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

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

(Stock Code: 1728)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHT OF RESULTS

Under the combined effects of policy support, technology-driven advancements and global competition, the automotive industry is undergoing profound transformation characterized by "moderate overall growth and structural differentiation". The continuous downward pressure on mainstream vehicle pricing has also forced the automobile distribution industry into a "survival of the fittest" elimination race in a stock market. During the reporting period, the Group proactively responded to market changes and sought a better path for business development by continuously improving intensive operations, strengthening its after-sales and derivative businesses and enhancing quality and efficiency, as well as accelerating the transformation of its new energy brands, refining its pre-owned automobile business model, and promoting the implementation of its international business.

For the year ended 31 December 2024:

- The Group's revenue was approximately RMB20,746.8 million, representing a decrease of approximately 14.0% as compared to the revenue of approximately RMB24,132.0 million in 2023.

- Overall gross profit was approximately RMB779.1 million, representing a decrease of approximately 22.8% as compared to approximately RMB1,008.6 million in 2023. The overall gross profit margin was approximately 3.8%, representing a decrease of 0.4 percentage point as compared to approximately 4.2% in 2023.

- Loss from operations was approximately RMB549.0 million, a reversal from profit from operations of approximately RMB168.2 million in 2023.

- Loss for the year increased by approximately 86.4% to approximately RMB1,529.1 million from approximately RMB820.5 million in 2023.

The board (the "**Board**") of directors (the "**Directors**") of China ZhengTong Auto Services Holdings Limited 中國正通汽車服務控股有限公司 (the "**Company**" or "**ZhengTong**", together with its subsidiaries, the "**Group**") announces the Group's annual consolidated results for the year ended 31 December 2024:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024
(Expressed in RMB'000)

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	*3*	**20,746,774**	24,131,975
Cost of sales		**(19,967,705)**	(23,123,382)
Gross profit		**779,069**	1,008,593
Other income	*4*	**737,723**	1,327,026
Selling and distribution expenses		**(967,410)**	(1,082,892)
Administrative expenses		**(981,633)**	(1,084,526)
Impairment losses on goodwill and intangible assets	*9, 10*	**(116,702)**	—
(Loss)/profit from operations		**(548,953)**	168,201
Finance costs	*5(a)*	**(936,721)**	(1,054,301)
Share of profit/(loss) of associates and a joint venture		**3,666**	(500)
Loss before taxation	*5*	**(1,482,008)**	(886,600)
Income tax	*6*	**(47,078)**	66,120
Loss for the year		**(1,529,086)**	(820,480)
Loss for the year attributable to:			
Ordinary shareholders of the Company		**(1,708,506)**	(890,990)
Perpetual bond holders of the Company	*19*	**107,127**	41,708
Non-controlling interests		**72,293**	28,802
Loss for the year		**(1,529,086)**	(820,480)
Basic and diluted loss per share (RMB cents)	*7*	**(56.0)**	(31.9)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
(Expressed in RMB'000)

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Other comprehensive income for the year (after tax):			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
Financial statements of entities outside the Mainland China		**838**	(3,638)
Other comprehensive income for the year		**838**	(3,638)
Total comprehensive income for the year		**(1,528,248)**	(824,118)
Attributable to:			
Ordinary shareholders of the Company		**(1,707,668)**	(894,628)
Perpetual bond holders of the Company	*19*	**107,127**	41,708
Non-controlling interests		**72,293**	28,802
Total comprehensive income for the year		**(1,528,248)**	(824,118)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in RMB'000)

	Note	At 31 December **2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**5,855,395**	6,075,954
Investment properties		**470,135**	431,510
Right-of-use assets		**2,556,819**	2,487,855
Intangible assets	*9*	**2,302,546**	2,540,361
Goodwill	*10*	**534,641**	566,736
Interests in associates	*11*	**18,596**	15,191
Interest in a joint venture	*12*	**31,259**	26,798
Deferred tax assets		**703,446**	758,013
Long-term receivables		**409,825**	381,655
Other financial assets	*16*	**511,829**	829,028
Pledged bank deposits		**502,440**	975,420
		13,896,931	15,088,521
Current assets			
Inventories	*13*	**3,306,990**	3,771,902
Trade and bills receivables	*14*	**1,145,086**	941,949
Prepayments, deposits and other receivables	*15*	**4,838,107**	4,941,148
Other financial assets	*16*	**65,119**	126,344
Pledged bank deposits		**5,391,391**	3,900,082
Time deposits		**1,524**	—
Cash and cash equivalents		**573,088**	744,855
		15,321,305	14,426,280
Current liabilities			
Loans and borrowings		**17,550,020**	16,272,920
Lease liabilities		**284,240**	319,641
Trade and other payables	*17*	**5,470,940**	5,638,481
Income tax payables		**348,707**	391,173
Other financial liabilities	*16*	**296**	22,177
		23,654,203	22,644,392
Net current liabilities		**(8,332,898)**	(8,218,112)
Total assets less current liabilities		**5,564,033**	6,870,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2024
(Expressed in RMB'000)

	Note	**At 31 December 2024** *RMB'000*	2023 *RMB'000*
Non-current liabilities			
Loans and borrowings		**2,419,911**	3,488,141
Lease liabilities		**1,059,789**	960,309
Deferred tax liabilities		**899,578**	970,800
Trade and other payables	*17*	**108,697**	139,567
Other financial liabilities	*16*	**6,320**	24,532
		4,494,295	5,583,349
NET ASSETS		**1,069,738**	1,287,060
CAPITAL AND RESERVES			
Share capital		**290,228**	246,394
Perpetual bonds	*19*	**1,947,328**	1,010,921
Reserves		**(2,594,239)**	(895,485)
Total (deficit)/equity attributable to equity shareholders of the Company		**(356,683)**	361,830
Non-controlling interests		**1,426,421**	925,230
TOTAL EQUITY		**1,069,738**	1,287,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China ZhengTong Auto Services Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 9 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in 4S dealership business, supply chain business and comprehensive properties business in the People's Republic of China (the "**PRC**").

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interests in associates and a joint venture.

These consolidated financial statements are presented in Renminbi ("**RMB**") which is the Group's presentation currency, rounded to the nearest thousands, except for where otherwise stated.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments are stated at fair value as explained in the accounting policies set out below.

— other investments in securities; and

— derivative financial instruments.

The Group incurred a net loss of RMB1,529 million for the year ended 31 December 2024. As at 31 December 2024, the Group had net current liabilities of RMB8,333 million (as at 31 December 2023: RMB8,218 million) and total deficit attributable to equity shareholders of the Company of RMB357 million (as at 31 December 2023: total equity attributable to equity shareholders of the Company of RMB362 million). The Group's liabilities included a sum of short-term and long-term loans and borrowings due to Xiamen ITG Holding Group Co., Ltd. ("**ITG Holding**") and its subsidiaries of RMB4,676 million and RMB949 million, respectively. Notwithstanding these conditions, the Company's consolidated financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and the directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because, based on the cash flow projections for at least the next twelve months, the directors of the Company concluded that the Group will have adequate funds having considered the current available banking facilities as well as the financial support from ITG Holding, which has informed the Group that, on the basis that in compliant with regulatory regime applicable to state owned enterprises and after obtaining internal resolutions and approvals, it will provide such financial support to the Group as is necessary to enable the Group to continue operation as a going concern for at least the next twelve months.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("**2022 amendments**")
- Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except for Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*, none of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these consolidated financial statements. Impacts of the adoption of Amendments to HKAS 7 and HKFRS 7 are discussed below:

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements* introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

3 REVENUE

The Group is mainly engaged in sales of passenger motor vehicles, provision of facilitation service in relation to mortgage loans provided by third-party financial institutions to buyers of passenger motor vehicles, provision of after-sales services and logistics services. Revenue represents the sales of goods and services income rendered to customers.

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	Note	**For the year ended 31 December 2024** *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15			
Sales of passenger motor vehicles		**15,978,627**	20,224,295
Provision of mortgage facilitation services	*(i)*	**1,169,539**	—
Provision of after-sales services		**3,194,648**	3,240,248
Provision of logistics services		**378,393**	435,120
Sales of comprehensive properties		**25,567**	—
Sales of lubricant oil		**—**	232,282
		20,746,774	24,131,945
Revenue from other sources			
Others		**—**	30
		20,746,774	24,131,975

(i) Since 1 April 2024, due to changes in internal and external factors, the Group considered that provision of mortgage facilitation service became one of its ordinary business activities. Accordingly, income generated from providing the mortgage facilitation service has been presented as revenue starting from 1 April 2024, amounting to RMB1,169,539,000 for the period from 1 April 2024 to 31 December 2024. Mortgage facilitation service income earned during the period from 1 January 2024 to 31 March 2024 amounting to RMB279,723,000 (for the year ended 31 December 2023: RMB767,829,000) was included in "service income" under "other income" (note 4).

The Group recognises income from provision of mortgage facilitation service as revenue at a point in time when the financial institutions entered into loan agreements and provided loan to the buyers of the motor vehicles, which is also the point in time when the Group fulfilled its facilitation service.

(ii) Revenue from logistics services is recognised over-time upon fulfilment of services obligation, whereas revenue from sales of passenger motor vehicles and related mortgage facilitation service and after-sales services and sales of comprehensive properties are recognised at a point in time.

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for passenger vehicles such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of passenger vehicles that had an original expected duration of one year or less.

4 OTHER INCOME

		For the year ended 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Service income		**523,160**	1,014,471
Interest income		**69,262**	57,273
Net (loss)/gain on disposal of property, plant and equipment and right-of-use assets		**(4,473)**	67,976
Dividend income	*16(iv)*	**20,280**	39,538
Fair value change related to interest in Dongfeng Logistics Group Co., Ltd. ("**Dongfeng Logistics**")	*16(iv)*	**4,183**	(115,919)
Net realised and unrealised gain on other financial instruments		**68,439**	45,586
Remeasurement gain due to loss of control over a subsidiary		**—**	23,388
Gross rentals from investment properties		**38,584**	29,386
Compensation income		**—**	54,509
Others		**18,288**	110,818
		737,723	1,327,026

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Note	For the year ended 31 December 2024 *RMB'000*	2023 *RMB'000*
(a) Finance costs:			
Interest on loans and borrowings		**848,573**	1,031,600
Interest on lease liabilities		**76,760**	74,307
Other finance costs	*(i)*	**34,687**	29,133
Less: Interest capitalised	*(ii)*	**(23,299)**	(80,739)
		936,721	1,054,301

(i) It mainly represents the finance costs arising from discounting of bills payable.

