BUSINESS COMBINATION (continued)

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB8,480,000 and RMB25,719,000, respectively, which were equal to the gross contractual amounts.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration paid	(43,356)
Cash and cash equivalents	9,367
<hr/>	
Net cash outflow	(33,989)

Since the acquisition, the acquired business contributed RMB131,406,000 to the Group's revenue and generated profits of RMB5,027,000 for the year ended 31 December 2024.

Had the combinations taken place at the beginning of the year, the revenue and profits of the Group for the year would have been RMB168,534,118,000 and RMB3,035,895,000 respectively.

39. DISPOSAL OF SUBSIDIARIES

On 23 January, 2024, the Group disposed of 100% equity interests in Tieling Yutong Automobile Sales and Service Co., Ltd. to Tieling Wanxin Used Car Sales Co., Ltd. for a total consideration of RMB5,200,000.

On 22 July, 2024, the Group disposed of 100% equity interests in Hainan Jiahua Meilan Automobile Sales and Service Co., Ltd. to Hainan Hequn Automobile Sales Co., Ltd. for a total consideration of RMB488,000.

	Notes	2024 RMB'000
Net assets disposed of:		
Property, plant and equipment		18,361
Right-of-use assets	15	3,684
Land use rights		755
Intangible assets		7,676
Cash and cash equivalents		5,121
Cash in transit		3
Trade receivables		25
Prepayments and other receivables		5,677
Inventories		10,694
Deferred tax assets	34	545
Bank loan and other borrowings		(21,677)
Lease liabilities	15	(4,054)
Trade payables		(652)
Other payables and accruals		(319)
Deferred tax liabilities	34	(3,149)
Non-controlling interests		(3,964)
Subtotal		18,726
Goodwill	18	4,206
Loss on disposal of subsidiaries	5(b)	(17,244)
Total consideration		5,688
Satisfied by:		
Cash		5,688

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2024 RMB'000
Cash consideration	5,688
Cash and bank balances disposed of	(5,121)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	567

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,476,164,000 and RMB1,476,164,000, respectively, in respect of lease arrangements for land and buildings (2023: RMB1,287,204,000 and RMB1,287,204,000).

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024

	Bank loans and other borrowings RMB'000	Bills payable RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividends payable RMB'000
At 1 January 2024	28,372,782	7,084,876	5,207,828	3,175,879	2,000
Changes from financing cash flows	451,087	—	(1,043,639)	—	(1,751,784)
Exchange realignment	4,702	—	—	70,646	—
New leases	—	—	1,476,164	—	—
Increase arising from acquisition of subsidiaries	20,859	—	30,009	—	—
Decrease arising from disposal of subsidiaries	(21,677)	—	(4,054)	—	—
Changes from operating cash flows	—	2,615,227	—	—	—
Proceeds from issue of bonds payable	5,227,508	—	—	—	—
Redemption of 2026 bonds	(2,016,092)	—	—	—	—
Lease termination	—	—	(572,825)	—	—
Interest expense	—	—	326,490	109,687	—
Dividend declared	—	—	—	—	1,751,784
At 31 December 2024	32,039,169	9,700,103	5,419,973	3,356,212	2,000

2023

	Bank loans and other borrowings RMB'000	Bills payable RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Dividends payable RMB'000
At 1 January 2023	21,863,820	5,651,311	4,360,565	4,413,796	2,000
Changes from financing cash flows	6,363,166	—	(793,710)	—	(2,402,209)
Exchange realignment	102,020	—	—	54,473	—
New leases	—	—	1,287,204	—	—
Increase arising from acquisition of subsidiaries	43,776	16,269	41,236	—	—
Changes from operating cash flows	—	1,417,296	—	—	—
Redemption of convertible bonds	—	—	—	(1,418,897)	—
Lease termination	—	—	(9,294)	—	—
Interest expense	—	—	321,827	126,507	—
Dividend declared	—	—	—	—	2,402,209
At 31 December 2023	28,372,782	7,084,876	5,207,828	3,175,879	2,000

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000
Within operating activities	407,957
Within financing activities	1,058,207
Total	1,466,164

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such	RMB'000	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	124,669	—	—	124,669
Debt investments at amortised cost	—	—	73,153	73,153
Trade receivables	—	—	4,653,569	4,653,569
Financial assets included in prepayments, other receivables and other assets	—	—	12,987,032	12,987,032
Amounts due from related parties	—	—	7,712	7,712
Derivative financial instruments	—	20,674	—	20,674
Time deposits and pledged bank deposits	—	—	4,256,545	4,256,545
Cash in transit	—	—	60,039	60,039
Cash and cash equivalents	—	—	18,687,542	18,687,542
Total	124,669	20,674	40,725,592	40,870,935

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024 (continued)

FINANCIAL LIABILITIES

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	12,607,800
Financial liabilities included in other payables and accruals	1,065,424
Amounts due to related parties	6,731
Bank loans and other borrowings	32,039,169
Lease liabilities	5,419,973
Convertible bonds	3,356,212
Total	54,495,309

2023

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss	Mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	148,551	—	—	148,551
Debt investments at amortised cost	—	—	72,065	72,065
Trade receivables	—	—	4,108,501	4,108,501
Financial assets included in prepayments, other receivables and other assets	—	—	10,324,332	10,324,332
Amounts due from related parties	—	—	33,322	33,322
Time deposits and pledged bank deposits	—	—	3,871,391	3,871,391
Cash in transit	—	—	118,126	118,126
Cash and cash equivalents	—	—	15,611,984	15,611,984
Total	148,551	—	34,139,721	34,288,272

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2023 (continued)

FINANCIAL LIABILITIES

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	11,041,368
Financial liabilities included in other payables and accruals	882,878
Amounts due to related parties	6,801
Bank loans and other borrowings	28,372,782
Lease liabilities	5,207,828
Convertible bonds	3,175,879
Total	48,687,536

42. 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:

GROUP

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss	124,669	148,551	124,669	148,551

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets at fair value through other comprehensive income	20,674	—	20,674	—

42. 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 31 DECEMBER 2024

	Notes	Fair value measurement using			Total RMB'000
		Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:					
Listed equity investments, at fair value	(i)	124,669	—	—	124,669
Financial assets at fair value through other comprehensive income:					
Cross-currency interest rate swaps		—	20,674	—	20,674
Total		124,669	20,674	—	145,343

AS AT 31 DECEMBER 2023

	Notes	Fair value measurement using			Total RMB'000
		Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:					
Listed equity investments, at fair value	(i)	121,376	—	—	121,376
Funds	(i)	27,175	—	—	27,175
Total		148,551	—	—	148,551

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

FAIR VALUE HIERARCHY (continued)

LIABILITIES MEASURED AT FAIR VALUE:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023, respectively.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Note:

- (i) The fair values of listed equity investments and the funds issued by financial institutions are based on quoted market prices.

43. CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities.

44. COMMITMENTS

(a) CAPITAL COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for: Buildings	35,905	81,860

45. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and other borrowings, which are secured by the assets of the Group, are included in note 13, note 14, note 22 and note 26 to the consolidated financial statements.

46. RELATED PARTY TRANSACTIONS AND BALANCES

Mr. Li Guoqiang and Mr. Huang Yi are collectively the Controlling Shareholders of the Group. They are also considered to be related parties of the Group.

(a) TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the year:

	2024 RMB'000	2023 RMB'000
(i) Sales of goods to a joint venture: — Xiamen Zhongsheng	195,224	47,968
(ii) Purchase of goods or services from joint ventures: — Xiamen Zhongsheng — TAC — Zhongsheng Hehai — Zhongsheng Tacti	72,991 9,586 — 5	25,956 5,304 6,999 —
	82,582	38,259
(iii) Purchase of goods or services from an associate: — Zhongsheng Yongtai	5,362	6,051
(iv) Other borrowing to a joint venture: — Xiamen Zhongsheng	—	15,000
(v) Other borrowing to an associate: — Zhongsheng Yongtai	—	11,000
(vi) Interest income from an associate — Zhongsheng Yongtai	296	265

The terms of sales and purchases were mutually agreed between the parties with reference to the ordinary course of business.

On 9 August 2023, the Group borrowed a loan of RMB11,000,000 to Zhongsheng Yongtai. The interest rate was in line with the benchmark interest rate prescribed by the People's Bank of China. The loan has been fully repaid during the year ended 2024.

Apart from the above-mentioned other borrowing to Zhongsheng Yongtai, the amounts due to related parties are unsecured, interest-free and has no fixed terms of repayment.

46. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) BALANCES WITH RELATED PARTIES

The Group had the following significant balances with its related parties during the year:

	2024 RMB'000	2023 RMB'000
(i) Due from related parties:		
Trade related		
Joint ventures		
– Xiamen Zhongsheng	7,562	21,432
– Zhongsheng Hehai	150	890
	7,712	22,322
(ii) Due from related parties:		
Trade related		
An associate		
– Zhongsheng Yongtai	–	11,000
	2024 RMB'000	2023 RMB'000
(iii) Due to related parties:		
Trade related		
Joint ventures		
– Xiamen Zhongsheng	354	126
– Zhongsheng Tacti	80	80
– TAC	–	1,845
– Zhongsheng Hehai	5,885	2,500
	6,319	4,551
(iv) Due to related parties:		
Trade related		
An associate		
– Zhongsheng Yongtai	412	2,250

46. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP:

	2024 RMB'000	2023 RMB'000
Short term employee benefits	102,261	101,345
Post-employee benefits	408	226
Total compensation paid to key management personnel	102,669	101,571

Further details of directors' and the chief executive officer's emoluments are included in note 9 to the financial statements.

The above related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

47. SUBSIDIARIES

The following is a list of the Group's principal subsidiaries, all of which are unlisted, at 31 December 2024:

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
中升(大連)集團有限公司* (Zhongsheng (Dalian) Group Co., Ltd.)	Dalian, the PRC 1998	Registered and paid-in capital of RMB1,900,000,000	—	100%	Investment holding
大連中升匯迪汽車銷售服務有限公司** (Dalian Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Dalian, the PRC 1999	Registered and paid-in capital of RMB16,550,000	—	100%	Sale and service of motor vehicles
大連中升之星汽車銷售服務有限公司** (Dalian Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Dalian, the PRC 2005	Registered and paid-in capital of RMB90,000,000	—	100%	Sale and service of motor vehicles
廣州中升凌志汽車銷售服務有限公司** (Guangzhou Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Guangzhou, the PRC 2002	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
大連中升凌志汽車銷售服務有限公司** (Dalian Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Dalian, the PRC 2004	Registered and paid-in capital of USD17,500,000	—	100%	Sale and service of motor vehicles
雲南中升雷克薩斯汽車銷售服務有限公司** (Yunnan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Kunming, the PRC 2006	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
Zhongsheng Holdings Co., Ltd.	Hong Kong 1996	Registered and paid-in capital of HK\$32,000,000	—	100%	Investment holding

