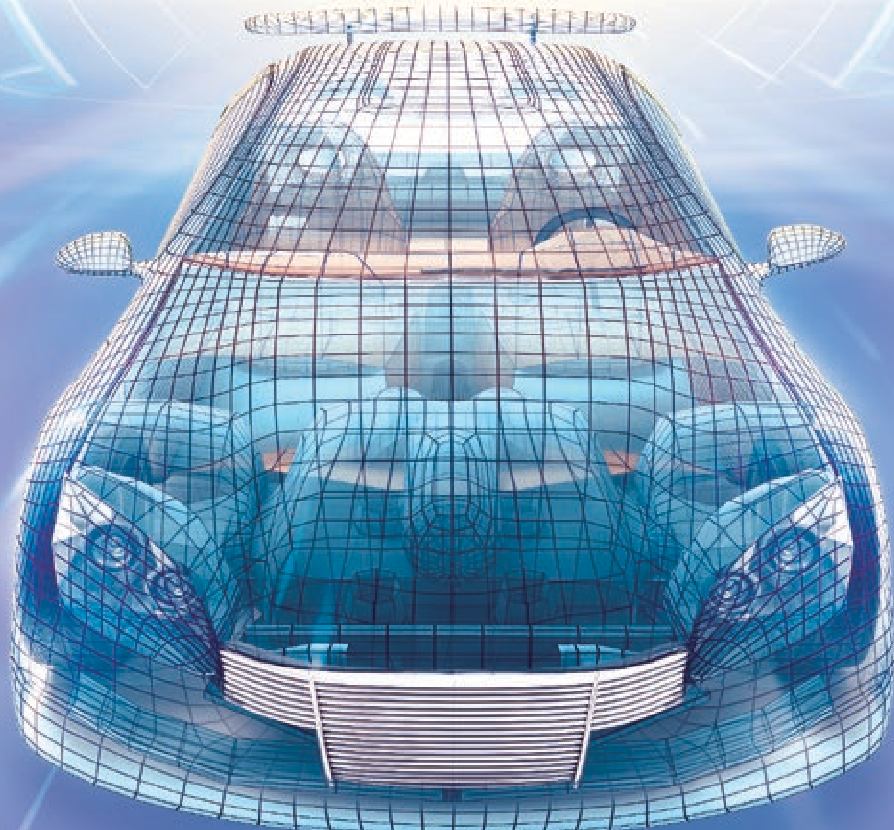
CHINA ZHENGTONG AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司

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

Stock Code：1728

BECOMING A LEADING
COMPREHENSIVE SERVICE PROVIDER
IN THE ECOLOGY OF
THE AUTOMOBILE INDUSTRY

ANNUAL REPORT 2024



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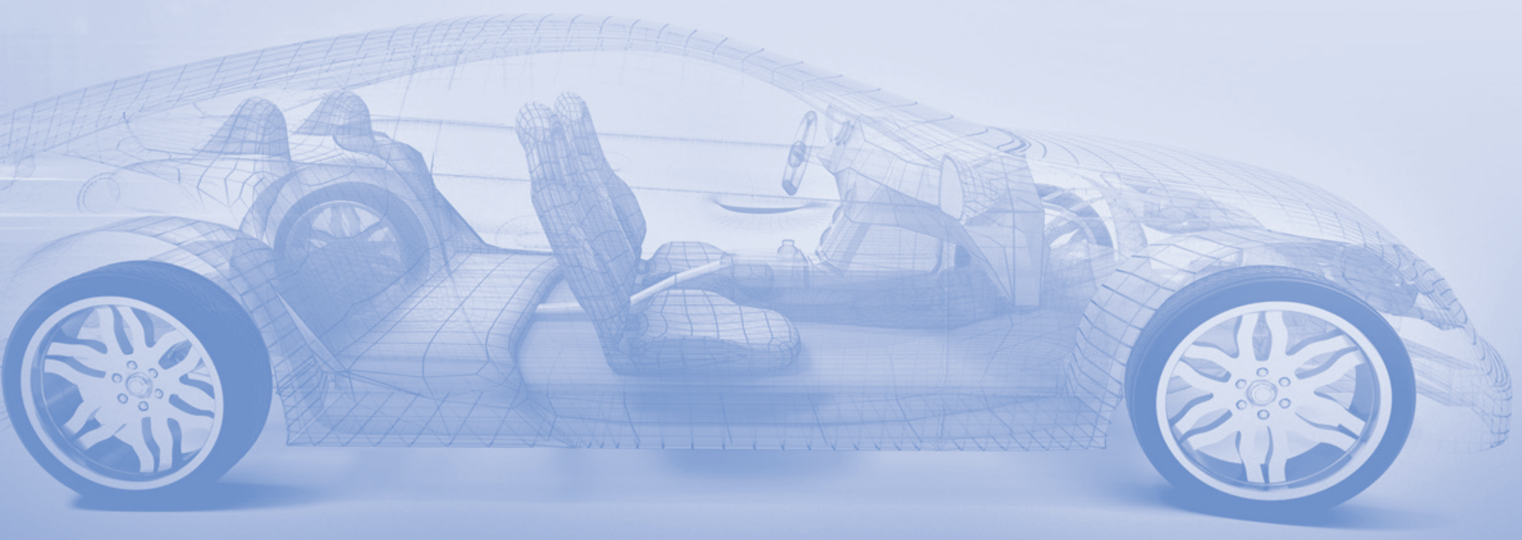


COMPANY PROFILE

China ZhengTong Auto Services Holdings Limited (the "**Company**" or "**ZhengTong**" or "**ZhengTong Auto**", and together with its subsidiaries, the "**Group**") is a leading 4S dealership group in China under Xiamen ITG Holding Group Co., Ltd. ("**ITG Holding Group**"). The Company currently distributes a range of mid-to-high-end brands including Porsche, Mercedes-Benz, BMW, Audi, Jaguar Land Rover, Cadillac, FAW Volkswagen, Buick, Dongfeng-Nissan, FAW Toyota, as well as independent brands such as Hongqi, GWM Haval and Great Wall-Tank-WEY.

The Group has strategically deployed its operational network across developed regions and rapidly growing economic provinces in China. As at 31 December 2024, we operate 93 outlets in 36 cities across 15 provinces and municipalities nationwide. This network not only covers affluent first-tier cities and regions, but also effectively extends to second- and third-tier cities and regions with low but fast-growing automobile penetration.

With the vision of "becoming a leading comprehensive service provider in the automobile ecosystem", the Group has been dedicated to providing customers with superior automobile sales and after-sales services. The Group provides comprehensive solutions for the purchase and use of new and pre-owned automobiles and adopts a customer-centric business philosophy that fosters long-term relationships with customers. The Group continuously strengthens the automotive aftermarket, delivering high-quality and efficient after-sales services to customers. The Group's operations in supply chain logistics and insurance agency serve as beneficial complements to its automobile distribution and after-sales services.