(ii) The borrowing costs have been capitalised at a rate of 3.7%–5.0% per annum (2023: 5.2%–5.8%).

	Note	For the year ended 31 December 2024 *RMB'000*	2023 *RMB'000*
(b) Staff costs:			
Salaries, wages and other benefits		**746,363**	899,648
Contributions to defined contribution retirement plans	*(iii)*	**57,514**	55,020
Equity settled share-based transactions		**(1,543)**	1,082
		802,334	955,750

(iii) Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal government to the schemes to fund the retirement benefits of the employees. The Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The Company's and its subsidiaries' contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of the Company and its subsidiaries should any forfeiture be resulted from the Schemes.

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

		For the year ended 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
(c) Other items:			
Cost of inventories	*13(b)*	**19,497,902**	22,558,926
Depreciation			
— owned property, plant and equipment		**370,413**	336,860
— right-of-use assets		**321,549**	321,757
— investment properties		**22,817**	20,103
Amortisation of intangible assets		**161,922**	165,036
Operating lease charges		**16,188**	7,349
Net foreign exchange loss		**38,684**	100,474
Impairment losses on			
— intangible assets	*9*	**84,607**	—
— goodwill	*10*	**32,095**	—
Auditors' remuneration of audit service		**9,800**	9,800

6 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current tax:		
Provision for income tax for the year	**63,733**	37,303
Deferred tax:		
Origination and reversal of temporary differences	**(16,655)**	(103,423)
	47,078	(66,120)

Reconciliation between income tax and accounting loss at applicable tax rates:

		For the year ended 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Loss before taxation		**(1,482,008)**	(886,600)
Notional tax on loss before taxation, calculated at PRC income tax rate of 25%		**(370,502)**	(221,650)
Non-deductible expenses, net of non-taxable income		**70,472**	114,985
Unused tax losses not recognised, net of utilisation		**104,167**	68,727
Effect on reversal of deferred tax for future benefits of tax losses		**210,739**	—
Effect of tax concessions of PRC operations	*(iii)*	**33,119**	2,188
Effect on deferred tax reversal due to changes in income tax rate applicable to a subsidiary	*(iii)*	**—**	(30,495)
Share of (profits)/loss recognised under the equity method		**(917)**	125
Income tax		**47,078**	(66,120)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiaries located in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong Profits Tax during the year.

(iii) The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax rate of 25% (2023: 25%), except for Shengze Jietong Supply Chain Co., Ltd. ("**Shengze Jietong**"), an automotive logistics supplier in the PRC. Shengze Jietong is subject to a preferential rate of 15% for high-tech enterprises for three years commenced from 2023.

Taxation for the Group's PRC subsidiaries are calculated using the estimated annual effective rates of taxation that are expected to be applicable.

7 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2024 was based on the loss attributable to ordinary shareholders of the Company of RMB1,708,506,000 (2023: RMB890,990,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2024 of 3,049,211,428 (2023: 2,792,629,543), calculated as follows:

Weighted average number of ordinary shares:

	For the year ended 31 December	
	2024	2023
Issued ordinary shares at 1 January	**2,850,682,420**	2,722,942,420
Effect of issue of ordinary shares	**198,529,008**	—
Effect of placing of new shares under general mandate	**—**	66,820,384
Effect of restricted shares vested to employees	**—**	2,866,739
Weighted average number of ordinary shares at 31 December	**3,049,211,428**	2,792,629,543
Basic loss per share *(RMB cents)*	**(56.0)**	(31.9)

During the year ended 31 December 2024 and 2023, the potential ordinary shares in respect of the effect of Share Award Scheme was anti-dilutive, as they would lead to a decline in the loss per share. Therefore, diluted loss per share is equal to basic loss per share.

8 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three major operating segments:

(1) 4S dealership business

4S dealership business mainly includes sales of passenger motor vehicles, provision of related mortgage facilitation service, and after-sales services through the Group's network of 4S dealerships in the PRC.

(2) Supply chain business

Supply chain business mainly includes provision of motor-related logistics services in the PRC.

(3) Comprehensive properties business

Comprehensive properties business mainly includes development and sales of properties in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

— Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

— The measure used for reporting segment profit is profit before taxation. To arrive at profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as head office and corporate administration costs, other income and finance costs.

— Segment assets include all current and non-current assets with the exception of intangible assets, goodwill, deferred tax assets and unallocated head office assets. Segment liabilities include all current and non-current liabilities with the exception of income tax payables, deferred tax liabilities and unallocated head office liabilities.

— In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment sales), depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

	4S dealership business		Supply chain business		Comprehensive properties business		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**20,342,814**	23,464,573	**378,393**	667,402	**25,567**	—	**20,746,774**	24,131,975
Inter-segment revenue	**—**	—	**—**	—	**—**	—	**—**	—
Reportable segment revenue	**20,342,814**	23,464,573	**378,393**	667,402	**25,567**	—	**20,746,774**	24,131,975
Reportable segment (loss)/profit	**(1,025,545)**	(1,012,047)	**32,135**	8,056	**(32,459)**	—	**(1,025,869)**	(1,003,991)
Depreciation and amortisation for the year	**858,890**	809,594	**17,811**	34,162	**—**	—	**876,701**	843,756
Reportable segment assets	**16,692,690**	16,790,498	**788,940**	718,024	**440,795**	753,654	**17,922,425**	18,262,176
Additions to non-current segment assets during the year	**607,905**	1,486,646	**102,630**	300,494	**—**	—	**710,535**	1,787,140
Reportable segment liabilities	**(20,603,399)**	(20,581,683)	**(388,261)**	(325,811)	**(473,254)**	(753,654)	**(21,464,914)**	(21,661,148)
Interests in associates and a joint venture	**18,596**	15,191	**31,259**	26,798	**—**	—	**49,855**	41,989

Reportable segment (loss)/profit does not include impairment losses on goodwill and intangible assets of RMB116,702,000 (2023: nil) recognised for the 4S dealership business for the year ended 31 December 2024 (note 9).

(b) Reconciliations of reportable segment

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Reportable segment loss	**(1,025,869)**	(1,003,991)
Unallocated head office expenses	**(140,439)**	(155,334)
Other income	**737,723**	1,327,026
Finance costs	**(936,721)**	(1,054,301)
Provision of impairment losses on goodwill and intangible assets	**(116,702)**	—
Consolidated loss before taxation	**(1,482,008)**	(886,600)

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**17,922,425**	18,262,176
Intangible assets	**2,302,546**	2,540,361
Goodwill	**534,641**	566,736
Deferred tax assets	**703,446**	758,013
Unallocated head office assets	**7,755,178**	7,387,515
Consolidated total assets	**29,218,236**	29,514,801
Liabilities:		
Reportable segment liabilities	**(21,464,914)**	(21,661,148)
Income tax payables	**(348,707)**	(391,173)
Deferred tax liabilities	**(899,578)**	(970,800)
Unallocated head office liabilities	**(5,435,299)**	(5,204,620)
Consolidated total liabilities	**(28,148,498)**	(28,227,741)

(c) Geographic information

Substantially all the Group's revenue is generated in the PRC and all of the Group's principal non-current assets for operation are located in the PRC. Accordingly, no analysis by geographical segments have been provided for the reporting period.

9 INTANGIBLE ASSETS

	Car dealerships/ Dealership operation rights	Favourable lease contracts	Trademark	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	4,848,553	36,904	362,732	28,195	363	5,276,747
Additions	—	—	—	325	—	325
Disposals	—	—	—	(896)	—	(896)
At 31 December 2023, and 1 January 2024	4,848,553	36,904	362,732	27,624	363	5,276,176
Additions	—	—	—	5,611	3,103	8,714
At 31 December 2024	**4,848,553**	**36,904**	**362,732**	**33,235**	**3,466**	**5,284,890**
Accumulated amortisation:						
At 1 January 2023	1,538,284	36,898	—	17,935	—	1,593,117
Charge for the year	158,244	6	—	6,786	—	165,036
Written-back on disposals	—	—	—	(896)	—	(896)
At 31 December 2023, and 1 January 2024	1,696,528	36,904	—	23,825	—	1,757,257
Charge for the year	158,244	—	—	853	2,825	161,922
At 31 December 2024	**1,854,772**	**36,904**	**—**	**24,678**	**2,825**	**1,919,179**
Accumulated impairment losses						
At 31 December 2023, and 1 January 2024	832,931	—	145,627	—	—	978,558
Additions	76,161	—	8,446	—	—	84,607
At 31 December 2024	**909,092**	**—**	**154,073**	**—**	**—**	**1,063,165**
Net book Value:						
At 31 December 2024	**2,084,689**	**—**	**208,659**	**8,557**	**641**	**2,302,546**
At 31 December 2023	2,319,094	—	217,105	3,799	363	2,540,361

The car dealerships arise from prior business combinations and relate to relationships with automakers, with an estimated useful life of 40 years. The fair value of the car dealerships as at the respective acquisition date was determined by using the multiple excess earning method.

The dealership operation rights arise from a prior business combination through an agreement on strategic operation management cooperation scheme, with an estimated useful life of 10 years. The fair value of the dealership operation rights as at the acquisition date was determined by using the multiple excess earning method.

The amortisation charge for the year is included in administrative expenses in the consolidated statement of profit or loss.

Impairment testing of intangible assets — car dealerships/dealership operation rights and goodwill

In the second half of 2024, due to the impacts of macroeconomic environment changes and the intense competition in the automobile dealership industry, the selling price and gross profit margin of sales of passenger vehicles decreased continuously, and as a result the operating profits of certain stores of the Group were significantly lower than forecast. In conjunction with annual impairment test for goodwill, the Group's management performed an impairment assessment, assisted by an external valuer, to determine the recoverable amount of the cash generating units (CGUs) containing goodwill and/or intangible assets — car dealerships/dealership operation rights as at 31 December 2024. Based on the management's assessment result, the Group recognized impairment losses of goodwill and intangible assets — car dealership/dealership operation rights of RMB32,095,000 and RMB76,161,000, respectively, for those underperforming CGUs in "Impairment losses on goodwill and intangible assets" for the year ended 31 December 2024 (2023: nil). Any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The recoverable amounts of CGUs have been determined based on the value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated by using an estimated growth rate of 2.0% (2023: 3.0%) which is consistent with the forecasts included in industry reports.