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
HOKURYO (Hong Kong) Co., Ltd.	Hong Kong	Registered and paid-in capital of HK\$10,000	—	100%	Investment holding
LOONG WAH MOTORS LIMITED	Hong Kong	Registered and paid-in capital of HK\$10,000,000	—	100%	Investment holding
東莞中升雷克薩斯汽車銷售服務有限公司* (Dongguan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Dongguan, the PRC	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
Billion Great Co., Ltd.	Hong Kong	Registered and paid-in capital of HK\$1	—	100%	Investment holding
Super Charm Limited	Hong Kong	Registered and paid-in capital of HK\$1	—	100%	Investment holding
Olympia Well Ltd.	Hong Kong	Registered and paid-in capital of HK\$1	—	100%	Investment holding
Noble Villa Investments Ltd.	British Virgin Islands	Registered and paid-in capital of USD1	100%	—	Investment holding
佛山中升之星汽車銷售服務有限公司** (Foshan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Foshan, the PRC	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
南京中升之星汽車銷售服務有限公司** (Nanjing Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Nanjing, the PRC	Registered and paid-in capital of RMB140,000,000	—	100%	Sale and service of motor vehicles
常熟中升之星汽車銷售服務有限公司** (Changshu Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Changshu, the PRC	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
瀋陽中升豐田汽車銷售服務有限公司* (Shenyang Zhongsheng Toyota Automobile Sales & Service Co., Ltd.)	Shenyang, the PRC	Registered and paid-in capital of USD6,000,000	—	100%	Sale and service of motor vehicles
無錫中升之星汽車銷售服務有限公司** (Wuxi Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Wuxi, the PRC	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
中升(中國)企業管理有限公司* (Zhongsheng (China) Business Management Co., Ltd.)	Beijing, the PRC	Registered and paid-in capital of USD40,000,000	—	100%	Investment holding
成都中升之星汽車銷售服務有限公司** (Chengdu Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Chengdu, the PRC	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
重慶中升雷克薩斯汽車銷售服務有限公司** (Chongqing Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Chongqing, the PRC	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
上海中升之星汽車銷售服務有限公司** (Shanghai Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Shanghai, the PRC	Registered and paid-in capital of RMB200,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
無錫中升雷克薩斯汽車銷售服務有限公司** (Wuxi Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Wuxi, the PRC 2012	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
太倉中升之星汽車銷售服務有限公司** (Taicang Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Wuxi, the PRC 2011	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
東莞中升之星汽車銷售服務有限公司** (Dongguan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Dongguan, the PRC 2008	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
深圳中升星輝汽車銷售服務有限公司** (Shenzhen Zhongsheng Xinghui Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2013	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
中升(天津)保險銷售有限公司** (Zhongsheng (Tian Jin) Insurance Sales)	Tianjin, the PRC 2013	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of automobile insurance
上海中升雷克薩斯汽車銷售服務有限公司** (Shanghai Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Shanghai, the PRC 2013	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
無錫中升星輝汽車銷售服務有限公司** (Wuxi Zhongsheng Xinghui Automobile Sales & Service Co., Ltd.)	Wuxi, the PRC 2012	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
武漢中升聚星汽車銷售服務有限公司** (Wuhan Zhongsheng Juxing Automobile Sales & Service Co., Ltd.)	Wuhan, the PRC 2014	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
合肥中升匯迪汽車銷售服務有限公司** (Hefei Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Hefei, the PRC 2012	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
鄭州中升匯迪汽車銷售服務有限公司** (Zhengzhou Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Zhengzhou, the PRC 2010	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
濟南中升仕豪汽車銷售服務有限公司** (Jinan Zhongsheng Shihao Automobile Sales & Service Co., Ltd.)	Jinan, the PRC 2001	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
青島中升杰豪汽車銷售服務有限公司** (Qingdao Zhongsheng Jiehao Automobile Sales & Service Co., Ltd.)	Qingdao, the PRC 2009	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳觀瀾中升雷克薩斯汽車銷售服務有限公司** (Shenzhen Guanlan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2014	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
北京中升之星汽車銷售服務有限公司** (Beijing Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Beijing, the PRC 2007	Registered and paid-in capital of RMB50,000,000	—	75%	Sale and service of motor vehicles
杭州中升星宏汽車服務有限公司** (Zhejiang Zhongsheng Xinghong Automobile Sales & Service Co., Ltd.)	Hangzhou, the PRC 2006	Registered and paid-in capital of USD20,067,700	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration/ operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
黑龍江中升之星汽車銷售服務有限公司** (Heilongjiang Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Harbin, the PRC 2014	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
雲南中升遠安昆星汽車銷售服務有限公司* (Yunnan Zhongsheng Yuanan Kunxing Automobile Sales & Service Co., Ltd.)	Kunming, the PRC 2004	Registered and paid-in capital of USD8,000,000	—	100%	Sale and service of motor vehicles
雲南中升之星汽車銷售服務有限公司** (Yunnan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Kunming, the PRC 2016	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
深圳中升之星汽車銷售服務有限公司** (Shenzhen Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2016	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
蘇州海星汽車銷售服務有限公司** (Suzhou Haixing Automobile Sales & Services Co., Ltd.)	Suzhou, the PRC 2005	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
蘇州海星高新汽車銷售服務有限公司** (Suzhou Haixing Gaoxin Automobile Sales & Services Co., Ltd.)	Suzhou, the PRC 2012	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
張家港海星汽車銷售服務有限公司** (Zhangjiagang Haixing Automobile Sales & Services Co., Ltd.)	Zhangjiagang, the PRC, 2010	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
長沙中升之寶汽車銷售服務有限公司** (Changsha Zhongsheng Zhibao Automobile Sales & Services Co., Ltd.)	Changsha, the PRC, 2017	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