FIVE YEARS' FINANCIAL SUMMARY

RESULTS

	2020	2021	2022	2023	**2024**
(RMB'000)					
Revenue	16,880,923	20,985,529	22,606,790	24,131,975	**20,746,774**
Loss before taxation	(10,395,426)	(2,213,649)	(130,342)	(886,600)	**(1,482,008)**
Income tax credit/(expense)	1,782,957	9,641	(167,079)	66,120	**(47,078)**
Loss for the year	(8,588,604)	(3,780,767)	(297,421)	(820,480)	**(1,529,086)**
Attributable to:					
Ordinary shareholders of the Company	(8,579,106)	(3,622,131)	(296,285)	(890,990)	**(1,708,506)**
Perpetual bond holder of the Company	—	—	—	41,708	**107,127**
Non-controlling interests	(9,498)	(158,636)	(1,136)	28,802	**72,293**
Loss for the year	(8,588,604)	(3,780,767)	(297,421)	(820,480)	**(1,529,086)**

ASSETS AND LIABILITIES

	2020	2021	2022	2023	**2024**
(RMB'000)					
Total assets	27,995,953	26,129,786	27,732,759	29,514,801	**29,218,236**
Total liabilities	(22,683,053)	(25,589,165)	(27,508,315)	(28,227,741)	**28,148,498**
Total equity	5,312,900	540,621	224,444	1,287,060	**1,069,738**
Equity/(deficit) attributable to equity shareholders of the Company	4,108,094	508,430	193,389	361,830	**(351,586)**
Non-controlling interest	1,204,806	32,191	31,055	925,230	**1,426,421**
Total equity	5,312,900	540,621	224,444	1,287,060	**1,069,738**

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS:

On behalf of the Board and all our staff, I would like to present to all shareholders the audited operating results of the Group for the year 2024, and extend my sincere gratitude to all shareholders, investors and partners for their long-term contribution and support!

In 2024, the domestic automobile market experienced peaks and troughs, and the competition was unprecedentedly fierce, particularly with the supply and demand relationship undergoing periodic changes, leading to an imbalance in volume and price. As a result, the profit margins of car dealers were further compressed, and operating profits generally showed a downward trend. According to the statistics of the China Automobile Dealers Association ("**CADA**"), nearly 4,000 4S stores closed and exited from the market in 2024. Facing severe fluctuation in the industry, the automobile dealers were striving to seek proactive transformation and optimisation and adjustment, and the large-scale automobile dealers with the market reputation had more opportunities to achieve breakthrough development in the fierce market competition.

During the reporting period, although the Group adopted various measures to adjust its business strategies in a timely manner in line with industry trends, continued to pivot and upgrade, and reduced operating costs and expenses through refined management, a decrease in sales volume and selling price of new vehicles during the relevant period due to intensified competition in the domestic automobile market has resulted in the Group's financial performance falling short of expectations during the reporting period. However, benefiting from the strong support in terms of industrial synergy, financial support and management efficiency provided by ITG Holding, the single largest shareholder, the Group continued to consolidate its position in the industry during the reporting period through a series of operational initiatives, including focusing on distribution of main business, optimising the brand structure, implementing lean management, strengthening cost reduction and efficiency improvement, accelerating closure and transformation and internal synergies and promoting digital upgrading. The Group ranked 18th among the Top 100 Automobile Dealers in China 2024, representing an improvement of 4 places as compared to 2023. At the same time, the Group firmly focused on after-sales and extension business, focused on pre-owned automobile and international businesses, accelerated the new energy transformation business, and actively created the "second growth curve", which also achieved corresponding results during the reporting period, laying a solid foundation for further transformation and upgrading.

Although the upgrading and transformation of the automobile industry has created general operating pressure on the automobile dealership industry, the development prospects and opportunities of the automobile market in China remain promising. According to statistics from the CADA, in 2024, production and sales of vehicles in China amounted to 31,282,000 units and 31,436,000 units, respectively, representing a year-on-year increase of 3.7% and 4.5%, respectively. At the same time, the pace of transformation and upgrading of China's automobile market towards new energy and intelligent technologies has accelerated, independent brands have risen and continued to grow, Chinese automobile companies have also made significant progress in expanding into overseas markets. Leveraging the momentum of new energy, the automobile market has been rapidly rebuilt, and the market share of independent brands has further increased to 65.1%. In terms of automobile exports, China exported 5,859,000 new automobiles in 2024, representing a year-on-year increase of 19.3%, continuing to be the world's largest automobile exporter. Looking ahead, driven by the trade-in policy and the trend of consumption recovery, the automobile market in China is expected to maintain rapid growth, among which the market share of new energy and independent brands will further expand. The Group will also take advantage of the trend and adapt to changes with the times, relying on its strong shareholder background to continuously improve its operating quality and accelerate transformation and upgrading, focusing on laying a solid foundation, pursuing long-term development, addressing weaknesses and adjusting the structure, so as to promote the Group's steady progress towards high-quality development.

In 2025, the Group will endeavour to enhance its overall competitiveness, so as to cope with changes in the automotive industry and promote business transformation and high-quality development. The Group intends to further alleviate the pressure on capital and optimise its overall resource allocation by accelerating capital operations. At the same time, the Group will continue to improve and enhance the quality of its core business operations, strengthen the profitability of its new automobile sales, aftersales service and pre-owned automobile business, and resolutely close loss-making stores to deepen cost reduction and efficiency improvement. In addition, the Group will adjust its brand structure and actively layout new energy and independent brand markets to promote the diversification of its business, accelerate the international business layout, expand overseas markets and explore emerging business areas and cultivate new business growth points.

Through trials and tribulations, our resolve has only grown stronger, and the road ahead remains long. I believe that with the strong support of all shareholders and the unremitting efforts of all employees, the Group is bound to overcome difficulties and maintain a good development trend of stability and improvement. I also sincerely hope to continue to work with shareholders, investors and partners to embrace the new opportunities for the vigorous development of China's automobile industry in this era of change, and jointly create a new chapter in the automobile dealership industry.

Huang Junfeng
Chairman of the Board
28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

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 transform 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 million units in 2024, representing a year-on-year growth of approximately 6.5%.

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 high-end 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.