Key assumptions used in the value-in-use calculation for CGUs containing intangible assets — car dealerships/dealership operation rights and/or goodwill

Key assumptions used in the value in use calculations include: (i) annual revenue growth rates during the forecast period, (ii) gross profit margin, (iii) working capital as a percentage of revenue and (iv) discount rates.

The key inputs and assumptions used in the impairment test for the year of 2024 and 2023 are listed as follows:

As at 31 December 2024

Inputs	**2025**	**2026**	**2027~2029**
Annual Revenue Growth Rate	**−1.8%~14.5%**	**3.6%~10.4%**	**3.2%~35.0%**
Gross Profit Margin	**−1.1%~11.4%**	**2.2%~13.3%**	
Working Capital as a % of Revenue	**−11.8%~17.6%**	**−11.6%~17.3%**	

As at 31 December 2023

Inputs	2024	2025	2026~2028
Annual Revenue Growth Rate	1.5%~24.3%	2.7%~27.8%	2.7%~44.3%
Gross Profit Margin	3.1%~12.0%	5.9%~13.8%	
Working Capital as a % of Revenue	−22.4%~15.7%	−21.6%~19.2%	

The estimates and assumptions are based on premises that are derived from the latest information available to the management. In particular, they have taken into account the actual financial performance achieved in the second half of 2024 and the realistic expectations of the future macroeconomic and industry-specific developments given the latest changes to the operating environment.

The pre-tax discount rate applied to the impairment test was within a range from 12% to 14% (2023: 13% to 15%) which reflected current market assessment of the time value of money and the risk specific to CGUs.

There have been no changes in the valuation methods used compared with those adopted in the year ended 31 December 2023.

Intangible assets — trademark

The trademark, arising from the acquisition of Top Globe Limited, has an indefinite useful life because it is expected to contribute net cash inflows to the Group indefinitely. The fair value of the trademark as at the acquisition date was determined by using the relief from royalty method.

Management engaged an external valuer to assist with an impairment assessment on the carrying amount of the trademark. Due to the aforementioned development in the second half of 2024, the operating results of certain 4S dealership stores under Top Globe Limited were significantly lower than forecast. Management has revisited the five-year financial budgets of these stores, and the carrying amount of trademark was impaired by RMB8,446,000 as at 31 December 2024 (2023: nil).

10 GOODWILL

	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 31 December 2024	2,006,335
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023 and 1 January 2024	1,439,599
Additions	32,095
At 31 December 2024	**1,471,694**
Carrying amount:	
At 31 December 2024	**534,641**
At 31 December 2023	566,736

Goodwill is allocated to the Group's CGUs identified according to the operating segments as follows:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
4S dealership business	**534,641**	566,736

As mentioned in note 9 above, impairment loss of RMB32,095,000 (2023: nil) had been recognised by the Group in "Impairment losses on goodwill and intangible assets" and any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

11 INTERESTS IN ASSOCIATES

Associates are accounted for using the equity method in the consolidated financial statements. Information of the associates that are not individually material:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amounts of the Group's share of the associates — Loss for the year	**(795)**	(500)
Total comprehensive income	**(795)**	(500)
Carrying amount of individually immaterial associates in the consolidated financial statements	**18,596**	15,191
Total carrying amount of interest in associates	**18,596**	15,191

12 INTEREST IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	**Form of business structure**	**Place of incorporation and business**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Shanghai Yige Science & Technology Trading Co., Ltd. ("**Shanghai Yige**")	Incorporated	Mainland China	Registered capital RMB15,000,000	50%	—	50%	Sales of lubricant oil

Information of the joint venture:

	For the year ended 31 December 2024	For the period from the date of loss of control to 31 December 2023
	RMB'000	*RMB'000*
Amounts of the Group's share of a joint venture — Profit for the period	**4,461**	—
Total comprehensive income	**4,461**	—
Carrying amount of the joint venture in the consolidated financial statements as at 31 December	**31,259**	26,798

13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	Note	At 31 December 2024 RMB'000	2023 RMB'000
4S dealership business			
Motor vehicles		**2,655,612**	2,734,186
Automobile spare parts		**258,865**	309,238
Others		**52,691**	49,339
		2,967,168	3,092,763
Comprehensive properties business			
Properties under development for sale	*(i)*	**339,822**	679,139
		3,306,990	3,771,902

Inventories with carrying amount of RMB1,100,283,000 have been pledged as security for the bills payable as at 31 December 2024 (2023: RMB1,189,522,000).

Inventories with carrying amount of RMB922,132,000 have been pledged as security for loans and borrowings from banks and other financial institutions as at 31 December 2024 (2023: RMB1,212,183,000).

(i) During the year ended 31 December 2024, the Group decided to change the use of certain properties under development from held for sale to held for lease or owner-occupation. Upon the change in use, properties under development of RMB281,291,000 were reclassified to investment properties of RMB17,171,000 and property, plant and equipment of RMB186,280,000 and right-of-use assets of RMB77,840,000, respectively.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold		**19,428,726**	22,515,445
Write down of inventories		**70,603**	48,764
Reversal of write-down of inventories	*(i)*	**(1,427)**	(5,283)
		19,497,902	22,558,926

(i) The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain motor vehicles as a result of a change in consumer preferences.

14 TRADE AND BILLS RECEIVABLES

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,145,001**	941,949
Bills receivable	**85**	—
	1,145,086	941,949

All of the trade and bills receivables are expected to be recovered within one year.

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date, is as follows:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**1,139,432**	932,958
More than 3 months but within 1 year	**2,159**	5,193
Over 1 year	**3,495**	3,798
	1,145,086	941,949

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		At 31 December	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Prepayments		**272,164**	407,382
Deposits		**239,213**	387,351
Other receivables	*(i)*	**4,326,730**	4,146,415
		4,838,107	4,941,148

(i) Other receivables include vendor rebates receivables of RMB3,894,117,000 (2023: RMB3,700,997,000) from automobile manufacturers. The Group earns vendor rebates under various and differing arrangements with automobile manufacturers. Rebates based on purchase or sales volumes are granted by vendors if certain purchase or sales targets are met. Performance rebates are granted by vendors in accordance with the vendors' comprehensive assessment of the Group's business performance.

All of the prepayments, deposits and other receivables are expected to be recovered within one year.

16 OTHER FINANCIAL ASSETS/LIABILITIES

	Note	At 31 December 2024 RMB'000	2023 RMB'000
Other financial assets carried at FVPL			
Current			
Wealth management products	*(i)*	**56,475**	84,285
Forward contracts	*(ii)*	**—**	7,585
Option contracts	*(iii)*	**6,775**	34,474
Swap contracts	*(v)*	**1,869**	—
		65,119	126,344
Non-current			
Equity investment in Dongfeng Logistics	*(iv)*	**501,715**	829,028
Option contracts	*(iii)*	**10,114**	—
		511,829	829,028
		576,948	955,372
Other financial liabilities carried at FVPL			
Current			
Option contracts	*(iii)*	**(191)**	(22,177)
Swap contracts	*(v)*	**(105)**	—
		(296)	(22,177)
Non-current			
Option contracts	*(iii)*	**—**	(11,723)
Swap contracts	*(v)*	**(6,320)**	(12,809)
		(6,320)	(24,532)
		(6,616)	(46,709)

(i) As at 31 December, wealth management products included investment in wealth management products purchased from Western Trust Co., Ltd. ("**Western Trust**") of RMB56,137,000 (as at 31 December 2023: RMB83,938,000) and investments with banks in the PRC of RMB338,000 (as at 31 December 2023: RMB347,000).

The underlying assets of wealth management products purchased from Western Trust are a wide range of government and corporate bonds, bank deposits as well as money market funds, etc. During the year ended 31 December 2024, the Group redeemed part of these wealth management products with proceeds of RMB2,976,000 (2023: RMB850,000). An unrealised loss for the investment of RMB24,825,000 was recognised in other income for the year ended 31 December 2024 (2023: RMB5,181,000).

The remaining wealth management products represented the investments with banks. These investments with no guarantee of principal and interest were classified as FVPL.

During the year ended 31 December 2024, the net realised/unrealised gain for these investments of RMB1,125,000 was recognised in other income in the consolidated statement of profit or loss (2023: RMB411,000).

(ii) Forward contracts are used to mitigate the effect of the Group's foreign currency exposure arising from the loans and borrowings. A financial asset or a financial liability is recognised for each unsettled forward contract as at 31 December 2024 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different forward contracts.

During the year ended 31 December 2024, net realised gain of RMB308,000 from the forward contracts (2023: loss of RMB39,771,000) was recognised in other income in the consolidated statement of profit or loss.

(iii) The Group entered into several USD/RMB foreign currency option contracts with PRC banks in order to manage the Group's foreign currency risk. The Group is required to transact with banks for designated notional amount on each of the valuation dates specified within the respective contracts ("**Valuation Date**").

At the Valuation Date, the reference rate, which represents the spot rate as specified within the respective contracts, shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the banks an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

During the year ended 31 December 2024, net realised/unrealised gain of RMB74,408,000 (2023: RMB101,005,000) from the option contracts was recognised in other income in the consolidated statement of profit or loss.

(iv) Equity investment in Dongfeng Logistics

Dongfeng Logistics is an unlisted entity incorporated in the PRC and is principally engaged in the provision of logistics services. As at 31 December 2023, the Group held 14.43% equity interest in Dongfeng Logistics and has recognised its interests in Dongfeng Logistics as a financial asset at fair value through profit or loss.

In March 2024, the Group disposed 5.77% equity interest in Dongfeng Logistics with a cash consideration of RMB331,496,300 to Xiamen Xindeco Co., Ltd., a fellow subsidiary of the Company. Upon completion, the Group holds 8.66% equity interest in Dongfeng Logistics which continues to be recognised as a financial asset at FVPL.

As at 31 December 2024, the remaining value of 8.66% equity investment in Dongfeng Logistics was RMB501,715,000 (as at 31 December 2023: RMB497,532,000), in accordance with the valuation report issued by an external valuer on 20 March 2025, and a gain arising from fair value change of RMB4,183,000 were recongised in other income in the consolidated statement of profit or loss for the year ended 31 December 2024.

During the year ended 31 December 2024, a dividend income of RMB20,280,000 was received by the Group from Dongfeng Logistics (2023: RMB39,538,000) and was recognised in the other income in the consolidated statement of profit or loss.