長春中升之星汽車銷售服務有限公司** (Changchun Zhongsheng Star Automobile Sales & Services Co., Ltd.)	Changchun, the PRC, 2012	Registered and paid-in capital of RMB70,000,000	—	100%	Sale and service of motor vehicles
西安中升之寶汽車銷售服務有限公司** (Xi'an Zhongsheng Zhibao Automobile Sales & Services Co., Ltd.)	Xian, the PRC, 2009	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
西安中升匯寶汽車銷售服務有限公司** (Xi'an Zhongsheng Huibao Automobile Sales & Services Co., Ltd.)	Xian, the PRC, 2013	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升匯寶汽車銷售服務有限公司** (Shenzhen Zhongsheng Huibao Automobile Sales & Services Co., Ltd.)	Shenzhen, the PRC, 2010	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
上海中升沃茂汽車銷售服務有限公司** (Shanghai Zhongsheng Womao Automobile Sales & Services Co., Ltd.)	Shanghai, the PRC 2005	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
天津中升汽車用品有限公司** (Tianjin Zhongsheng Automobile Accessories Co., Ltd.)	Tianjin, the PRC 2018	Registered and paid-in capital of RMB100,000,000	—	100%	Other services
成都中升匯迪汽車銷售服務有限公司** (Chengdu Zhongsheng Huidi Automobile Sales & Service Co., Ltd.)	Chengdu, the PRC 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
杭州中升之星汽車銷售服務有限公司** (Hangzhou Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Hangzhou, the PRC 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
浙江中升裕迪汽車銷售服務有限公司** (Zhejiang Zhongsheng Yudi Automobile Sales & Service Co., Ltd.)	Hangzhou, the PRC 2010	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
深圳中升雷克薩斯汽車有限公司** (Shenzhen Zhongsheng Lexus Automobile Co., Ltd.)	Shenzhen, the PRC 2003	Registered and paid-in capital of HK\$30,000,000	—	100%	Sale and service of motor vehicles
寧波中升雷克薩斯汽車服務有限公司** (Ningbo Zhongsheng Lexus Automobile Services Co., Ltd.)	Ningbo, the PRC 2006	Registered and paid-in capital of USD10,000,000	—	100%	Sale and service of motor vehicles
海南中升之星汽車銷售服務有限公司** (Hainan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Haikou, the PRC 2013	Registered and paid-in capital of RMB25,000,000	—	65%	Sale and service of motor vehicles
大連中升之寶汽車銷售服務有限公司** (Dalian Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Dalian, the PRC 2008	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
南京中升之寶汽車銷售服務有限公司** (Nanjing Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Nanjing, the PRC 2008	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
合肥中升之寶汽車銷售服務有限公司** (Hefei Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Hefei, the PRC 2009	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
福建中升之寶汽車銷售服務有限公司** (Fujian Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Fuzhou, the PRC 2010	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
蘇州中升雷克薩斯汽車銷售服務有限公司** (Suzhou Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Suzhou, the PRC 2008	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
溫州濱海中升雷克薩斯汽車銷售服務有限公司** (Wenzhou Binhai Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Wenzhou, the PRC 2006	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
天津中升沃茂汽車銷售服務有限公司** (Tianjin Zhongsheng Womao Automobile Sales & Service Co., Ltd.)	Tianjin, the PRC 2010	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
無錫中升仕豪汽車銷售服務有限公司** (Wuxi Zhongsheng Shihao Automobile Sales & Service Co., Ltd.)	Wuxi, the PRC 2010	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
洛陽中升匯寶汽車銷售服務有限公司** (Luoyang Zhongsheng Huibao Automobile Sales & Service Co., Ltd.)	Luoyang, the PRC 2016	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
鄭州中升之寶汽車銷售服務有限公司** (Zhengzhou Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Zhengzhou, the PRC 2016	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
山東龐大興業汽車銷售服務有限公司** (Shandong Pangda Xingye Automobile Sales & Service Co., Ltd.)	Jinan, the PRC 2017	Registered and paid-in capital of RMB264,000,000	—	100%	Sale and service of motor vehicles
濟南中升瑞星汽車銷售服務有限公司** (Jinan Zhongsheng Ruixing Automobile Sales & Service Co., Ltd.)	Jinan, the PRC 2018	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
北京中升雷克薩斯汽車銷售服務有限公司** (Beijing Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Beijing, the PRC 2011	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
成都中升智星汽車銷售服務有限公司** (Chengdu Zhongsheng Zhixing Automobile Sales & Service Co., Ltd.)	Chengdu, the PRC 2015	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
重慶中升之寶汽車銷售服務有限公司** (Chongqing Zhongsheng Zhibao Automobile Sales & Service Co., Ltd.)	Chongqing, the PRC 2010	Registered and paid-in capital of RMB100,000,000	—	100%	Sale and service of motor vehicles
深圳寶安區中升雷克薩斯汽車銷售服務有限公司** (Shenzhen Baoan Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2017	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
鄭州中升之星汽車銷售服務有限公司** (Zhengzhou Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Zhengzhou, the PRC 2015	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
易惠(天津)信息技術有限公司** (Yihui Tianjin Information Technology Co., Ltd.)	Tianjin, the PRC 2018	Registered and paid-in capital of RMB20,000,000	—	100%	Other services
惠州中升雷克薩斯汽車服務有限公司** (Huizhou Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Huizhou, the PRC 2008	Registered and paid-in capital of HK\$30,000,000	—	100%	Sale and service of motor vehicles
佛山市順德區中升雷克薩斯汽車銷售服務有限公司** (Foshan Shunde Zhongsheng Lexus Automobile Sales & Service Co., Ltd.)	Foshan, the PRC 2008	Registered and paid-in capital of HK\$30,000,000	—	100%	Sale and service of motor vehicles
北京中升寶晉汽車銷售服務有限公司** (Beijing Zhongsheng Baojin Automobile Sales & Service Co., Ltd.)	Beijing, the PRC 2014	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
深圳中升寶晉汽車銷售服務有限公司** (Shenzhen Zhongsheng Baojin Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2015	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
武漢中升之星汽車銷售服務有限公司** (Wuhan Zhongsheng Star Automobile Sales & Service Co., Ltd.)	Wuhan, the PRC 2013	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
淮安之星汽車銷售服務有限公司** (Huai'an Star Automobile Sales & Service Co., Ltd.)	Huaian, the PRC 2012	Registered and paid-in capital of RMB68,750,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