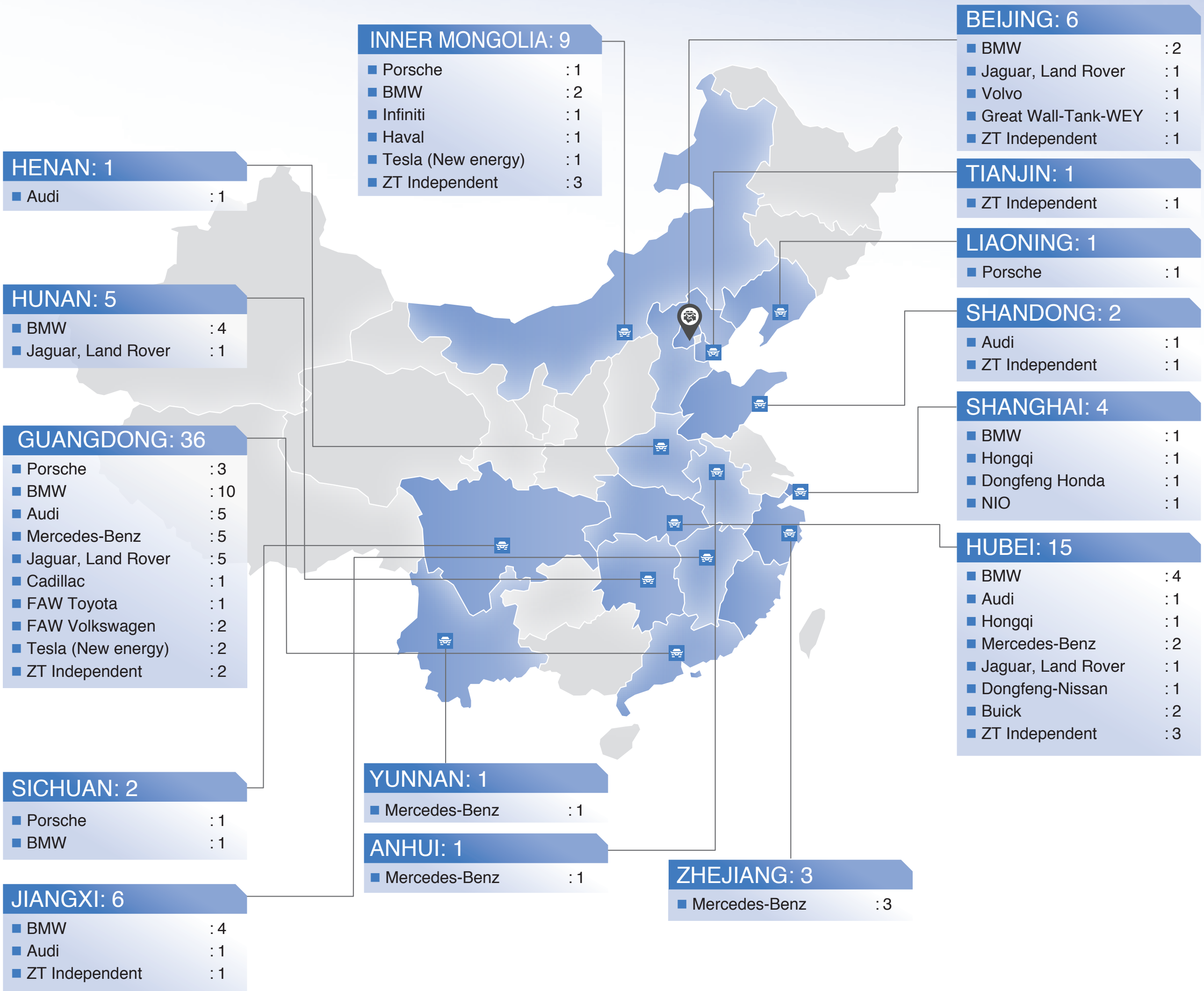
The following table sets forth the details of the Group's dealership stores as of 31 December 2024:

	Dealership stores in operation	Authorized 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.

Balanced and reasonable deployment of the nationwide dealership network



(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 14 and 15 to this report.

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 34 Contingent liabilities" on pages 152 to 153 of this report.

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).

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.

CORPORATE GOVERNANCE REPORT

The Board has presented this Corporate Governance Report for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Group also fully acknowledges that good corporate governance is extremely important for its success and sustainable operation.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). So far as the Board is aware, during the year ended 31 December 2024, the Company has applied these principles and complied with the code provisions set out in the CG Code.

The Company will periodically review and enhance its corporate governance practices to ensure continued compliance with the provisions of the CG Code.

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions (the "**Securities Code**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules. Having made specific enquiries of all relevant incumbent Directors, all relevant incumbent Directors have confirmed that they have complied with the Securities Code and the Model Code during the year ended 31 December 2024.

The Company has also issued an insider trading warning ("**Insider Trading Warning**") to specific employees regarding securities transactions during designated restricted periods. The Company is not aware of any employee's non-compliance with the Insider Trading Warning.

BOARD OF DIRECTORS

Board Composition

The Board consists of a total of seven Directors, including four executive Directors and three independent non-executive Directors as at the date of this report.

During the year and up to the date of this report, the composition of the Board and the changes in its membership are set out below:

Incumbent and Resigned Executive Directors:

Mr. Huang Junfeng *(Chairman) (appointed as the Chairman of the Board on 10 April 2024)*
Mr. Wang Mingcheng *(resigned as the Chairman of the Board on 10 April 2024)*
Mr. Chen Hong *(Chief Executive Officer) (appointed on 10 April 2024)*
Mr. Su Yi *(appointed on 24 December 2024)*
Mr. Li Zhihuang *(resigned on 10 April 2024)*
Mr. Zeng Tingyi *(appointed on 10 April 2024 and resigned on 24 December 2024)*

Incumbent and Resigned Independent Non-executive Directors:

Dr. Tsui Wai Ling Carlye *(appointed on 24 December 2024)*
Mr. Shen Jinjun *(appointed on 24 December 2024)*
Ms. Yu Jianrong *(appointed on 7 February 2024)*
Dr. Wong Tin Yau, Kelvin *(resigned on 8 October 2024)*
Dr. Cao Tong *(resigned on 7 February 2024)*
Ms. Wong Tan Tan *(resigned on 7 February 2024)*
Mr. Song Tao *(appointed on 7 February 2024 and resigned on 24 December 2024)*

The biographical information of the incumbent Directors is set out in the section headed "Directors' and Senior Management's Profiles" on pages 33 to 35 of this annual report.

The Company specifies all independent non-executive Directors in all corporate communication documents pursuant to the Listing Rules. A notice of the list of Directors, indicating their positions and functions (by category), is also disclosed on the Company's website and the website of the Stock Exchange pursuant to the Listing Rules.

To the knowledge of the Company, save for the executive Directors' current and/or former employment with the single largest shareholder of the Company and/or its subsidiaries, details of which are set out in the section headed "Directors' and Senior Management's Profiles" of this annual report, there is no financial, business, family or other material/relevant relationship among the members of the Board.

The Company has received the annual written confirmation of independence from each independent non-executive Director, and considers that all independent non-executive Directors are independent having regard to the independence criteria set out in Rule 3.13 of the Listing Rules. In considering the independence of Ms. Yu Jianrong (who was appointed as an independent non-executive Director on 7 February 2024) in the context of the criteria set out in Rule 3.13 of the Listing Rules, the Nomination Committee has determined that her short term consultancy with an associate of the Company's substantial shareholder does not affect her independence.

All incumbent Directors have brought a wide spectrum of valuable industry experience, knowledge and professional advice to ensure the efficient and effective operation of the Board.

Non-compliance with Rule 3.10(1), Rule 3.21 and Rule 3.25 of the Listing Rules during the Relevant Period

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.

Responsibilities

The Board is collectively responsible for leading and managing the Company and overseeing the businesses, strategic decisions and performance of the Company. The Board has delegated the Chief Executive Officer to assign to the senior management authority and responsibility for the daily management and operation of the Group. In addition, the Board has established Board committees (the "**Committees**") and has delegated to these Committees various responsibilities as set out in their respective terms of reference.

Chairman and Chief Executive Officer

The positions of Chairman (Mr. Wang Mingcheng from 1 January 2024 to 9 April 2024, and Mr. Huang Junfeng since 10 April 2024) and Chief Executive Officer (Mr. Chen Hong since 10 March 2022) are held by separate individuals. The Chairman is primarily responsible for leading and ensuring the orderly and standardized operation of the Board, while the Chief Executive Officer is primarily responsible for the Company's business development and daily management and operation.

Delegation by the Board

The Board reserves its rights to make decisions on all major matters of the Company, including the formulation and monitoring of all policies and directions, overall strategies, internal control and risk management systems, major transactions (in particular those that may involve a conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to relevant information as well as the advice and services of the secretary of the Company (the "**Company Secretary**"), with a view to ensuring that the procedures of the Board and all applicable rules and regulations are followed. Each Director may request the Board to seek independent professional advice in appropriate circumstances at the expense of the Company.

The day-to-day management, administration and operations of the Company are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Board approval is required before any significant transactions is entered into by the senior management.