(v) Swap contracts are used to mitigate the effect of the Group's variable interest rate risk exposure arising from the loans and borrowings denominated in the USD. A financial asset or a financial liability is recognised for each unsettled swap contract as at 31 December 2024 and cannot be offset in the financial position, as the Group do not have a legally enforceable right to net off the amounts among different swap contracts.

During year ended 31 December 2024, net realised/unrealised gain of RMB17,423,000 from the swap contracts (2023: loss of RMB10,879,000) was recognised in other income in the consolidated statement of profit or loss.

The Group did not formally designate or document the hedging transactions with respect to the forward contracts, option contracts and swap contracts. Therefore, those transactions were not designated for hedge accounting.

17 TRADE AND OTHER PAYABLES

	Note	At 31 December 2024 RMB'000	2023 RMB'000
Current			
Trade payables		**378,473**	396,378
Bills payable	*(i)*	**3,517,268**	3,713,965
		3,895,741	4,110,343
Contract liabilities	*(ii)*	**948,918**	935,900
Other payables and accruals		**572,251**	573,406
Payables due to related parties		**54,030**	18,832
		5,470,940	5,638,481
Non-current			
Long-term payables		**108,697**	139,567
		5,579,637	5,778,048

(i) Bills payable of RMB2,842,455,000 as at 31 December 2024 (2023: RMB2,847,070,000) were secured by pledged bank deposits amounting to RMB1,928,291,000 (2023: RMB1,742,422,000).

Bills payable of RMB3,409,756,000 as at 31 December 2024 (2023: RMB3,609,422,000) were secured by inventories amounting to RMB1,100,283,000 (2023: RMB1,189,522,000) (note 13).

As of the end of reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	At 31 December 2024 RMB'000	2023 RMB'000
Within 3 months	**3,256,258**	3,413,579
Over 3 months but within 6 months	**634,230**	686,253
Over 6 months but within 12 months	**5,253**	10,511
	3,895,741	4,110,343

(ii) The amount of revenue recognised in the year that was included in the contract liabilities balance at the beginning of the year was RMB833,517,000 (2023: RMB1,193,568,000).

18 DIVIDENDS

(i) No final dividend was proposed after the end of reporting periods of years ended 31 December 2024 and 2023.

(ii) No dividend was proposed in respect of the previous financial years, approved and paid during the years ended 31 December 2024 and 2023.

19 PERPETUAL BONDS

Perpetual Bond 1

On 28 February 2023, Wuhan Zhengtong United Industrial Investment Group Co., Ltd. ("**Wuhan Zhengtong**"), an indirect wholly owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 8.5% per annum ("**Perpetual Bond 1**"). The proceeds from issuance of the Perpetual Bond 1 were RMB200 million. Coupon interest of 8.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong. Pursuant to a written supplemental agreement date on 1 February 2024, the initial coupon interest rate have been adjusted to 7.8% per annum, effective from 28 February 2024.

The Perpetual Bond 1 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 1**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 1 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%. Pursuant to the written supplemental agreement date on 1 February 2024, the annual interest cap have been adjusted to 9.3%, effective from 28 February 2024. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 1, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 2

On 14 April 2023 and 12 June 2023, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB100 million and RMB100 million at an initial interest rate of 8.5% and 8.0% per annum, respectively ("**Perpetual Bond 2**"). The total proceeds from issuance of the Perpetual Bond 2 were RMB200 million. Coupon interest of 8.5% and 8.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

The Perpetual Bond 2 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 2**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% and 9.5%, respectively, if the Call Option 2 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10% and 9.5%, respectively. While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 2, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 3

On 30 June 2023 and 31 August 2023, ITG Holding Investment (HK) Limited ("**ITG HK**"), a fellow subsidiary controlled by the controlling shareholder of the Company, entered into written agreements and a written supplemental agreement with the Company, pursuant to which the existing unsecured short-term interest-bearing borrowing provided by ITG HK to the Company with a principal amount of USD140,000,000 (equivalent to RMB1,010,921,000) was converted into a debt with no fixed maturity ("**Perpetual Bond 3**") and is callable at the Company's option. Coupon interest of 8.5% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 3, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

Perpetual Bond 4

On 11 November 2023 and 26 December 2023, Xiamen ZhengTong Automobile Group Co., Ltd. ("**Xiamen Zhengtong**"), an indirect wholly owned subsidiary of the Company, issued perpetual bonds to a third party with a principal amount of RMB350 million and RMB150 million at an initial interest rate of 7.2% and 7.0% per annum, respectively ("**Perpetual Bond 4**"). The total proceeds from issuance of the Perpetual Bond 4 were RMB500 million. Coupon interest of 7.2% and 7.0% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 4 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 3**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 8.7% and 8.5%, respectively, if the Call Option 3 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 8.7% and 8.5%, respectively. While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 4, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 5

On 30 June 2024, ITG HK entered into written agreements with the Company, pursuant to which the existing unsecured interest-bearing borrowings provided by ITG HK to the Company with a principal amount of USD24,132,000 (equivalent to RMB171,985,000) and principal amount of RMB657,295,000, respectively, under current loan and borrowings due to related parties, were converted into a perpetual bond with no fixed maturity ("**Perpetual Bond 5**") and is callable at the Company's option. Coupon interest of 5.0% per annum are paid annually in arrears and may be deferred at the discretion of the Company.

Pursuant to the terms of Perpetual Bond 5, the Company has no contractual obligation to repay the principal or to pay any coupon interest.

Perpetual Bond 6

On 25 October 2024, Wuhan Zhengtong issued perpetual bonds to a third party with a principal amount of RMB200 million at an initial interest rate of 6.5% per annum ("**Perpetual Bond 6**"). The proceeds from issuance of the Perpetual Bond 6 were RMB200 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Wuhan Zhengtong.

The Perpetual Bond 6 has no fixed maturity and is callable at Wuhan Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 4**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 4 is not exercised by Wuhan Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Wuhan Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Wuhan Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 6, Wuhan Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

Perpetual Bond 7

On 22 November 2024, Xiamen Zhengtong issued perpetual bonds to a third party with a principal amount of RMB400 million at an initial interest rate of 6.5% per annum ("**Perpetual Bond 7**"). The proceeds from issuance of the Perpetual Bond 7 were RMB400 million. Coupon interest of 6.5% per annum are expected to be paid quarterly with the payment date being the 20th of the last month in each quarter in arrears and may be deferred at the discretion of Xiamen Zhengtong.

The Perpetual Bond 7 has no fixed maturity and is callable at Xiamen Zhengtong's option at its principal amount together with any accrued, unpaid or deferred coupon interest payments ("**Call Option 5**"). The coupon rate will be 1) increased by a margin of 150 basis points (i.e., 1.5%) per annum and applied prospectively but with an annual interest cap of 10% if the Call Option 5 is not exercised by Xiamen Zhengtong after two years of issuance, or 2) adjusted to increase by 10% a time and applied prospectively once Xiamen Zhengtong elects to defer coupon interest payments at each payment date but with an annual interest cap of 10%.

While any coupon interest is unpaid or deferred, Xiamen Zhengtong cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of Perpetual Bond 7, Xiamen Zhengtong has no contractual obligations to repay the principal or to pay any coupon interest.

As the Perpetual Bonds 1 to 7 only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, and therefore do not meet the definition of a financial liability in accordance with HKAS 32 *Financial Instruments: Presentation*. As a result, Perpetual Bonds 1 to 7 are classified as equity and distributions, if and when declared, are treated as equity dividends.

As Perpetual Bonds 1, 2, 4, 6 and 7 were issued by Wuhan Zhengtong and Xiamen Zhengtong, indirect wholly-owned subsidiaries of the Company, respectively, to external third parties, and could not be treated as equity attributable directly or indirectly to the equity shareholders of the Company, therefore, they are recorded in the non-controlling interests in the consolidated statement of financial position according to HKFRS 10, *Consolidated Financial Statements*. During the year ended 31 December 2024, the profit attributable to the bond holders of Perpetual Bonds 1, 2, 4, 6 and 7, based on the applicable coupon interest rate, amounted to RMB73,135,000 (2023: RMB27,808,000), out of which RMB71,102,000 has been distributed to the relevant bond holders (2023: RMB26,061,000), and the principal amount of RMB100,000,000 of Perpetual Bond 2 has been repaid to the relevant bond holder (2023: nil).

Perpetual Bond 3 and 5 were recorded directly in equity attributable to equity shareholders of the Company. During the year ended 31 December 2024, the profit attributable to the holders of Perpetual Bonds 3 and 5 based on the applicable coupon interest rate, amounted to RMB107,127,000 (2023: RMB41,708,000), and no distribution was made to the relevant bond holders (2023: distribution of RMB41,708,000).

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities (other than financial guarantees), which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2024					At 31 December 2023				
	Contractual undiscounted cash outflow					Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount	Within 1 year or on demand	More than1 year but less than 5 years	More than 5 years	Total	Balance sheet carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	**18,052,912**	**2,636,617**	**—**	**20,689,529**	**19,969,931**	16,636,498	3,835,327	13,879	20,485,704	19,761,061
Lease liabilities	**298,716**	**789,550**	**490,353**	**1,578,619**	**1,344,029**	385,886	762,301	439,887	1,588,074	1,279,950
Other financial liabilities	**296**	**6,377**	**—**	**6,673**	**6,616**	22,177	24,921	—	47,098	46,709
Trade and other payables	**4,529,301**	**142,000**	**—**	**4,671,301**	**4,630,719**	4,702,581	200,575	—	4,903,156	4,842,148
Total liquidity exposure other than the financial guarantees issued	**22,881,225**	**3,574,544**	**490,353**	**26,946,122**	**25,951,295**	21,747,142	4,823,124	453,766	27,024,032	25,929,868

Financial guarantees issued

In March 2016, Wuhan Zhengtong, an indirect wholly-owned subsidiary of the Company, had entered into an undertaking (the "**2016 Undertaking**") to provide financial guarantees for Beijing Guangze Real Estate Development Co., Ltd. ("**Beijing Guangze**")'s obligations to: 1) pay the redemption price for the equity investment made by Ningbo Yuchen Fengze Equity Investment Partnership (Limited Partnership) ("**Yuchen Fengze**") in Beijing Zunbaocheng Real Estate Co., Ltd. ("**Beijing Zunbaocheng**") and Beijing Baoze Automobile Technology Development Co., Ltd. ("**Beijing Baoze**") ("**Equity Investment Redemption Obligation**"); and 2) repay the outstanding loan balance owed by Beijing Guangze to Yuchen Fengze ("**Unsettled Loan Balance**"). In March 2020, Wuhan Zhengtong renewed the 2016 Undertaking as certain shortfall agreements ("**2020 Shortfall Agreements**") to further provide financial guarantees for the Equity Investment Redemption Price and the Unsettled Loan Balance.