浩升(深圳)供應鏈管理服務有限公司** (Haosheng (Shenzhen) Supply Chain Management Service Co., Ltd.)	Shenzhen, the PRC 2019	Registered capital of RMB5,000,000	—	100%	Other services
揚州海星汽車銷售服務有限公司** (Yangzhou Haixing Zhongsheng Automobile Sales & Service Co., Ltd.)	Yangzhou, the PRC 2013	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
深圳中升睿之星汽車銷售服務有限公司** (Shenzhen Zhongsheng Ruixing Automobile Sales & Service Co., Ltd.)	Shenzhen, the PRC 2020	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
仁孚(中國)有限公司 (Zung Fu (China) Limited)	Hong Kong 1974	Registered and paid-in capital of HK\$1,192,950,118	100%	—	Investment holding
仁孚汽車(中國)有限公司* (Zung Fu Motors (China) Limited)	Guangzhou, the PRC 1997	Registered and paid-in capital of HK\$575,000,000	—	100%	Investment holding
深圳市仁孚特力汽車服務有限公司** (Shenzhen Zung Fu Tellus Vehicle Service Co., Ltd.)	Shenzhen, the PRC 2005	Registered and paid-in capital of RMB30,000,000	—	65%	Sale and service of motor vehicles
廣東仁孚怡邦汽車銷售服務有限公司* (Guangdong Zung Fu Yibang Vehicle Sales & Service Co., Ltd.)	Guangzhou, the PRC 1994	Registered and paid-in capital of USD2,000,000	—	100%	Sale and service of motor vehicles
江門仁孚汽車銷售服務有限公司* (Jiangmen Zung Fu Vehicle Sales & Service Co., Ltd.)	Jiangmen, the PRC 1994	Registered and paid-in capital of USD4,300,000	—	100%	Sale and service of motor vehicles
珠海仁孚汽車銷售服務有限公司* (Zhuhai Zung Fu Vehicle Sales & Service Co., Ltd.)	Zhuhai, the PRC 2000	Registered and paid-in capital of HK\$34,600,000	—	100%	Sale and service of motor vehicles
中山仁孚汽車銷售服務有限公司* (Zhongshan Zung Fu Vehicle Sales & Service Co., Ltd.)	Zhongshan, the PRC 2000	Registered and paid-in capital of HK\$14,500,000	—	100%	Sale and service of motor vehicles
成都仁孚汽車銷售服務有限公司* (Chengdu Zung Fu Vehicle Sales & Service Co., Ltd.)	Chengdu, the PRC 2001	Registered and paid-in capital of HK\$14,000,000	—	100%	Sale and service of motor vehicles
湖南仁孚汽車銷售服務有限公司** (Hunan Zung Fu Vehicle Sales & Service Co., Ltd.)	Hunan, the PRC 2003	Registered and paid-in capital of RMB9,800,000	—	100%	Sale and service of motor vehicles
佛山怡和仁孚汽車服務有限公司** (Foshan Yihe Zung Fu Vehicle Service Co., Ltd.)	Foshan, the PRC 2006	Registered and paid-in capital of RMB18,000,000	—	100%	Sale and service of motor vehicles
廣州仁孚汽車銷售服務有限公司** (Guangzhou Zung Fu Vehicle Sales & Service Co., Ltd.)	Guangzhou, the PRC 2007	Registered and paid-in capital of RMB85,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
東莞仁孚華星汽車服務有限公司* (Dongguan Zung Fu Huaxing Vehicle Service Co., Ltd.)	Dongguan, the PRC 2007	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
佛山市順德區怡孚汽車銷售服務有限公司** (Foshan Shunde Yifu Vehicle Sales & Service Co., Ltd.)	Foshan, the PRC 2008	Registered and paid-in capital of RMB85,000,000	—	100%	Sale and service of motor vehicles
成都仁孚南星汽車服務有限公司** (Chengdu Zung Fu Nanxing Vehicle Service Co., Ltd.)	Chengdu, the PRC 2010	Registered and paid-in capital of RMB88,000,000	—	100%	Sale and service of motor vehicles
惠州仁孚汽車服務有限公司** (Huizhou Zung Fu Vehicle Service Co., Ltd.)	Huizhou, the PRC 2008	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
重慶仁孚汽車銷售服務有限公司** (Chongqing Zung Fu Vehicle Sales & Service Co., Ltd.)	Chongqing, the PRC 2011	Registered and paid-in capital of RMB105,000,000	—	100%	Sale and service of motor vehicles
成都怡星仁孚汽車服務有限公司** (Chengdu Yixing Zung Fu Vehicle Service Co., Ltd.)	Chengdu, the PRC 2009	Registered and paid-in capital of RMB88,000,000	—	100%	Sale and service of motor vehicles
宜賓仁孚汽車服務有限公司** (Yibin Zung Fu Vehicle Service Co., Ltd.)	Yibin, the PRC 2012	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
鵬星行汽車服務(深圳)有限公司* (Shenzhen Star Vehicle Service (Shenzhen) Co., Ltd.)	Shenzhen, the PRC 2002	Registered and paid-in capital of HK\$139,500,000	—	100%	Sale and service of motor vehicles
達州仁孚汽車服務有限公司** (Dazhou Zung Fu Vehicle Service Co., Ltd.)	Dazhou, the PRC 2013	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
常德仁孚汽車服務有限公司** (Changde Zung Fu Vehicle Service Co., Ltd.)	Changde, the PRC 2013	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
遵義仁孚汽車服務有限公司** (Zunyi Zung Fu Vehicle Service Co., Ltd.)	Zunyi, the PRC 2013	Registered and paid-in capital of RMB75,000,000	—	100%	Sale and service of motor vehicles
重慶仁星汽車服務有限公司** (Chongqing Ren Xing Vehicle Service Co., Ltd.)	Chongqing, the PRC 2014	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
東莞市仁孚汽車服務有限公司** (Dongguan Zung Fu Vehicle Service Co., Ltd.)	Dongguan, the PRC 2012	Registered and paid-in capital of RMB5,000,000	—	100%	Sale and service of motor vehicles
珠海仁孚南星汽車銷售服務有限公司* (Zhuhai Zung Fu Nanxing Vehicle Sales & Service Co., Ltd.)	Zhuhai, the PRC 2018	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
仁懷仁孚汽車銷售服務有限公司* (Renhuai Zung Fu Vehicle Sales & Service Co., Ltd.)	Renhuai, the PRC 2018	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
成都仁孚東星汽車銷售服務有限公司** (Chengdu Zung Fu Dongxing Vehicle Sales & Service Co., Ltd.)	Chengdu, the PRC 2018	Registered and paid-in capital of RMB90,000,000	—	100%	Sale and service of motor vehicles
岳陽仁孚汽車銷售服務有限公司** (Yuyang Zungfu Vehicle Sales & Service Co., Ltd.)	Yueyang, the PRC 2012	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
成都中升之家二手車銷售有限公司* (Chengdu Zhongsheng Zhijia Used Car Sales Co., Ltd.)	Chengdu, the PRC 2020	Registered and paid-in capital of RMB5,000,000	—	100%	Sale and service of motor vehicles
廣州市卓匯汽車用品銷售有限公司** (Guangzhou Zhou Hui Car Accessories Co., Ltd.)	Guangzhou, the PRC 2010	Registered and paid-in capital of RMB200,000	—	100%	Other services
深圳市仁孚潤滑油銷售有限公司** (Shenzhen Zung Fu Lubricants Trading Co., Ltd.)	Shenzhen, the PRC 2007	Registered and paid-in capital of RMB100,000	—	100%	Other services
上海中升仕豪汽車銷售服務有限公司** (Shanghai Zhongsheng Shihao Automobile Sales & Service Co., Ltd.)	Shanghai, the PRC 2019	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
大連中升集團汽車用品有限公司** (Dalian Zhongsheng Group Automobile Products Co., Ltd.)	Dalian, the PRC 1997	Registered and paid-in capital of USD3,000,000	—	100%	Other services
大連中升汽車銷售服務有限公司** (Dalian Zhongsheng Automobile Sales & Service Co., Ltd.)	Dalian, the PRC 2006	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