The Company has maintained directors and executives liability insurances for its Directors and executives in respect of any legal actions taken against them arising out of corporate activities.

Appointment and Re-election of Directors

The procedures and processes of appointment, re-election and removal of Directors are specified in the articles of association of the Company (the "**Articles**"). The Nomination Committee is responsible for reviewing the structure, size, diversity and composition of the Board, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. Details of the responsibilities of the Nomination Committee are set out in the section headed "Board Committees" below.

Each of the Directors has entered into a service contract (for executive Directors) or a letter of appointment (for independent non-executive Directors). Each of the independent non-executive Directors was appointed for a term of three years subject to provisions of retirement and rotation under the Articles. None of the Directors proposed for re-election at the forthcoming 2025 annual general meeting of the Company (the "**2025 AGM**") have entered into service contracts with any member of the Group which does not expire within one year and which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Pursuant to the Articles, at each annual general meeting (the "**AGM**"), one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) is required to retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. The Director to retire in every year shall be the one who has been longest in office since his/her last election but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot and shall be eligible to offer themselves for re-election. In addition, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of the Company and shall, being eligible, be subject to re-election at such meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Accordingly, Mr. Huang Junfeng, Mr. Wang Mingcheng and Ms. Yu Jianrong will retire from office at the 2025 AGM, and being eligible, will offer themselves for re-election.

Board Diversity

The Board has adopted and applied a board diversity policy (the "**Board Diversity Policy**"). In determining the composition of the Board, the Company considers whether a candidate will bring potential complementary benefits to the Board and contribute to the improvement of the overall experience and expertise of the Board. The Company may consider the diversity of the composition of the Board in various aspects, including professional experience and qualifications, gender, age, ethnicity, and cultural and educational background, as well as any other factors that the Board from time to time deems relevant and appropriate. Selection of candidates will be based on a range of diversity perspectives, including but not limited to professional experience and qualifications, gender, age, ethnicity and cultural and educational background. The Nomination Committee has conducted an annual review of the Board Diversity Policy to ensure its effectiveness. The review results are satisfactory. The Nomination Committee and the Board consider that the current composition of the Board is sufficiently diverse and has met the objectives set out in the Board Diversity Policy and provided the Company with a good balance of skills, experience and diversity of perspectives appropriate to the requirements of its business, and accordingly have not set other measurable objectives.

Gender Diversity

As at the date of this report, the Board has two female Directors and five male Directors, and the Company's Chief Executive Officer, representing its senior management, is male. The Board considers that the above current gender diversity is satisfactory. The Board will continue to embrace gender diversity when making Board member appointments but no specific targets or timelines to further enhance gender diversity have been set as the Board is of the view that all aspects of diversity should be considered as a whole in the selection of candidates for directorship.

The same approach to gender diversity at the Board level also applies to the Group's workforce, including its senior management. As of 31 December 2024, the Group's male to female employees proportion was approximately 6:4. The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. However, the Group currently does not consider it appropriate to set any specific gender target for its workforce. As an equal opportunity employer, the Group also takes into account other relevant factors in making hiring decisions, and given it has a close to 40% female representation in a traditionally male-dominated industry, the Group considers that the gender ratio of the workforce of the Group is appropriate for its current business model and operational needs.

Mechanism for Assessing the Independence of the Board

The Company has complied with code provision B.1.4 of the CG Code by adopting the Board independence assessment mechanism ("**Board Independence Assessment Mechanism**") to ensure that the Board has a strong element of independence to enable the Board to exercise independent judgment effectively and better protect the interests of the Shareholders and the Company.

Under the Board Independence Assessment Mechanism, an annual review on Board independence will be conducted. The Board has conducted an annual assessment on the implementation and effectiveness of the independence assessment mechanism for the year ended 31 December 2024 and confirmed that the requirements of the Board independence assessment guidelines have been met in terms of directors' ability to obtain independent professional advice and/or have separate access to management, as well as the confirmation of the independence of independent non-executive Directors.

Induction and Continuing Development of Directors

Every newly appointed Director must receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure they have an appropriate understanding of the business and operations of the Company and full awareness of Directors' responsibilities and obligations under the Listing Rules, common law and relevant statutory requirements. Ms. Yu Jianrong and Mr. Song Tao have received training materials on the Listing Rules and relevant laws and regulations on 5 February 2024 and obtained legal advice referred to under Rule 3.09D of the Listing Rules. Mr. Zeng Tingyi and Mr. Chen Hong have received training materials on the Listing Rules and relevant laws and regulations on 10 April 2024 and obtained the legal advice referred to under Rule 3.09D of the Listing Rules. Dr. Tsui Wai Ling Carlye, Mr. Shen Jinjun and Mr. Su Yi have received training materials on the Listing Rules and relevant laws and regulations on 23 December 2024 and obtained the legal advice referred to under Rule 3.09D of the Listing Rules. Each of them has confirmed that he/she has understood his/her obligations as a Director of the Company.

The incumbent Directors are continuously updated with developments in the legal and regulatory regime and the business and market environments so as to facilitate the discharge of their responsibilities. Ongoing updates of applicable laws and regulations were provided by the Company to the Directors in a reasonable time frame.

Pursuant to code provision C.1.4 of the CG Code, the issuer should be responsible for arranging and funding suitable training. Incumbent Directors during the year have participated in appropriate continuous professional development by attending training courses or by reading materials relevant to the Company's business or management or Directors' duties and responsibilities. The table below summarises each Director's participation in continuous professional development during the year ended 31 December 2024:

Name of Director	Participation in continuous professional development[1]
Incumbent and Resigned Executive Directors	
Mr. Huang Junfeng *(chairman) (appointed as the Chairman of the Board on 10 April 2024)*	✓
Mr. Wang Mingcheng *(resigned as the Chairman of the Board on 10 April 2024)*	✓
Mr. Chen Hong *(Chief Executive Officer) (appointed on 10 April 2024)*	✓
Mr. Su Yi *(appointed on 24 December 2024)*	✓
Mr. Li Zhihuang *(resigned on 10 April 2024)*	✓
Mr. Zeng Tingyi *(appointed on 10 April 2024 and resigned on 24 December 2024)*	✓
Incumbent and Resigned Independent Non-executive Directors	
Dr. Tsui Wai Ling Carlye *(appointed on 24 December 2024)*	✓
Mr. Shen Jinjun *(appointed on 24 December 2024)*	✓
Ms. Yu Jianrong *(appointed on 7 February 2024)*	✓
Dr. Wong Tin Yau, Kelvin *(resigned on 8 October 2024)*	✓
Dr. Cao Tong *(resigned on 7 February 2024)*	✓
Ms. Wong Tan Tan *(resigned on 7 February 2024)*	✓
Mr. Song Tao *(appointed on 7 February 2024 and resigned on 24 December 2024)*	✓

Note:

1 Attendance of training/seminar/conference arranged by the Company or other external parties or reading relevant materials

ATTENDANCE RECORDS

The attendance of the Directors who held office in 2024 at the general meetings, Board meetings and Committee meetings in 2024 was as follows:

Members of the Board	Meetings Attended/Meetings Held during Tenure of Office					
	General Meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee
Incumbent and Resigned Executive Directors						
Mr. Huang Junfeng *(chairman) (appointed as the Chairman of the Board on 10 April 2024)*	2/2	10/10	–	–	2/2	2/2
Mr. Wang Mingcheng *(resigned as the Chairman of the Board on 10 April 2024)*	2/2	10/10	–	–	4/4	2/2
Mr. Chen Hong *(Chief Executive Officer) (appointed on 10 April 2024)*	1/1	5/5	–	–	–	2/2
Mr. Su Yi *(appointed on 24 December 2024)*	–	–	–	–	–	–
Mr. Li Zhihuang *(resigned on 10 April 2024)*	1/1	5/5	–	3/3	–	–
Mr. Zeng Tingyi *(appointed on 10 April 2024 and resigned on 24 December 2024)*	1/1	5/5	–	3/3	–	–
Incumbent and Resigned Independent Non-executive Directors						
Dr. Tsui Wai Ling Carlye *(appointed on 24 December 2024)*	–	–	–	–	–	–
Mr. Shen Jinjun *(appointed on 24 December 2024)*	–	–	–	–	–	–
Ms. Yu Jianrong *(appointed on 7 February 2024)*	1/1	8/8	5/5	5/5	5/5	–
Dr. Wong Tin Yau, Kelvin *(resigned on 8 October 2024)*	2/2	9/9	6/6	5/5	–	–
Dr. Cao Tong *(resigned on 7 February 2024)*	1/1	2/2	1/1	1/1	1/1	–
Ms. Wong Tan Tan *(resigned on 7 February 2024)*	1/1	2/2	1/1	–	1/1	–
Mr. Song Tao *(appointed on 7 February 2024 and resigned on 24 December 2024)*	1/1	8/8	5/5	–	5/5	–

BOARD AND COMMITTEE MEETING

Board Practices and Conduct of Meetings

During the year ended 31 December 2024, the Company held a total of 10 meetings of the Board. At the Board meetings, among others, the Board reviewed and approved the annual results for the year ended 31 December 2023 and interim results for the six months ended 30 June 2024 and also considered other significant matters of the Company. In addition, during the year ended 31 December 2024, apart from regular Board meetings, the Chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors.

The Company serves notices of regular Board meetings at least 14 days before the date of the meetings. For other Board and Committee meetings, reasonable notices are given. The Company has provided agenda of meetings of the Board and the Committees to Directors in advance. Documents in relation to the meeting together with all appropriate, complete and reliable information are sent to all Directors at least three business days before the date of each Board meeting or Committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and every Director also have separate and independent access to the senior management where necessary.

The Articles contain provisions requiring any Director to abstain from voting and not to be counted in the quorum at meetings for approving transactions or matters in which such Director or any of his/her associates has a material interest.

BOARD COMMITTEES

The Board has established four Committees, including the Remuneration Committee, the Nomination Committee, the Audit Committee and the Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. The Remuneration Committee, the Nomination Committee, the Audit Committee and the Environmental, Social and Governance Committee are established with defined written terms of reference. The terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee are posted on the websites of the Company and the Stock Exchange, respectively and are available for inspection by Shareholders upon request. These Committees are provided with sufficient resources to discharge their duties and are required to report to the Board on their decisions or recommendations. During the year ended 31 December 2024, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Environmental, Social and Governance Committee held six, six, six and two meetings, respectively.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises three members, including executive Director Mr. Wang Mingcheng, and independent non-executive Directors Ms. Yu Jianrong (chairman of the Remuneration Committee) and Dr. Tsui Wai Ling Carlye.

The Remuneration Committee is primarily responsible for making recommendations to the Board on the remuneration policy and structure of the Company for all Directors and senior management and establishing a formal and transparent procedure for formulating the remuneration policy. The responsibilities of the Remuneration Committee also include reviewing and approving the remuneration proposals of the management with reference to the corporate goals and objectives of the Board, and ensuring that no Director or any of his/her associates participates in the determination of his/her own remuneration.

During the year ended 31 December 2024, the Remuneration Committee held six meetings. The key areas of consideration performed by the Remuneration Committee during the year include: (1) reviewing human resources status (including the remuneration policy for Directors and senior management) and the work plan for 2024; and (2) considering the remuneration packages of the proposed Directors and making recommendations to the Board in this regard; and (3) confirming and approving the vesting of Shares granted under the Share Award Scheme.

Details of the amount of remuneration of Directors and senior management are set out in note 7 and note 8 to the consolidated financial statements.

Nomination Committee

As at the date of this report, the Nomination Committee comprises three members, including the Chairman of the Board and executive Director Mr. Huang Junfeng (chairman of the Nomination Committee), and independent non-executive Directors Ms. Yu Jianrong and Mr. Shen Jinjun.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations regarding any proposed changes, identifying suitable candidates for appointment as Directors, making recommendations to the Board on the proposed appointment or re-appointment and succession plan of Directors and assessing the independence of independent non-executive Directors. The Nomination Committee will also review the Board Diversity Policy as and when appropriate to ensure its effectiveness and discuss any revisions that may be required in light of the corporate strategies of the Company and recommend any such revisions to the Board for consideration and approval.

During the year ended 31 December 2024, the Nomination Committee held six meetings. The key areas of consideration performed by the Nomination Committee during the year include: (1) reviewing the structure, size and composition of the Board; (2) assessing the independence of the independent non-executive Directors; (3) considering changes in Directors and making recommendations to the Board in this regard; (4) reviewing the list of directors who are to retire by rotation for re-election and advising the Board in this regard; (5) considering changes in the members of the specialised committees of the Board and making recommendations to the Board in this regard; and (6) considering changes in authorized representatives of the Stock Exchange and the Registrar of Companies and making recommendations to the Board in this regard.

Audit Committee

As at the date of this report, the Audit Committee comprises three members, all being independent non executive Directors (including independent non-executive Directors with appropriate professional qualifications and/or accounting expertise), namely, Dr. Tsui Wai Ling Carlye (chairman of the Audit Committee), Ms. Yu Jianrong and Mr. Shen Jinjun.

The Audit Committee is primarily responsible for reviewing financial information of the Group, monitoring the independence and objectiveness of the external auditors and the effectiveness of the auditing process and making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and the approval of their remuneration and terms of engagement. The Audit Committee is also responsible for reviewing the financial reporting process and financial controls, internal controls and risk management systems, including the adequacy of resources, staff qualifications and experience, training programmes and budgets of the internal audit functions as well as arrangements for concerns about possible misconducts in financial reporting, internal controls or other matters raised by employees of the Company.

The Audit Committee reviews the annual and interim results and reports of the Group before they are submitted to the Board for approval.

During the year ended 31 December 2024, the Audit Committee held six meetings. The key areas of consideration performed by the Audit Committee during the year include: (1) reviewing the auditor's report; (2) considering and recommending the Board to approve the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023; (3) reviewing the continuing connected transactions and the connected transactions; (4) considering and recommending the Board to approve the report on the work of internal control for the whole year of 2023; (5) reviewing the remuneration and terms of engagement of KPMG and its independence; and considering and recommending the Board to re-appoint KPMG as the Company's auditor; (6) receiving a summary of the project on optimisation of the Company's internal control system; (7) considering and recommending the Board to approve the Internal Control Management System and the report on the work of internal control for the first half of 2024; (8) considering and recommending the Board to approve the Internal Audit Management System (Revised); (9) considering and recommending the Board to approve the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2024.