Beijing Guangze is a company indirectly controlled by a family member of Mr. Wang Muqing. Wang Muqing and Wang Muqing's family member had been the controlling shareholder of the Group when the 2020 Shortfall Agreements were entered into and until 31 August 2021, and ceased to be a related party of the Group from 23 June 2022. Beijing Guangze holds 8.6758% and 4.3478% equity interest in Beijing Zunbaocheng and Beijing Baoze, respectively.

Other than by the financial guarantees provided by Wuhan Zhengtong as mentioned above, the Equity Investment Redemption Obligation and Unsettled Loan Balance were also secured by, among other things, certain land use rights and properties located in Beijing, belonging to Beijing Zunbaocheng and Beijing Baoze (the "**Pledged Assets**") since 2016.

On 17 December 2021, the Company was notified that a court judgement had been granted by the Ningbo Intermediate People's Court in favour of Yuchen Fengze and against (among others) Beijing Guangze, Beijing Zunbaocheng, Beijing Baoze and Wuhan Zhengtong.

On 28 December 2021, the Company was notified that another court judgement had been granted in favour of Yuchen Fengze and against (among others) Beijing Guangze, Beijing Zunbaocheng, Beijing Baoze and Wuhan Zhengtong by the Yangzhou Intermediate People's Court (together with the aforementioned court judgement being notified on 17 December 2021, as "**First Instance Judgement**").

Pursuant to the First Instance Judgement, Beijing Guangze shall:

— pay to Yuchen Fengze a principal amount of RMB420 million together with interest, comprising, among others, the redemption price for the equity investment made by Yuchen Fengze in Beijing Zunbaocheng and Beijing Baoze. Wuhan Zhengtong was held jointly and severally liable for the same amount (the "**Equity Investment First Instance Judgement**").

— pay to Yuchen Fengze approximately RMB1.41 billion (comprising the loan principal of RMB1.35 billion, accrued interest, default interest and compound interest) and late payment interest, the actual amount of which will increase with time and relevant costs. Wuhan Zhengtong was held jointly and severally liable for the same amount (the "**Loan First Instance Judgement**").

Wuhan Zhengtong filed appeals against the First Instance Judgement through Zhejiang, Jiangsu Higher People's Court, respectively (the "**Appeals**").

The Company received the second instance judgement in respect of the Equity Investment First Instance Judgement from Zhejiang Higher People's Court on 23 June 2022, pursuant to which, Zhejiang Higher People's Court disagreed with and overturned the first instance judgement that Wuhan Zhengtong was jointly and severally liable for the amounts involved. Pursuant to the second instance judgement, Wuhan Zhengtong was the guarantor but not an obligor who was jointly and severally liable for the amounts owed by Beijing Guangze (i.e. Wuhan Zhengtong was responsible for only the shortfalls if Beijing Guangze fails to fulfill its repayment obligations), and after paying Yuchen Fengze under its guarantee obligations, Wuhan Zhengtong shall be entitled to claim a repayment from Beijing Guangze to the extent of the guarantee obligation it has performed.

On 12 January 2023, Wuhan Zhengtong and Yuchen Fengze entered into a settlement agreement (the "**Settlement Agreement**"), pursuant to which Wuhan Zhengtong withdrew its appeal against the Loan First Instance Judgement and Yuchen Fengze agreed to facilitate the disposal of the collateral assets, including the Pledged Assets, in satisfaction of the debt owed to it.

According to the PRC legal opinion issued by an external legal advisor, the Group is only obliged to pay the shortfall based on the 2020 Shortfall Agreements and the Settlement Agreement, if any, when Yuchen Fengze has shortfalls to recover the debt owed to it, by collecting the proceeds of disposal of the collateral assets.

Accordingly, cash shortfalls for the Group are the expected payments to reimburse Yuchen Fengze for any shortfall after Yuchen Fengze has collected the proceeds of the disposal of the collateral assets to recover the debt owed to it.

The maximum amount guaranteed by Wuhan Zhengtong with the 2020 Shortfall Agreements was RMB1.93 billion. Both the Equity Investment Redemption Obligation and the Unsettled Loan Balance were collateralised by the Pledged Assets.

In June 2024, Beijing Second Intermediate People's Court has launched a judicial auction of the Pledged Assets. The court has determined the fair value of the Pledged Assets to be RMB3.02 billion, and the starting auction price was RMB2.11 billion. At the end of July 2024, the court has announced that the judicial auction was aborted. And subsequently, the creditor has applied for paying debts in kind with the value of the Pledged Assets under the starting auction price ("**Paying Debts in Kind)**". As of 31 December 2024, the Paying Debts in Kind has been completed and the Pledged Assets has been legally transferred to Yuchen Fengze to satisfy the debt owed to it. Afterwards, the directors of the Company, having given due consideration to a PRC legal opinion obtained from an external legal advisor and all latest developments, are of the opinion that the financial guarantee obligation of Wuhan ZhengTong will not be crystalised.

21 CONTINGENT LIABILITIES

(a) In 2018, Wuhan Zhengtong, a subsidiary of the Company, and Beijing Guangze entered into a general contract agreement (the "**General Contractor Agreement**") pursuant to which Wuhan Zhengtong engaged Beijing Guangze to undertake the development, establishment, re-establishment and expansion of 4S stores and relevant commercial projects owned by the Group. The contract consideration shall be utilized by Beijing Guangze as the general contractor for such costs as consultant fees for hiring professional service companies, approval and construction application fees, construction and installation fees and ancillary facilities fees. Details of the General Contractor Agreement had been disclosed in the Company's announcement dated 13 March 2018.

In July 2022, the Group received a payment request of RMB6 million from one of the sub-contractors that had been involved in certain 4S Stores and commercial projects (the "**Subcontractor**"), as Beijing Guangze failed to fulfil its obligations under the General Contractor Agreement.

In accordance with the PRC legal opinion obtained by the Company from an external legal advisor, Beijing Guangze is the primary obligor for the relevant construction payments taking into account such facts and circumstances among others (i) Beijing Guangze had undertaken its general contractor role for the projects since the establishment of relevant contracts in prior years and the Group had entrusted Beijing Guangze with the projects and (ii) the Group had already fulfilled its obligations including the payment made to Beijing Guangze in accordance with the General Contractor Agreement. The historical payments to Beijing Guangze in relation to the Subcontractor is assessed to be approximately RMB236 million.

While the Subcontractor has not initiated any formal legal proceedings against the Group in this connection and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that it is not probable that the Group will be sued by the Subcontractor or need to make payments to the Subcontractor. Therefore, no provision has been made in respect of this matter as at 31 December 2024 (31 December 2023: nil).

(b) In 2023, the Group was informed by receipt of two civil complaints that Wuhan Zhengtong has entered into certain agreements in 2016 to provide guarantees (the "**Guarantee Contracts**") against two fixed assets mortgage loan contracts (the "**Fixed Assets Loan Contracts**") entered into by Wuhan Economic and Technological Development Zone Branch of Hubei Bank Co., Ltd. (the "**Hubei Bank**") with Beijing Guangze and Inner Mongolia Shengze Dingjie Automobile Trading Company Limited (the "**Inner Mongolia Shengze**"), respectively.

In March 2024, Wuhan Zhengtong received judgments in relation to aforementioned two civil lawsuits (the "**First Instance Judgment**") from the Wuhan Intermediate People's Court, pursuant to which i) the Guarantee Contracts were executed but are of no legal effect; and ii) Wuhan Zhengtong is obliged to bear half of the shortfalls, if any, when Hubei Bank has shortfalls to recover the debt owed to it, by collecting the proceeds of disposal of the collateral assets, for the failure of Beijing Guangze and Inner Mongolia Shengze to repay the debts.

On 15 November 2024, Wuhan Zhengtong received the second instance judgements in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment.

As at 31 December 2024, the outstanding debts in relation to Fixed Assets Loan Contracts amounted to approximately RMB553 million. According to the valuation report issued by an external valuer dated 20 March 2025, the estimated net realisable amount of parts of the corresponding collaterals, calculated as fair value less cost to sell, was RMB627 million as at 31 December 2024.

In accordance with a PRC legal opinion obtained by the Company from an external legal advisor, the First Instance Judgment considered that Wuhan Zhengtong is ranked lower in the order of priority in meeting payment commitments, as there exist several collaterals and there are other defendants who are also guarantors. Pursuant to applicable laws and regulations, Hubei Bank shall have the right of priority to request debt settlement by such collaterals. The directors of the Company, having given due consideration of the legal advice and the relevant facts and circumstances including their understanding of the estimated net realisable amounts of the collaterals, are of the opinion that it is not probable that the Group will be required to make any payments. Therefore, no provision has been made in respect of this matter as at 31 December 2024 (31 December 2023: nil).

As at 31 December 2024, except for the aforementioned contingencies, the Group did not have any other material contingent liabilities.

22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 25 January 2025, the Company and Xinda Motors Co., Limited (the "**Subscriber**") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 6,669,060,524 subscription shares at the subscription price of HKD0.15 per subscription share for a total consideration of approximately HKD1,000 million (the "**Connected Subscription**"). The Subscriber is indirectly wholly-owned by ITG Holding and is therefore a connected person of the Company. Accordingly, the Connected Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to the independent shareholders' approval requirements.

BUSINESS REVIEW

Under the combined effects of policy support, technology-driven advancements and global competition, China's automotive industry has maintained its position as the global leader in production and sales volume for 16 consecutive years. The convergence of the accelerated innovation of new energy vehicles and the market adjustments in traditional fuel-powered vehicles has plunged the automotive industry into a profound transformation period characterized by "moderate overall growth and structural differentiation". The continuous downward pressure on mainstream vehicle pricing has intensified competition in the automobile distribution industry, creating a "survival of the fittest" elimination race in a stock market. Traditional automobile dealerships consequently face both challenges and opportunities to enhance lean management and accelerate reform and transformation.

In the face of intensifying market competition and price wars, our Group has actively sought a more optimal path for business development by enhancing the level of intensive operations, accelerating the transition to new energy brands, refining the pre-owned automobile business model, and expanding international operations.