泉州中升之星汽車銷售服務有限公司** (Quanzhou Zhongsheng Star Automobile Sale & Service Co., Ltd.)	Quanzhou, the PRC 2006	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
福州中升雷克薩斯汽車銷售服務有限公司** (Fuzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Fuzhou, the PRC 2006	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
大連裕迪汽車銷售服務有限公司** (Dalian Yudi Automobile Sale & Service Co., Ltd.)	Dalian, the PRC 2008	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles
煙台中升匯迪汽車銷售服務有限公司** (Tantai Zhongsheng Huidi Automobile Sale & Service Co., Ltd.)	Yantai, the PRC 2002	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
溫州中升雷克薩斯汽車銷售服務有限公司** (Wenzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Wenzhou, the PRC 2010	Registered and paid-in capital of RMB120,000,000	—	100%	Sale and service of motor vehicles
溫州中昇華奧汽車銷售服務有限公司** (Wenzhou Zhongsheng Huaao Automobile Sale & Service Co., Ltd.)	Wenzhou, the PRC 2009	Registered and paid-in capital of RMB35,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
台州中升晨隆汽車銷售服務有限公司** (Taizhou Zhongsheng Chenlong Automobile Sale & Service Co., Ltd.)	Taizhou, the PRC 2005	Registered and paid-in capital of RMB18,800,000	—	100%	Sale and service of motor vehicles
西安中升雷克薩斯汽車銷售服務有限公司** (Xi'an Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Xian, the PRC 2013	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
南京中升雷克薩斯汽車銷售服務有限公司** (Nanjing Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Nanjing, the PRC 2013	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
福建省泉州閩星汽車銷售服務有限公司** (Fujian Quanzhou Minxing Automobile Sale & Service Co., Ltd.)	Quanzhou, the PRC 2005	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
大連中升星輝汽車銷售服務有限公司** (Dalian Zhongsheng Xinghui Automobile Sale & Service Co., Ltd.)	Dalian, the PRC 2014	Registered and paid-in capital of RMB80,000,000	—	100%	Sale and service of motor vehicles
寧波江南中升雷克薩斯汽車銷售服務有限公司** (Ningbo Jiangnan Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Ningbo, the PRC 2013	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
瀘州中升之星汽車銷售服務有限公司** (Luzhou Zhongsheng Star Automobile Sale & Service Co., Ltd.)	Luzhou, the PRC 2014	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
杭州中升雷克薩斯汽車銷售服務有限公司** (Hangzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Hangzhou, the PRC 2010	Registered and paid-in capital of RMB68,000,000	—	100%	Sale and service of motor vehicles
泉州中升雷克薩斯汽車銷售有限公司** (Quanzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Quanzhou, the PRC 2012	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
廣州中升增悅雷克薩斯汽車銷售服務有限公司** (Guangzhou Zhongsheng Zengyue Lexus Automobile Sale & Service Co., Ltd.)	Guangzhou, the PRC 2015	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
南京中升星徽汽車銷售服務有限公司** (Nanjing Zhongsheng Xinghui Automobile Sale & Service Co., Ltd.)	Nanjing, the PRC 2016	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
張家港海昌汽車銷售服務有限公司** (Zhangjiagang Haichang Automobile Sale & Service Co., Ltd.)	Suzhou, the PRC 2007	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
常熟市中升海邦汽車銷售服務有限公司** (Changshu Zhongsheng Haibang Automobile Sale & Service Co., Ltd.)	Suzhou, the PRC 2003	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
惠州中升之寶汽車銷售服務有限公司** (Huizhou Zhongsheng Zhibao Automobile Sale & Service Co., Ltd.)	Huizhou, the PRC 2017	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
長沙中升仕豪汽車銷售服務有限公司** (Changsha Zhongsheng Shihao Automobile Sale & Service Co., Ltd.)	Changsha, the PRC 2017	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
大連中升仕豪汽車銷售服務有限公司** (Dalian Zhongsheng Shihao Automobile Sale & Service Co., Ltd.)	Dalian, the PRC 2017	Registered and paid-in capital of RMB20,000,000	—	100%	Sale and service of motor vehicles
西安中升仕豪汽車銷售服務有限公司** (Xi'an Zhongsheng Shihao Automobile Sale & Service Co., Ltd.)	Xian, the PRC 2014	Registered and paid-in capital of RMB40,000,000	—	100%	Sale and service of motor vehicles
湛江中升雷克薩斯汽車銷售服務有限公司* (Zhanjiang Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Zhanjiang, the PRC 2016	Registered and paid-in capital of RMB10,000,000	—	100%	Sale and service of motor vehicles
深圳光明中升雷克薩斯汽車銷售服務有限公司* (Shenzhen Guangming Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Shenzhen, the PRC 2017	Registered and paid-in capital of RMB15,000,000	—	100%	Sale and service of motor vehicles
海口浦升貿易有限公司** (Haikou Pusheng Trading Co., Ltd.)	Haikou, the PRC 2017	Registered and paid-in capital of RMB34,987,808	—	65%	Other services
西安中升之星汽車銷售服務有限公司** (Xi'an Zhongsheng Star Automobile Sale & Service Co., Ltd.)	Xian, the PRC 2017	Registered and paid-in capital of RMB50,000,000	—	100%	Sale and service of motor vehicles
海南軒鼎信息技術有限公司** (Hainan Xuanding Information Technology Co., Ltd.)	Hainan, the PRC 2019	Registered and paid-in capital of RMB1,000,000	—	100%	Other services
上海松江中升雷克薩斯汽車服務有限公司** (Shanghai Songjiang Zhongsheng Lexus Automobile Service Co., Ltd.)	Shanghai, the PRC 2020	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
濟南祥鵬倉儲服務有限公司** (Jinan Xiangpeng Warehousing Service Co., Ltd.)	Jinan, the PRC 2011	Registered and paid-in capital of RMB25,560,137	—	100%	Service of motor vehicles
煙台中升裕迪汽車銷售服務有限公司* (Yantai Zhongsheng Yudi Automobile Sale & Service Co., Ltd.)	Yantai, the PRC 2011	Registered and paid-in capital of USD7,500,000	—	100%	Sale and service of motor vehicles
寧波中升豐田汽車服務有限公司* (Ningbo Zhongsheng Toyota Automobile Service Co., Ltd.)	Ningbo, the PRC 1994	Registered and paid-in capital of USD2,700,000	—	100%	Sale and service of motor vehicles
寧波中升汽車服務有限公司* (Ningbo Zhongsheng Automobile Service Co., Ltd.)	Ningbo, the PRC 2005	Registered and paid-in capital of HK\$23,322,708	—	100%	Sale and service of motor vehicles
崑山中升雷克薩斯汽車銷售服務有限公司** (Kunshan Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Jiangsu, the PRC 2010	Registered and paid-in capital of RMB60,000,000	—	100%	Sale and service of motor vehicles
盤錦大通汽車銷售服務有限公司** (Panjin Datong Automobile Sale & Service Co., Ltd.)	Panjin, the PRC 2007	Registered and paid-in capital of RMB10,000,000	—	55%	Sale and service of motor vehicles