Environmental, Social and Governance Committee ("ESG Committee")

As at the date of this report, the Environmental, Social and Governance Committee comprises three members, including executive Director Mr. Wang Mingcheng (chairman of the ESG Committee), the Chairman of the Board and executive Director Mr. Huang Junfeng, and executive Director and Chief Executive Officer Mr. Chen Hong.

The principal duties of the ESG Committee include recommending and reviewing the Group's environmental, social and governance management policies, vision, strategies and objectives for approval by the Board; identifying environmental, social and governance related matters that are significant to the Group's operations and/or the interests of other stakeholders, and assessing and identifying environmental, social and governance related risks and opportunities for the Group, such as determining the criteria for the selection of significant environmental, social and governance factors, identifying and keeping under review a list of significant environmental, social and governance factors, and determining the risks and opportunities that significant environmental, social and governance factors would present to the Group; approving and reviewing environmental, social and governance related policies, reviewing and assessing the adequacy and effectiveness of environmental, social and governance risk management and internal control systems; and regularly reviewing the Group's performance and progress in achieving environmental, social and governance related objectives and targets.

During the year ended 31 December 2024, the ESG Committee held two meetings. The key areas of consideration performed by the ESG Committee during the year include: (1) reviewing the ESG report for the year 2023; (2) reviewing explanations on the new ESG regulatory policies and guidelines; and (3) reviewing the latest ESG ratings of the Company and peer benchmarking.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

The Board is responsible for presenting balanced, clear and understandable annual and interim reports, announcements and other disclosures prepared in accordance with the Listing Rules and other statutory and regulatory requirements.

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

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties:

(a) to develop and review the policies and practices on corporate governance of the Group;

(b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group;

(c) to review and monitor the policies and practices on compliance with any requirements, directions and regulations that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the Listing Rules, the applicable laws and other applicable organisational governance standards;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and the disclosure in the corporate governance report to be contained in the Company's annual reports.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company in respect of its reporting responsibilities for the financial statements is set out in the section headed "Independent Auditor's Report" on pages 55 to 62. The remuneration received by the Company's auditor, KPMG, during the year ended 31 December 2024 is set out below:

Category of Services	Fee Paid/ Payable RMB'000
Audit Services	9,800
Non-audit Services	235
Total	10,035

Note: The non-audit services conducted by the external auditor mainly include ESG advisory service.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board monitors the risk management and internal control systems principally through the Internal Audit Department of the Group (which performs an independent audit on the effectiveness and completeness of the risk management and internal control systems, identifies any material risks that would adversely affect the achievement of the Group's objectives, makes recommendations on the improvement and rectification plans and measures and conducts follow-up audits with regard to the identified issues to ensure that the planned remedial measures have been duly implemented), and is committed to conducting, at least annually, a review on the effectiveness of the risk management and internal control systems of the Group, including financial, operational and compliance controls such as the governance structures, adequacy of staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquires. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Board, through the Audit Committee, has conducted an annual review on the effectiveness of the risk management and internal control systems of the Group and a review on the items set out in code provision D.2.3 of the CG Code for the year ended 31 December 2024. The Board considers the current systems to be generally effective and adequate.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and ongoing communication with Shareholders is essential for enhancing investor relations and investors' understanding of the business performance and strategies of the Group. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables effective evaluation of the performance of the Group by Shareholders and investors.

The Company facilitates communication between the Board and the Shareholders through general meetings, and it communicates with the Shareholders and investors through annual reports, interim reports, other announcements and circulars.

The Company strives to maintain a high level of investor access through a range of investor relations activities, including teleconferences, one-to-one meetings, roadshows and site visits. The Company also regularly meets with institutional investors from overseas and Mainland China to keep the investors abreast of the major developments and strategies of the Group.

To facilitate communication, the Company maintains a website at http://www.zhengtongauto.com, where updates on the Company's structure, the Board, business developments and operations, financial information, corporate governance practices and other information are posted.

The Board conducted an annual review of the effectiveness of the above communication methods with Shareholders and investors, and considering that the established communication channels are able to provide the information on the latest development of the Group to Shareholders and investors in a timely manner, the Board considers the communication methods to be adequate and effective.

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial services and has appointed Ms. Fung Wai Sum as its Company Secretary. During the year, Ms. Fung Wai Sum's primary corporate contact person was Ms. Ding Ding (丁丁), who is a vice president of the Company.

During the reporting period, Ms. Fung Wai Sum has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules to enrich her knowledge and skills.

RIGHTS OF SHAREHOLDERS

A summary of certain rights of the Shareholders is set out below:

Procedures for Shareholders to convene an extraordinary general meeting ("EGM")

1. One or more Shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company carrying voting right at general meetings shall have the right to request the Board to convene an EGM in respect of any business transaction specified in such requisition.

   Such requisition shall be made in writing and delivered to the Board at the principal place of business of the Company in Hong Kong at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong or via email at ir@zhengtongauto.com.

2. The EGM shall be held within two months after the deposit of such requisition.

3. If the Board fails to convene such meeting within twenty-one (21) days of such deposit, the Requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to submit proposals at general meetings

A Shareholder of the Company should lodge a written notice of his/her proposal (the "**Proposal**") together with his/her detailed contact information at the principal place of business of the Company in Hong Kong at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong.

1. The request will be verified with the Hong Kong branch share registrar of the Company and upon its confirmation that the request is proper and in order, the Board will be required to include the Proposal in the agenda of the general meeting.

2. The notice period given to all Shareholders of the Company for consideration of the Proposal to be raised by the Shareholder concerned at the general meeting varies with the nature of such Proposal:

    (a) At least 14 clear days' at least 10 clear business days' notice in writing if the Proposal constitutes an ordinary resolution of the Company at an EGM;

    (b) At least 21 clear days' at least 10 clear business days' notice in writing if the Proposal constitutes a special resolution of the Company at an EGM;

    (c) At least 21 clear days' at least 20 clear business days' notice in writing if the Proposal shall be passed at an AGM.

Procedures for Shareholders to make enquiries to the Company

For matters in relation to the Board, the Shareholders of the Company may contact the Company at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong or via email at ir@zhengtongauto.com. The Company will not normally deal with verbal or anonymous enquiries.

For matters in relation to the share registration, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered Shareholders of the Company may contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

There was no change to the articles of association of the Company during the reporting period. The latest consolidated version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

The Company endeavours to maintain sufficient working capital to develop and operate the business of the Group and to provide sustainable returns to the Shareholders. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. While the dividend payout ratio is not pre-determined, in proposing or declaring any dividend payout, the Board will take into account: (1) the results of operations, (2) cash flows, (3) financial condition, (4) Shareholders' interests, (5) general business conditions and strategies, (6) capital requirements, (7) the payment of cash dividends by the subsidiaries to the Company, and (8) other factors the Board may deem relevant.

Any payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the Articles and all other applicable laws, rules and regulations. The Board will review the dividend policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as the Board thinks fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

DIRECTORS

Executive Directors

Mr. Huang Junfeng (黃俊鋒先生), aged 47, has served as an executive Director and a member of the ESG Committee since 31 July 2023 and the chairman of the Board and the chairman of the Nomination Committee since 10 April 2024, respectively. Mr. Huang served as the deputy general manager of Xiamen XINDECO Ltd. (廈門信達股份有限公司) ("**Xiamen Xindeco**", a company listed on the Shenzhen Stock Exchange (stock code: 000701.SZ)) and as the chairman of the board of Xiamen XINDECO ITG Motors Group Co., Ltd. (廈門信達國貿汽車集團股份有限公司) ("**Xindeco ITG Motors**") from November 2018 to April 2024. Both Xindeco ITG Motors and Xiamen Xindeco are subsidiaries of ITG Holding. Mr. Huang served as the deputy general manager and general manager of Xindeco ITG Motors from June 2006 to December 2018. Mr. Huang obtained a master's degree in business management from Xiamen University 2006. Mr. Huang is an economist and has over 20 years of management experience in operations management, investment and mergers and acquisitions, and business consolidation in the automobile dealership industry.