For the year ended 31 December 2024, the Group recorded a revenue of approximately RMB20,746.8 million, representing a decrease of approximately 14.0% as compared to the corresponding period last year, and a net loss of approximately RMB1,529.1 million, representing an increase of approximately 86.4% as compared to the corresponding period last year.

In 2024, the Group ranked 18th on the "2024 Top 100 China's Automobile Dealer Groups Ranking", up by 4 places from 2023. Additionally, the Group successfully made it onto the "2024 Top 100 China Automobile Dealers Groups — New Energy Sub-list", and ranked 12th on the "2024 Top 100 Social Responsibility Rankings in China's Automobile Distribution Industry". The Group's stores attained a total of 319 honorary awards from automobile manufacturers, local governments, industry media and industry associations, including 293 awards from manufacturers and 26 awards from government, media and industry associations.

(I) Automobile dealership segment

In 2024, the Group maintained its core focus on mid-to-high-end brand dealerships, continued to transition underperforming stores to stronger brands, strengthened the after-sales services and financial derivative businesses, and prioritized the expansion of the pre-owned automobile operations.

The Group continued to implement internal operational benchmarking management. Based on the foundation of an operational quality evaluation system, underperforming stores were assigned dedicated on-site personnel to enhance the performance-oriented approach of store management teams and enforce a strict survival-of-the-fittest mechanism. By further optimising our centralized procurement product system and adjusting procurement management models, the Group achieved a 20% reduction in the consolidated costs of centralized procurement products. Additionally, through deeper collaboration with financial institutions, the Group consistently offered competitive auto retail financial solutions to our customers, effectively increasing derivative financial gross profits.

1. New vehicle sales business

During the reporting period, the Group proactively adjusted store layouts, maintained real-time control of purchase and sales rhythms, dynamically optimised inventory structures, and continuously controlled centralized procurement costs. Through multiple measures aimed at enhancing operational efficiency, the Group actively addressed the severe challenges posed by price wars.

Leveraging its continuously improving operational quality and a good reputation, the Group secured better vehicle model structures and wholesale and retail targets. The Group dynamically adjusted the pace of purchase and sales for different regional markets, implemented front-end management of monthly procurement plan, and ensured volume and price control for both wholesale and retail. Additionally, the Group has established weekly and monthly cross-inventory monitoring mechanisms. To accelerate turnover and reduce inventory depth, the Group strengthened cross-regional resource management within the same brand and enforced a mandatory position closing management mechanism for vehicles with high inventory age.

The Group actively carried out marketing work across multiple dimensions and channels. In addition to strengthening our presence on new media platforms, the Group also collaborated with large state-owned banks, real estate projects, and large regional supermarkets to organize joint events. The Group maintained good cooperative relationships with local media influencers and traditional offline media channels to enhance customer acquisition. Throughout the year, the Group leveraged various major marketing hotspots to host numerous promotional events, driving the conversion of potential customers into actual sales. During the reporting period, annual sales leads increased by 60% year-on-year, and new media-driven sales grew by 63% year-on-year.

Thanks to these measures, several of the Group's stores ranked among Top 100 China Automotive 4S Stores, further solidifying our partnerships with OEMs. Among these achievements, the BMW brand secured a total of 101 awards throughout the year, including 20 national OEM awards such as the "BMW Certified Pre-Owned Excellence Dealer" and the "BMW Dealer Excellence Award". The Porsche brand ranked 5th among Porsche dealers, up 3 places from 2023, and received 34 awards. The Mercedes-Benz brand ranked 5th in profitability among 13 strategic dealers and won 80 awards. The Jaguar Land Rover brand continued to lead in sales in the southern region, maintaining its 4th position nationwide and joining the top five core dealers of the Jaguar Land Rover brand, earning 13 awards. The Audi brand received 70 awards, including the "Audi Annual Most Improved Award" and the "Annual Best Market Development Award".

For the year ended 31 December 2024, the Group achieved total new automobile sales of 55,054 units, including 46,756 units of mid-to-high-end brand automobile. Sales of new energy automobile reached approximately 5,759 units, accounting for approximately 10.5% of the total annual sales volume, with both the number of units and the proportion showing further improvement compared to the same period last year.

2. After-sales services business

In 2024, the Group strengthened its operational management capabilities by enhancing customer retention and service quality assurance through platforms such as corporate WeChat, and recruited new after-sales customers by leveraging its state-owned reputation and new media marketing initiatives. By optimising after-sales services, enhancing customer experience and increasing customer stickiness, the Group increased its effective retention rate by 3.2%.

In respect of after-sales pricing, the Group, taking into account its business development needs and management requirements, iteratively updated the "Service Coupon Management Measures (《服務券管理辦法》)" and continuously optimised the price management function of its business systems to support after-sales gross profit improvement and create a profit pivot point. The Group reduced the cost of derivative accessories and spare parts through large-scale procurement and accurately recommended products that meet customer needs. Under professional after-sales support, the Group achieved a 96% accessory installation rate during the reporting period, representing a 3.1 percentage points increase year-on-year. In terms of customer acquisition, the Group organised a number of seasonal after-sales marketing campaigns, carried out various targeted "After-sales Service Month" activities and launched a series of preferential policies, which resulted in an overall increase in the number of admissions, after-sales revenue and after-sales gross profit during the campaign. Additionally, the Group continued to carry out the "After-sales Specialised Live Streams", continuously expanding its service radius. Throughout the year, the Group released 729 featured short videos on new media platforms and conducted 372 after-sales live streams, effectively interacting with nearly 220,000 customers.

In terms of business model innovation and development, the Group set up its first regional body and paint centre in Wuhan. By centralizing regional advantageous resources, the centre improved repair delivery speed, offering multi-brand and around-the-clock services to achieve economies of scale and release the stock of resources.

For the year ended 31 December 2024, the Group provided after-sales service for 1,102,139 vehicles in total and recorded revenue from after-sales service of approximately RMB3,194.6 million.

3. Pre-owned automobile and insurance agency business

3.1 Pre-owned automobile business

In 2024, benefiting from a series of new policies promoting the development of pre-owned automobile and a continuously improving consumer environment, China's pre-owned automobile industry continued to move towards standardization, normalization, and scaling up, with transaction volumes accelerating. According to official data released by China Automobile Dealers Association, the cumulative transaction volume of pre-owned automobiles in China reached approximately 19,614,200 units in 2024, representing a year-on-year growth of approximately 6.52%.

Riding the wave of industry trends and leveraging policy opportunities, the Group actively pursued growth and continued to deepen its efforts in the pre-owned automobile business. The Group continuously optimised its pre-owned automobiles management model, promoting organic co-ordination and in-depth integration with its overall business operations. During the year, the Group continuously improved the turnover efficiency of pre-owned automobile inventory through dynamic inventory management, strengthening online promotion and lead conversion, and continued to increase the retail proportion of pre-owned automobiles and enhance independent retail capacity by exploring and constructing pre-owned automobile retailing centres. The Group has been actively looking at and proactively pursuing co-operation opportunities with new energy brands in the pre-owned automobile sector in a bid to further expand its pre-owned automobile business footprint.

In 2024, the Group's total pre-owned automobile sales reached 14,000 units, representing an increase of approximately 24% year-on-year, of which 1,817 units were sold through direct retail channels, marking a year-on-year increase of approximately 36%. Particularly noteworthy was the outstanding performance in the fourth quarter of 2024, during which retail sales surged by over 120% year-on-year.

3.2 Insurance agency business

Leveraging its existing brand and scale advantages to focus on retaining existing customers and advancing the insurance renewal business, Dingze Insurance Agency Co., Ltd. (鼎澤保險代理有限公司) ("**Dingze Insurance Agency**"), a subsidiary of the Group, achieved 254,000 insured vehicles during the reporting period.

During the reporting period, the Group not only proactively covered traditional insurance products, but also continued to promote innovative varieties such as chauffeur-driven car insurance. At the same time, the Group established a two-way communication mechanism between its shops and insurance companies to enhance the competitiveness of its insurance offerings.

Dingze Insurance Agency extensively engaged in in-depth collaborations with various automobile finance and banking institutions, securing the best rates for property insurance coverage for all stores of the Group. It also played a professional role in the claims settlement process, which further safeguarded the interests of the Group and its customers as a whole.

Development and layout of company network

As a leading dealership group of premium brands in the PRC, the Group represents traditional mass-produced premium brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover and Volvo. In addition, the Group also engages in the dealership of mid-to-high-end brands such as FAW-Volkswagen, Buick, Dongfeng-Nissan, FAW Toyota and Dongfeng-Honda, as well as independent brands such as Hongqi, GWM Haval and Great Wall-Tank-WEY.

As industry transition trends became increasingly clear, the Group decisively phased out underperforming brands. As of 31 December 2024, the Group operated 93 dealership outlets across 36 cities in 15 provinces and municipalities in China, and had 5 authorized and under-construction dealership outlets, including 1 luxury brand and 4 independent new energy brands, including 1 Land Rover 4S store, 1 AITO 4S store, 2 Chery iCAR 4S stores and 1 Jetour 4S store.

The Group established connections with a number of new energy OEMs, especially focusing on continuous deployment in the after-sales sector, which requires lower investment and offers relatively stable returns. In 2024, the Group opened 2 new energy after-sales service outlets, including a Tesla authorized body and paint centre in Guangzhou and a NIO after-sales service outlet in Shanghai, which is also the Group's first "NIO", "ONVO" and 'Firefly' triple-brand authorised service centre.

The following table sets forth the details of the Group's dealership stores as of 31 December 2024:

	Dealership stores in operation	Dealership stores in development	Total
4S stores for high-end brands	62	1	63
4S stores for mid-to-high-end and new energy brands	9	4	13
Urban showrooms for high-end brands	1	0	1
Authorized repair centres for high-end brands	5	0	5
Showrooms for mid-end and new energy brands	0	0	0
Mid-end and new energy brand service centres	4	0	4
Self-operated stores	12	0	12
Total	93	5	98

The Group fully leveraged its network resources to accelerate the conversion of underperforming brands and the revitalization and leasing of properties to improve the overall resource utilization rate. During the year, the Group completed business transformation and optimization of 8 dealership outlets. The direction of transformation includes brand replacement, downsizing the original brands while adding new brands, and leasing premises to new energy OEMs or other distributors. These transformations covered a number of cities including Shanghai, Guangzhou, Wuhan, Nanjing, Foshan, Dongguan and Zhanjiang.