47. SUBSIDIARIES (continued)

Company name	Place and date of incorporation/ registration and operation	Authorised/registered/paid-in/share capital	Proportion of ownership interest		Principal activities
			Held by the Company %	Held by a subsidiary %	
海口中升雷克萨斯汽车销售服务有限公司** (Haikou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Haikou, the PRC 2008	Registered and paid-in capital of RMB10,000,000	—	65%	Sale and service of motor vehicles
北京中升寶輝汽车销售服务有限公司** (Beijing Zhongsheng Baohui Automobile Sale & Service Co., Ltd.)	Beijing, the PRC 2003	Registered and paid-in capital of RMB13,000,000	—	65%	Sale and service of motor vehicles
湛江中升之寶汽车销售服务有限公司** (Zhanjiang Zhongsheng Zhibao Automobile Sale & Service Co., Ltd.)	Zhanjiang, the PRC 2010	Registered and paid-in capital of RMB30,000,000	—	100%	Sale and service of motor vehicles
青島龐大投資有限公司** (Qingdao Pangda Investment Co., Ltd.)	Qingdao, the PRC 2012	Registered and paid-in capital of RMB100,000,000	—	100%	Other services
福建中升豐悅汽车销售服务有限公司** (Fujian Zhongsheng Fengyue Automobile Sale & Service Co., Ltd.)	Fujian, the PRC 2023	Registered and paid-in capital of RMB12,000,000	—	100%	Sale and service of motor vehicles
無錫中升捷豐汽车销售服务有限公司** (Wuxi Zhongsheng Jiefeng Automobile Sale & Service Co., Ltd.)	Wuxi, the PRC 2021	Registered and paid-in capital of RMB15,400,000	—	100%	Sale and service of motor vehicles
揚州中升雷克萨斯汽车销售服务有限公司** (Yangzhou Zhongsheng Lexus Automobile Sale & Service Co., Ltd.)	Wuxi, the PRC 2016	Registered and paid-in capital of RMB25,000,000	—	100%	Sale and service of motor vehicles
蘇州迎賓中升豐田汽车销售服务有限公司** (Suzhou Yingbin Zhongsheng Toyota Automobile Sale & Service Co., Ltd.)	Wuxi, the PRC 2012	Registered and paid-in capital of RMB53,500,000	—	100%	Sale and service of motor vehicles

* These companies are registered as wholly-foreign-owned enterprises under PRC law.

** These companies are registered as limited liability companies under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other borrowings, finance leases, convertible bonds and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group has no significant interest-bearing assets other than pledged bank deposits (note 26) and cash and cash equivalents (note 28).

The Group's interest rate risk arises from its borrowings, details of which are set out in note 29. Borrowings at variable rates expose the Group to the risk of changes on market interest rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2024		
RMB	15	(44,783)
RMB	(15)	44,783
2023		
RMB	15	(22,963)
RMB	(15)	22,963

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**FOREIGN CURRENCY RISK**

Most of the Group's assets and liabilities were denominated in RMB, except for certain cash and cash equivalents, bank loans and other borrowings and the liability component of convertible bonds denominated in Hong Kong dollars, United States dollars and Japanese Yen as disclosed in note 28, note 29 and note 30, respectively.

The Group's assets and liabilities denominated in Hong Kong dollars, United States dollars and Japanese Yen were mainly held by certain subsidiaries incorporated outside Mainland China who used the Hong Kong dollar as their functional currencies, and the Group did not have material foreign currency transactions in Mainland China during the year. Therefore, the Group had immaterial foreign currency risk.

CREDIT RISK

On 31 December 2024, the Group had certain concentrations of credit risk as 37.23% of the Group's trade receivables were due from the Group's five largest customer. The carrying amounts of bank deposits, cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

MAXIMUM EXPOSURE AND YEAR-END STAGING AS AT 31 DECEMBER 2024

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. The amounts presented are gross carrying amounts for financial assets.

31 DECEMBER 2024

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified Approach RMB'000	
Trade receivables	632,828	4,020,741	4,653,569
Financial assets included in prepayments, other receivables and other assets	12,987,032	—	12,987,032
Total	13,619,860	4,020,741	17,640,601

31 DECEMBER 2023

	12-month ECLs	Lifetime ECLs	Total RMB'000
	Stage 1 RMB'000	Simplified Approach RMB'000	
Trade receivables	1,408,699	2,699,802	4,108,501
Financial assets included in prepayments, other receivables and other assets	10,324,332	—	10,324,332
Total	11,733,031	2,699,802	14,432,833

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**CREDIT RISK (continued)****MAXIMUM EXPOSURE AND YEAR-END STAGING AS AT 31 DECEMBER 2024 (continued)**

For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix at 31 December 2024 and 2023 was set out below:

31 DECEMBER 2024

	Ageing		
	Within 3 months	3 months to 1 year	Over 1 year
Expected credit loss rate	0%	34%	83%
Gross carrying amount (RMB'000)	2,538,626	25,026	76,738
Expected credit losses (RMB'000)	457	8,560	63,322

31 DECEMBER 2023

	Ageing		
	Within 3 months	3 months to 1 year	Over 1 year
Expected credit loss rate	0%	26%	71%
Gross carrying amount (RMB'000)	2,656,169	31,844	69,359
Expected credit losses (RMB'000)	357	8,210	49,003

For the financial assets included in prepayments, other receivables and other assets to which the Group applies the general approach for impairment, there was no recent history of default. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. No loss allowance was provided because management estimated that the expected credit losses as at 31 December 2024 were not significant.