Mr. Wang Mingcheng (王明成先生), aged 56, has served as an executive Director of the Company since 1 September 2021 and as a member of the Remuneration Committee since 24 December 2024. He is also the chairman of the ESG Committee. Mr. Wang served as the chairman of the Board of the Company from 9 September 2021 to 10 April 2024 and the chairman of the Nomination Committee from 1 September 2021 to 10 April 2024. From September 2021 to March 2022, Mr. Wang also served as the Chief Executive Officer of the Company. He is currently assistant to the general manager of Xiamen ITG Holding Group Co., Ltd.* (廈門國貿控股集團有限公司) and a chairman of the board of Xiamen Xindeco Ltd.* (廈門信達股份有限公司). From March 2016 to December 2018, Mr. Wang served as a general manager and a director of Xiamen ITG Assets Operation Group Co. Ltd.* (廈門國貿資產運營集團有限公司). From December 2018 to September 2021, Mr. Wang served as a general manager of Xiamen Xindeco, and from December 2018 to April 2024, Mr. Wang also served as a vice chairman of the board of Xiamen Xindeco. In 2013, Mr. Wang obtained an executive master's degree in business administration from Xiamen University. Mr. Wang is also an accountant. Mr. Wang has over 30 years of experience in corporate restructuring, company operation and management.

Mr. Chen Hong (陳弘先生), aged 42, has served as an executive Director of the Company since 10 April 2024 and he has also served as the Chief Executive Officer of the Company since 10 March 2022 to preside over the daily operation and management. Mr. Chen is also a member of the ESG Committee. Mr. Chen Hong served successively as a representative of securities affairs and the general manager of the security affairs division of Xiamen ITG from July 2008 to November 2017. Mr. Chen Hong served successively as the secretary of the board and a deputy general manager of Xiamen Xindeco from December 2017 to March 2022, and concurrently served as an executive director of Xiamen Xindeco Investment Management Co., Ltd.* (廈門信達投資管理有限公司). Mr. Chen Hong obtained a master's degree in law from Xiamen University in 2008. Mr. Chen Hong is also an economist and has over 15 years of management experience in corporate governance, standardized operations, investment and mergers and acquisitions.

Mr. Su Yi (蘇毅先生), aged 35, has served as an executive Director of the Company since 24 December 2024. Mr. Su is currently the general manager of the legal risk control and compliance department of Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) ("**ITG Holding**", the single largest Shareholder of the Company). He has served as a director of Xiamen Xindeco Ltd. (廈門信達股份有限公司) ("**Xiamen Xindeco**", a company listed on the Shenzhen Stock Exchange, stock code: 000701.SZ) since March 2023. From July 2014 to February 2024, Mr. Su served successively as head of the legal affairs management department, assistant to the general manager of the legal affairs management department, and an employee representative supervisor and deputy general manager of the legal affairs management department of ITG Holding. From July 2019 to April 2020, he served as the deputy general manager of the legal department of Xiamen Xindeco. From February 2021 to February 2023, he served as a director of Xiamen International Trade Education Group Co., Ltd.* (廈門國貿教育集團有限公司) ("**ITG Education**"). He has served as a director of each of Zhonghong Pulin Medical Products Co., Ltd.* (中紅普林醫療用品股份有限公司) ("**Zhonghong Pulin**", a company listed on the Shenzhen Stock Exchange, stock code: 300981.SZ), Xiamen CCRE Group Co., Ltd.* (廈門海翼集團有限公司) ("**CCRE Group**") and Xing Xia Company Limited (興廈有限公司) ("**Xing Xia**") since February 2023. He has served as a director of ITG Holding Investment (HK) Limited (國貿控股(香港)投資有限公司) ("**ITG HK**") since May 2024. He has served as a supervisor of Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) ("**ITG Group**", a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 600755.SH) since March 2023. Each of Xiamen Xindeco, ITG Education, Zhonghong Pulin, CCRE Group, Xing Xia, ITG HK and ITG Group is a subsidiary of ITG Holding. In June 2014, Mr. Su obtained a master's degree from Zhongnan University of Economics and Law. Mr. Su is also a corporate lawyer, and has 10 years of management experience in corporate legal affairs.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

Independent Non-executive Directors

Dr. Tsui Wai Ling Carlye (徐尉玲博士), *SBS, MBE, JP, DProf, BA, FHKIoD, FHKMA, FHKIE, FBCS, CITP, HKIoD.GD*, aged 77, has served as an independent non-executive Director of the Company and as the chairman of the Audit Committee and a member of the Remuneration Committee since 24 December 2024. Dr. Tsui has been the Chief Executive Officer of The Hong Kong Institute of Directors for more than 26 years, and since 1 January 2025, has been the Emeritus Chief Executive Officer and Honorary Council Member of The Hong Kong Institute of Directors. Dr. Tsui graduated from the University of Hong Kong with a Bachelor of Arts degree (Economics) and Middlesex University, UK, with a Doctorate degree in Professional Studies. Dr. Tsui is a Fellow of each of The Hong Kong Institute of Directors, Hong Kong Management Association, Hong Kong Institution of Engineers and BCS, The Chartered Institute for IT. Dr. Tsui is also a Chartered Information Technology Professional and holds an Elite Diploma in Global Directorship from The Hong Kong Institute of Directors.

As a Justice of the Peace, Dr. Tsui is active in public service roles, which include, inter alia, Chairman of the Steering Committee of the Hong Kong Chapter of Global Climate Governance Initiative (working with World Economic Forum), Chairman of TOYPA Trust and Member of each of the Steering Committee of the Asian Financial Forum 2025 and Audit Committee of the West Kowloon Cultural District Authority. Dr. Tsui was also formerly an Urban Councillor, a Wan Chai District Councillor, a Member of the China Overseas Friendship Association, a Member of the Communications Authority, a Council Member of the Hong Kong Polytechnic University, a Board Member of Ocean Park Corporation, a Vice Chairman of the Hong Kong Internet Registration Corporation Limited, a Member of the Hong Kong Advisory Council on AIDS, a Member of the Council for the AIDS Trust Fund, a Member of the Board of Review (Inland Revenue Ordinance), the Founding Chairman of Hong Kong Chinese Orchestra Limited, the Chairman of Chung Ying Theatre Company (HK) Limited, the Founding Chairman of the British Computer Society Hong Kong Section, the Chairman of The Outstanding Young Persons' Association and an International Director of Zonta International.

Dr. Tsui was awarded one of the Ten Outstanding Young Persons in Hong Kong in 1981, IT Achiever of the Year in 1992, Member of the Most Excellent Order of the British Empire in 1997, Bronze Bauhinia Star of the Hong Kong Special Administrative Region in 2003, Ken Goulding Award for the year's best Professional Doctorate of (UK) Middlesex University in 2007 and Silver Bauhinia Star of the Hong Kong Special Administrative Region in 2022.