In terms of long-term network expansion strategies, the Group will continue to consolidate the foundation of mid-to-high-end automobile brands, deepen comprehensive cooperation with OEMs, including new energy projects, and strengthen its strategic partnership status with brand OEMs. The Group will continuously optimize its brand structure and dealership profitability. At the same time, the Group will proactively analyze the development trends and directions of the automobile dealership industry, further its strategies in new energy brands, and focus on the after-sales service sector which can improve the utilization rate of existing properties and provide relatively stable and predictable returns, so as to develop new growth opportunities.

(II) Logistics business segment

Shengze Jietong Supply Chain Co., Limited* (聖澤捷通供應鏈有限公司) ("**Shengze Jietong**") is a wholly-owned subsidiary of the Group mainly engaged in the provision of three major services in the automotive aftermarket: vehicle logistics, warehousing logistics and spare parts logistics for brands under Dongfeng-Nissan, FAW Volkswagen, and the brands of Yiqi Logistics. Shengze Jietong achieved an annual operating revenue of approximately RMB350 million in 2024.

In 2024, relying on its newly completed logistics park and the introduction of intelligent warehousing management technology, Shengze Jietong achieved rapid warehousing, accurate sorting and efficient distribution, and further strengthened its warehousing and logistics service capability and market competitiveness. Shengze Jietong handled approximately 254,000 units in vehicle logistics shipments throughout the year with vehicle warehousing area increasing by approximately 17% year-on-year. It continued its cooperation with Xiaopeng Motors, FAW Volkswagen and Dongfeng Auto in vehicle warehousing and distribution and spare parts transportation.

Shengze Jietong also enhanced its business value and operating profit through optimising transportation routes and modes, centralized procurement to cost control and expanding business channels. During the reporting period, it completed the application for two logistics utility patents and seven software copyrights, and was certified as a high-tech enterprise in Wuhan City.

(III) International business expansion

The year 2024 marked the first year of the Group's international business expansion. The Group formulated an internationalization strategy for its vehicle business by establishing a three-stage development model that includes comprehensive automotive supply chain services, overseas authorised dealerships, and investment in manufacturing facilities. This model aims to systematically deploy overseas markets. The Group will promote the internationalisation of its vehicle business by integrating the supply chain, industry chain and value chain, and actively create a "second growth curve" for its industrial development. The Group has covered the entire chain of its vehicle export business, completed the construction of the corresponding risk control and information systems and steadily promoted the development of its pre-owned automobiles export business, and has obtained authorization to distribute a mainstream domestic brand in Indonesia.

(IV) Management improvement

In 2024, the Group continued to promote management improvement in areas such as cost reduction and efficiency improvement, financing expansion, risk prevention and control, internal supervision and information technology development:

- In terms of cost reduction and efficiency improvement, the Group strictly controlled various expenses and fully explored the potential of redeveloping existing property resources. By reducing or subleasing spaces and adopting multi-brand stores, the Group improved utilisation efficiency and reduced usage costs. Additionally, the Group actively revitalised non-core assets and successfully disposed of its 5.77% equity interest in Dongfeng Logistics during the year, thereby recovering resources to alleviate liquidity pressure.

- In terms of financing expansion, the Group further optimized its financing capabilities and debt structure. The annual debt financing cost decreased by approximately 17.7% year-on-year. In August 2024, the Group completed share subscriptions, raising a total of approximately HK$58.83 million, injecting new momentum into the Group's long-term stable development.

- In terms of risk prevention and control, the Group established a "three lines of defence" risk control and compliance system, and successively issued relevant institutional guidelines to gradually improve the risk control system. The Group managed risk control work comprehensively and thoroughly, strengthened the identification of emerging business risks and implemented an access mechanism for logistics suppliers of pre-owned automobile export business and a credit risk assessment mechanism for customer transactions.

- In terms of internal supervision, the Group formulated and amended approximately 41 rules and regulations throughout the year, and implemented internal control manuals and integrity manuals that clearly outline guiding principles and operational standards. The Group precisely focused on audit priorities, closely overseeing the implementation of strategic plans, the quality of business operations, and the efficiency of resource allocation. For key areas, major issues and potential risks that could affect the Group's business development, the Group increased audit and control efforts, and implemented closed-loop management of audit projects.

- In terms of IT development, the Group fully launched a "customer-centric" digital transformation and upgrading project, focusing on the two major goals of "business and finance integration" and "end-to-end digital intelligence" as well as the three digital strategic directions of "data assetisation, intelligent decision-making and service personalization". The Group conducted top-level design planning and rebuilt its digital systems to facilitate the Company's future development.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group recorded a revenue of approximately RMB20,746.8 million, representing a decrease of approximately 14.0% as compared to the revenue of approximately RMB24,132.0 million in 2023. The decrease in revenue was mainly due to a decrease in sales volume and the selling price of new automobiles during the period.

Revenue of the Group was derived from the sales of new automobiles, after-sales services, mortgage facilitation services and other businesses. In 2024, revenue from the sales of new automobiles amounted to approximately RMB15,978.6 million, representing a decrease of approximately 21.0% as compared to approximately RMB20,224.3 million in 2023, and accounting for approximately 77.0% of the total revenue in 2024 (corresponding period in 2023: approximately 83.8%). Revenue from the sales of mid-to-high-end branded automobiles accounted for approximately 93.6% of the revenue from the sales of new automobiles (corresponding period in 2023: approximately 94.6%).

In 2024, revenue from the after-sales services was approximately RMB3,194.6 million, representing a decrease of approximately 1.4% as compared to approximately RMB3,240.2 million in 2023. In 2024, revenue from the after-sales services accounted for approximately 15.4% of the total revenue (corresponding period in 2023: approximately 13.4%).

In 2024, revenue from the provision of mortgage facilitation services was approximately RMB1,169.5 million and accounted for approximately 5.6% of the total revenue.

Cost of sales

For the year ended 31 December 2024, the Group's cost of sales decreased by approximately 13.7% to approximately RMB19,967.7 million as compared to approximately RMB23,123.4 million in 2023, which was due to a decrease in sales of new automobiles. In 2024, cost of sales for new automobiles of the Group decreased by approximately 14.2% to approximately RMB17,661.1 million from approximately RMB20,578.6 million in 2023, which was due to a decrease in sales of new automobiles which resulted in a corresponding decrease in sales costs. Cost of after-sales services increased by approximately 1.9% to approximately RMB1,984.8 million from approximately RMB1,948.4 million in 2023.

Gross profit and gross profit margin

For the year ended 31 December 2024, the Group's gross profit decreased by approximately 22.8% to approximately RMB779.1 million from approximately RMB1,008.6 million in 2023, and the gross profit margin decreased by approximately 0.4 percentage point to approximately 3.8% from 4.2% in 2023, which was mainly due to a decrease in the average selling price of new automobiles.

Selling and distribution expenses

For the year ended 31 December 2024, the Group's selling and distribution expenses decreased by approximately 10.7% to approximately RMB967.4 million from approximately RMB1,082.9 million in 2023, which was mainly due to a decrease in labor costs, travel expenses and office costs.

Administrative expenses

For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB981.6 million, representing a decrease of approximately 9.5% from approximately RMB1,084.5 million in 2023, which was mainly due to the decrease in management expenses.

Impairment losses on goodwill and intangible assets

For the year ended 31 December 2024, in light of the macroeconomic environment, weak spending power domestically, the imbalance between supply and demand of passenger vehicles, and promotion models of automobile dealers in China, impairment of goodwill and intangible assets — car dealerships/dealership operation rights amounted to approximately RMB32.1 million and RMB76.2 million respectively, was recognised in the consolidated statement of profit or loss, following impairment test with the assistance of the external valuer. More information is set out in notes 9 and 10 to this announcement.

Profit/loss from operations

For the year ended 31 December 2024, the Group's loss from operations was approximately RMB549.0 million, as compared to the profit from operations of approximately RMB168.2 million for the same period in 2023. The reversal was mainly due to the decrease in sales and gross profit margin from sales of new automobiles during the period.

Income tax

For the year ended 31 December 2024, the Group's income tax expenses amounted to approximately RMB47.1 million, whereas the Group's income tax credit amounted to approximately RMB66.1 million in 2023. This was mainly due to the reversal of income tax temporary differences.

Contingent liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities other than as disclosed in "Note 21 Contingent liabilities" on pages 34 to 35 of this announcement.

Loss for the period

For the year ended 31 December 2024, the Group's loss for the period was approximately RMB1,529.1 million, as compared with a loss of approximately RMB820.5 million in 2023. Such increase was mainly due to the decrease in revenue from the sales of new automobiles and gross profit margin from sales of new automobiles.

Current assets and current liabilities

As at 31 December 2024, the Group's current assets amounted to approximately RMB15,321.3 million, representing an increase of approximately RMB895.0 million as compared to the current assets of approximately RMB14,426.3 million as at 31 December 2023.

As at 31 December 2024, the Group's current liabilities amounted to approximately RMB23,654.2 million, representing an increase of approximately RMB1,009.8 million as compared to the current liabilities of approximately RMB22,644.4 million as at 31 December 2023. The increase was mainly due to the increase in current loan and borrowings.

Cash flow

As at 31 December 2024, the Group had cash and cash equivalents amounting to approximately RMB573.1 million, representing a decrease of approximately RMB171.8 million from approximately RMB744.9 million as at 31 December 2023. The Group's transactions and monetary assets were principally denominated in Renminbi. The Group's primary uses of funds were to pay for purchases of new automobiles, spare parts and automobile accessories, to repay the Group's loans, borrowings and other indebtedness, to finance the Group's working capital and daily operating expenses and to establish new dealership stores or to acquire dealership stores or other businesses. The Group finances its liquidity requirements through a combination of cash flows generated from the operating activities, bank loans and other financings. For the year ended 31 December 2024, the Group had net cash inflow of approximately RMB31.1 million generated from its operating activities (for the year ended 31 December 2023: net cash inflow of approximately RMB36.8 million). The increase was primarily due to the decrease in the amount of trade and other payables paid during the period as compared to the amount paid in the same period of 2023.

Capital expenditure and investment

For the year ended 31 December 2024, the Group's capital expenditure and investment were approximately RMB286.5 million (2023: RMB1,009.2 million). The decrease was mainly due to the decrease in investment in dealership shop upgrading and renovation.