As at 31 December 2024, all pledged bank deposits and cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**LIQUIDITY RISK**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	—	8,477,311	12,119,141	15,983,479	—	36,579,931
Lease liabilities	—	300,634	673,363	3,366,797	2,906,737	7,247,531
Trade and bills payables	2,907,697	8,971,523	728,580	—	—	12,607,800
Other payables	—	818,909	317,625	—	—	1,136,534
Amounts due to related parties	6,731	—	—	—	—	6,731
Convertible bonds	—	—	3,398,926	—	—	3,398,926
Total	2,914,428	18,568,377	17,237,635	19,350,276	2,906,737	60,977,453

2023

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank loans and other borrowings	—	7,378,175	9,426,243	12,607,205	—	29,411,623
Lease liabilities	—	272,758	631,683	3,222,729	2,956,687	7,083,857
Trade and bills payables	3,956,492	6,576,292	508,584	—	—	11,041,368
Other payables	—	675,060	296,218	—	—	971,278
Amounts due to related parties	6,801	—	—	—	—	6,801
Convertible bonds	—	—	—	3,326,179	—	3,326,179
Total	3,963,293	14,902,285	10,862,728	19,156,113	2,956,687	51,841,106

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes bank loans and other borrowings, other liabilities, convertible bonds, amounts due to related parties, trade, bills and other payables and accruals, less cash and cash equivalents, cash in transit and time deposits and pledged bank deposits. The gearing ratios as at the reporting dates were as follows:

	2024 RMB'000	2023 RMB'000
Bank loans and other borrowings	32,039,169	28,372,782
Lease liabilities	5,419,973	5,207,828
Convertible bonds	3,356,212	3,175,879
Trade and bills payables	12,607,800	11,041,368
Other payables and accruals	4,238,461	3,686,529
Amounts due to related parties	6,731	6,801
Less: Cash and cash equivalents	(18,687,542)	(15,611,984)
Cash in transit	(60,039)	(118,126)
Time deposits and pledged bank deposits	(4,256,545)	(3,871,391)
Net debt	34,664,220	31,889,686
Total equity	46,917,817	46,046,576
Total equity and net debt	81,582,037	77,936,262
Gearing ratio	42.5%	40.9%

49. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of approval of these financial statements.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	10,560,970	10,560,970
Amounts due from subsidiaries	—	650,967
Total non-current assets	10,560,970	11,211,937
CURRENT ASSETS		
Prepayments	280	—
Cash and cash equivalents	4,280,350	851,510
Total current assets	4,280,630	851,510
CURRENT LIABILITIES		
Bank loans and other borrowings	196,444	4,944
Other payables and accruals	172,521	72,755
Convertible bonds	3,356,212	—
Amounts due to subsidiaries	1,806,396	—
Total current liabilities	5,531,573	77,699
NET CURRENT (LIABILITIES)/ASSETS	(1,250,943)	773,811
TOTAL ASSETS LESS CURRENT LIABILITIES	9,310,027	11,985,748
NON-CURRENT LIABILITIES		
Convertible bonds	—	3,175,879
Bank loans and other borrowings	11,217,334	8,195,742
Total non-current liabilities	11,217,334	11,371,621
NET (LIABILITIES)/ASSETS	(1,907,307)	614,127
EQUITY		
Share capital	207	207
Treasury shares	(193,649)	—
Reserves	(1,713,865)	613,920
Total equity	(1,907,307)	614,127

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Equity component of convertible bonds RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2023	7,703,606	30,484	49,391	(538,955)	(2,414,138)	(801,657)	4,028,731
Total comprehensive loss for the year	—	—	—	(80,983)	(395,861)	—	(476,844)
Repurchase and cancellation of shares	(500,780)	—	—	—	—	—	(500,780)
Redemption of convertible bonds	—	(9,600)	—	—	—	(52,704)	(62,304)
Final 2022 dividend declared	(2,374,883)	—	—	—	—	—	(2,374,883)
As at 31 December 2023	4,827,943	20,884	49,391	(619,938)	(2,809,999)	(854,361)	613,920
Total comprehensive loss for the year	—	—	—	(240,190)	(352,930)	—	(593,120)
Final 2023 dividend declared	(1,734,665)	—	—	—	—	—	(1,734,665)
At 31 December 2024	3,093,278	20,884	49,391	(860,128)	(3,162,929)	(854,361)	(1,713,865)

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000
RESULTS					
REVENUE	168,124,205	179,290,093	179,856,972	175,103,062	148,348,067
Cost of sales and services provided	(157,452,291)	(165,525,773)	(163,825,377)	(156,633,507)	(134,866,359)
Gross profit	10,671,914	13,764,320	16,031,595	18,469,555	13,481,708
Other income and gains, net	4,784,427	4,730,929	4,424,144	3,890,572	3,423,881
Selling and distribution expenses	(7,552,654)	(7,736,991)	(7,841,405)	(7,170,170)	(5,729,655)
Administrative expenses	(2,229,183)	(2,418,598)	(2,445,495)	(2,572,676)	(2,239,263)
Profit from operations	5,674,504	8,339,660	10,168,839	12,617,281	8,936,671
Finance costs	(1,572,886)	(1,507,393)	(1,218,636)	(1,120,121)	(1,259,872)
Share of (losses)/profits of joint ventures	(998)	(3,582)	240	7,909	3,523
Share of profits/(losses) of an associate	2,799	2,263	328	(1,487)	(1,513)
Profit before tax	4,103,419	6,830,948	8,950,771	11,503,582	7,678,809
Income tax expense	(1,032,544)	(1,840,063)	(2,315,551)	(3,096,252)	(2,097,980)
Profit for the year	3,070,875	4,990,885	6,635,220	8,407,330	5,580,829
Attributable to:					
Owners of the parent	3,212,188	5,018,077	6,688,119	8,328,950	5,539,799
Non-controlling interests	(141,313)	(27,192)	(52,899)	78,380	41,030
	3,070,875	4,990,885	6,635,220	8,407,330	5,580,829

	31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	110,170,549	103,268,461	91,829,419	85,474,054	68,501,019
TOTAL LIABILITIES	(63,252,732)	(57,221,885)	(47,764,994)	(44,767,563)	(41,619,272)
NON-CONTROLLING INTERESTS	(88,376)	(249,280)	(303,020)	(462,700)	(418,847)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	46,829,441	45,797,296	43,761,405	40,243,791	26,462,900