Inventory

The Group's inventories included vehicles, automobile spare parts and properties under development for sale. In general, each of the Group's dealership stores individually manages the quotas and orders for new automobiles, automobile spare parts and other inventories. In addition, the Group utilizes its information technology systems to manage its inventories, and also monitors the inventories within its whole dealership network and may transfer automobiles from one dealership store to another to rebalance inventory levels. The inventories of the Group amounted to approximately RMB3,307.0 million as at 31 December 2024, representing a decrease of approximately RMB464.9 million when compared with approximately RMB3,771.9 million as at 31 December 2023. Such change was mainly due to the decrease in the closing inventory of new automobiles of the Group. The Group's average inventory turnover days in 2024 was 46.0 days, representing a decrease of 2.0 days as compared to 48.0 days in 2023. The following table sets forth our average inventory turnover days (excluding the impact of properties under development for sale) for the period indicated:

	For the year ended 31 December (day)	
	2024	2023
Average inventory turnover days (excluding the impact of properties under development for sale)	**46.0**	48.0

Foreign exchange risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in foreign currencies. The Group used forward exchange instruments and option foreign exchange instruments to partially hedge its US-dollar future loans repayment.

Liquidity and capital resources

Working capital and capital expenditures of the Group were primarily funded through cash generated from internal operation and borrowings provided by principal banks and other financial institutions. As at 31 December 2024, the Group's cash and cash equivalents and bank deposits were approximately RMB6,468.4 million (including: pledged bank deposits of approximately RMB5,893.8 million, cash and cash equivalents of approximately RMB573.1 million and time deposits of RMB1.5 million), representing an increase of approximately RMB848.0 million, from approximately RMB5,620.4 million as at 31 December 2023. As at 31 December 2024, loans and borrowings, lease liabilities of the Group amounted to approximately RMB21,314.0 million (31 December 2023: loans and borrowings, lease liabilities of the Group amounted to approximately RMB21,041.0 million). As at 31 December 2024, the net gearing ratio of the Group was approximately 1,387.8% (31 December 2023: approximately 1,198.1%). Net gearing ratio as at 31 December 2024 was calculated as loans and borrowings and lease liabilities less cash and cash equivalents, time deposits and pledged bank deposits divided by total equity. The Group will actively improve its operating efficiency and consider various methods to improve its existing financial position and reduce the degree of leverage of the Group.

Pledged assets

The Group has pledged its assets as security for loans and borrowings and as working capital for daily operations. As at 31 December 2024, the pledged assets of the Group amounted to approximately RMB9,447 million (31 December 2023: approximately RMB9,468 million).

Investments held in foreign currency and hedging

For the year ended 31 December 2024, the Group did not hold any investments denominated in foreign currencies.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 5,672 employees (as at 31 December 2023: 6,669 employees) in the PRC. For the year ended 31 December 2024, the staff costs of the Group amounted to approximately RMB802.3 million (2023: approximately RMB955.8 million).

The Group has always regarded human resources as the core driving force for corporate development and has attached great importance to the cultivation, motivation and retention of talents. It is committed to building a more open and inclusive work environment, encouraging innovative thinking and cross-departmental collaboration, and providing employees with a broad development platform and growth opportunities.

During the reporting period, with the core objective of "quality and efficiency improvement", the Group steadily promoted remuneration and performance management to achieve an effective match between the improvement of human efficiency and the level of remuneration. In addition, the Group continuously implemented a four-level training system which includes training in creation, wisdom, leadership and innovation, as well as special training programs such as the Vitality Plan (活力計劃) and the Dandelion Plan (蒲公英計劃), to ensure that the training content matches the actual needs of employees.

The Group advocated a positive and proactive innovation culture and has set up a variety of employee interest clubs. Through organising various competitions and regular book sharing events, the Group has broadened the horizons of its employees, enhanced their depth of thinking, and unleashed their potential and creativity. Meanwhile, the Group attached great importance to recognising and motivating outstanding employees, and has set up a number of awards such as the "Five Comparisons and Five Observations" and "Annual Excellence Appraisal" to create a positive atmosphere of learning from and surpassing others. The Group has also established an employee care fund and implemented a regular employee satisfaction survey and feedback mechanism to enhance employee care.

FUTURE OUTLOOK AND STRATEGIES

Looking ahead, the Group will adhere to a strategic, guided approach and take proactive actions that align with its policy of "stabilizing growth and expanding domestic demand", and will continue to improve its operation quality in its principal 4S distribution business. In terms of new automobiles sales, the Group will strengthen communication with manufacturers, increase the proportion of profitable models and access to favorable business policy. Internally, it will optimise product mix and sales strategies, and strengthen the management of purchase and sales prices and rhythms to increase gross profit margin of sales. In terms of inventory control, the Group will dynamically monitor inventory levels, enhance cross-regional resource allocation mechanism and accelerate inventory turnover by leveraging its nationwide sales network. In terms of marketing strategies, the Group will increase online and offline marketing efforts, focus on key marketing nodes based on self-media marketing, and rely on its own customer resources for private domain traffic to support store-level conversion.

While solidifying its new automobiles sales foundation, the Company will focus on expanding its after-sales services, seize derivative business opportunities in, for example, the pre-owned automobile and insurance agency markets, and explore new profit growth points. In terms of the after-sales service business, the Group will implement digital management of the whole life cycle of customer vehicles, retain existing customers and actively expand the customer base. The Group will actively organise innovative after-sales marketing activities to increase the scale of its after-sales service business and promote the development of intensive businesses such as body and paint centres and insurance renewal centres. In terms of pre-owned automobile, the Group will strengthen the replacement of pre-owned automobile, increase the procurement of factory auctioned vehicles and external similar vehicles to obtain quality pre-owned automobile sources, and actively increase the proportion of pre-owned automobile retail through the construction of regional pre-owned automobile retail centres to achieve higher returns. In terms of insurance agency, the Group will carry out in-depth cooperation with major large insurance companies in new automobile insurance, extended warranty, insurance renewal, accidental vehicles, property insurance, so as to increase the output value of accidental vehicles and insurance gross profit.

The Group will further enhance its transformation and development strategy and actively create its "second growth curve", accelerate its new energy transformation and actively expand into overseas markets to lay a solid foundation for future development.

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

On 25 July 2024 (after trading hours), the Company entered into two subscription agreements with two subscribers (namely, Mr. Yang Liguo (楊利國) and Ms. Li Xiao Feng (李小豐)), pursuant to which the Company conditionally agreed to allot and issue, and the two subscribers conditionally agreed to subscribe, for an aggregate of 479,888,000 subscription shares at the subscription price of HK$0.125 per subscription share.

The subscription price of HK$0.125 per subscription share represents: (a) a discount of approximately 13.79% to the closing price of HK$0.145 per share as quoted on the Stock Exchange on 25 July 2024, being the date of the subscription agreements; and (b) a discount of approximately 16.78% to HK$0.1502, being the average closing price as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the subscription agreements.

All conditions of the subscription agreements have been fulfilled and the completion took place on 2 August 2024 in accordance with the terms and conditions of the subscription agreements. An aggregate of 479,888,000 new Shares have been allotted and issued to the subscribers at the subscription price of HK$0.125 per subscription share. The 479,888,000 subscription shares represent approximately 16.74% of the issued share capital of the Company immediately before completion and approximately 14.34% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares immediately upon completion.

The net proceeds from the subscriptions (after deduction of the related expenses of the subscriptions) amounted to approximately HK$59.33 million, representing a net subscription price of approximately HK$0.124 per subscription share.

The table below sets out the planned application of the proceeds and actual usage up to 31 December 2024:

	% of use of proceeds	**Proceeds from the placing** *(HK$ million)*	**Actual usage during the reporting period** *(HK$ million)*	**Unutilized net proceeds as of 31 December 2024** *(HK$ million)*
Repaying bank loans	100%	59.33	59.33	0

For further details of the subscriptions, please refer to the announcements of the Company dated 25 July 2024 and 2 August 2024 (the "**Subscription Announcements**"). The net proceeds have been utilized in accordance with the intended use as previously disclosed in the Subscription Announcements.

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

Save for the above subscriptions, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any) during the year ended 31 December 2024.

As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

CORPORATE GOVERNANCE

Pursuant to Rule 3.10(1) of the Listing Rules, the board of directors of a listed issuer must include at least three independent non-executive directors. Rule 3.21 and Rule 3.25 of the Listing Rules also require that the audit committee must comprise a minimum of three members (a majority of whom must be independent non-executive directors), and be chaired by an independent non-executive director, while the remuneration committee must comprise a majority of independent non-executive directors. As a result of Dr. Wong Tin Yau, Kelvin's resignation as an independent non-executive Director on 8 October 2024, the Board comprised only four executive Directors and two independent non-executive Directors between 8 October 2024 and 23 December 2024 (the "**Relevant Period**"). The number of independent non-executive Directors was less than three as required under Rule 3.10(1) of the Listing Rules, and the number of members of the Audit Committee also fell short of the requirements under Rule 3.21 of the Listing Rules. The Company also did not fulfil the requirement for establishing an Audit Committee chaired by an independent non-executive Director and comprising a majority of independent non-executive Directors under Rule 3.21 of the Listing Rules, and the requirement for establishing a Remuneration Committee comprising a majority of independent non-executive Directors under Rule 3.25 of the Listing Rules.

Pursuant to Rule 3.11, Rule 3.23 and Rule 3.27 of the Listing Rules, the Company has taken necessary measures to re-comply with Rule 3.10(1), Rule 3.21 and Rule 3.25 of the Listing Rules within three months, and the composition of each of the Board, the Audit Committee and the Remuneration Committee had become fully compliant with Rule 3.10(1), Rule 3.21 and Rule 3.25 of the Listing Rules since 24 December 2024.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as its corporate governance framework. So far as the Board is aware, during the year ended 31 December 2024, the Company has complied with the provisions set out in the CG Code.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely, Dr. TSUI Wai Ling Carlye (Chairman of the Audit Committee), Mr. SHEN Jinjun and Ms. YU Jianrong. The Group's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

The financial figures in respect of Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.zhengtongauto.com), and the annual report for the year ended 31 December 2024 of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management team and employees of the Group for their commitment and diligence, and would also like to thank our shareholders and business associates for their strong support to the Group.

For and on behalf of the Board
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
HUANG Junfeng
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. HUANG Junfeng (Chairman), Mr. WANG Mingcheng, Mr. CHEN Hong and Mr. SU Yi as executive Directors; and Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong as independent non-executive Directors.