Dr. Tsui was an independent non-executive director of (i) RoadShow Holdings Limited (currently known as Bison Finance Group Limited, which is listed on the Main Board of the Stock Exchange, stock code: 0888.HK) from April 2001 to December 2017; (ii) Polytec Asset Holdings Limited (a company previously listed on the Main Board of the Stock Exchange (stock code: 0208.HK) and now delisted) from December 2012 to May 2021; and (iii) FU JI Food and Catering Services Holdings Limited (later known as Fresh Express Delivery Holdings Group Co., Ltd., a company previously listed on the Stock Exchange (stock code: 1175.HK) and now delisted) from November 2004 to September 2009.

Mr. Shen Jinjun (沈進軍先生), age 67, has served as an independent non-executive Director of the Company and as a member of the Audit Committee and Nomination Committee since 24 December 2024. Mr. Shen is currently the honorary chairman of the Seventh Council of the China Automobile Dealers Association ("**CADA**"). He served as executive deputy chairman and secretary general of CADA from October 2005 to September 2014, as the chairman of CADA from October 2014 to November 2024, and has served as the honorary chairman of CADA since November 2024. Mr. Shen also served as the deputy chief of the Transport and Mechanical Section of Mechanical and Electrical Equipment Division of the Ministry of Supplies, the chief of Automobile Section of Mechanical and Electrical Equipment Circulation Division of Ministry of Internal Trade and the chief of the Electrical, Mechanical and Metallic Section of Production Circulation Division of the State Administration of Domestic Commerce.

Mr. Shen served as an independent non-executive director of Zhongsheng Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0881.HK) from November 2009 to April 2025; and as an independent non-executive director of Changjiu Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6959.HK) since December 2023. Mr. Shen also served as an independent non-executive director of Wuchan Zhongda Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600704.SH) from August 2011 to April 2017. From July 2015 to August 2021, he served as an independent non-executive director of China Grand Automotive Services Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600297.SH). From December 2013 to December 2019 and from April 2021 to February 2023, he served as an independent non-executive director of Beijing Changjiu Logistics Corp. (a company listed on the Shanghai Stock Exchange, stock code: 603569.SH). Mr. Shen obtained his bachelor's degree in electronics in June 1982 from Beijing Open University (formerly known as Beijing Radio and Television University).

Ms. Yu Jianrong (于建榕女士), aged 57, has served as an independent non-executive Director of the Company since 7 February 2024. She is also the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee of the Company. She was a financial accountant with Xiamen Information — Xinda General Company* (廈門信息信達總公司) from 1993 to 1995. Ms. Yu successively served as an accountant, finance manager, depository manager and marketing director of various operational departments of Xingye Securities Co., Ltd.* (興業證券股份有限公司) ("**Xingye Securities**") from 1995 to 2007. Ms. Yu served as a general manager of the securities operations department of the Xiamen Hubin South Road branch of Xingye Securities from 2007 to 2012. Ms. Yu successively served as the general managers of the Xiamen branch and Shenzhen branch of Xingye Securities from 2007 to 2023.

Ms. Yu Jianrong graduated from the China Central Radio and TV University (中央廣播電視大學) (now The Open University Of China), majoring in finance. She has over 20 years of experience in the securities industry and holds an EMBA degree from Xiamen University (廈門大學).

SENIOR MANAGEMENT PERSONNEL

Mr. Chen Hong (陳弘先生), aged 42, has served as the Chief Executive Officer of the Company since 10 March 2022 to preside over the daily operation and management, and he has also served as an executive Director of the Company since 10 April 2024. Please refer to the section headed "Executive Directors" above for Mr. Chen's biographical information.

DIRECTORS' REPORT

The Directors have presented their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL PLACE OF BUSINESS

The Company is an exempted company incorporated in the Cayman Islands with limited liability. Its registered office is located in the Cayman Islands and its operating headquarters are located in Wuhan, the PRC.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other particulars of the subsidiaries of the Company are set out in note 16 to the consolidated financial statements.

BUSINESS MODEL AND STRATEGIES

The Group is committed to providing customers with superior automobile sales and after-sales services, covering a full range of solutions for new and pre-owned automobiles purchases. In addition, the supply chain logistics and insurance brokerage businesses operated by the Group also form a useful complement to the Group's automobile distribution and after-sales business. The operation strategies implemented by the Group in the year are set out in the "Business Review" of the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report.

SUBSIDIARIES

Please refer to note 16 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements.

BUSINESS REVIEW

Business performance, financial review, business review as well as prospects and strategies of the Group are set out in the section headed "Management Discussion and Analysis" in this annual report. Certain key financial indicators are provided in the section "Five Years' Financial Summary" in this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year, if any, can also be found at note 37 to the consolidated financial statements.

DIVIDEND

The Board has resolved not to recommend the payment of a dividend for the year ended 31 December 2024.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The single largest customer and the top five customers in aggregate of the Group accounted for 5.15% and 9.62% of the Group's total sales for the year ended 31 December 2024, respectively. The single largest supplier and the top five suppliers in aggregate of the Group accounted for 34.65% and 76.63% of the Group's total purchases for the year, respectively.

As far as the Directors are aware, none of the Directors, their close associates, or any Shareholder which to the knowledge of the Directors owns more than 5% of the number of issued Shares of the Company, had any interest in any of the five largest suppliers and customers disclosed above.

RETIREMENT BENEFIT SCHEMES

Details of retirement benefit schemes of the Group are set out in note 5 to the consolidated financial statements in this annual report. In addition to contributing into retirement benefit schemes organised by the PRC municipal government, the Group also makes contributions into mandatory provident fund scheme ("**MPF Scheme**") set up under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all the Group's qualifying employees in Hong Kong. Contributions into MPF Scheme are made based on 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the Consolidated Statement of Changes in Equity on page 67 and note 30 to the consolidated financial statements.

As at 31 December 2024, deficit of the Company amounted to RMB2,328 million (31 December 2023: deficit of RMB1,883 million). The Board proposed not to declare a final dividend for the year 2024 (2023: Nil).

In 2024, the Company did not propose to pay an interim dividend for the six months ended 30 June 2024 (2023: Nil).

CHANGES TO THE BOARD (DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES)

Dr. Cao Tong and Ms. Wong Tan Tan resigned as independent non-executive Directors of the Company with effect from 7 February 2024. On the same date, Ms. Yu Jianrong and Mr. Song Tao were appointed as independent non-executive Directors of the Company.

Mr. Li Zhihuang resigned as an executive Director of the Company with effect from 10 April 2024. On the same date, Mr. Zeng Tingyi and Mr. Chen Hong were appointed as executive Directors of the Company.

Mr. Wang Mingcheng resigned as the chairman of the Board of the Company with effect from 10 April 2024 and will not receive any emolument from the same date. On the same date, Mr. Huang Junfeng, an existing executive Director of the Company, was appointed as the chairman of the Board of the Company.

Dr. Wong Tin Yau, Kelvin resigned as an independent non-executive Director of the Company with effect from 8 October 2024.

Mr. Zeng Tingyi resigned as an executive Director of the Company with effect from 24 December 2024. On the same date, Mr. Su Yi was appointed as an executive Director of the Company

Mr. Song Tao resigned as an independent non-executive Director of the Company with effect from 24 December 2024. On the same date, Dr. Tsui Wai Ling Carlye and Mr. Shen Jinjun were appointed as independent non-executive Directors of the Company.

Mr. Shen Jinjun resigned as an independent non-executive director of Zhongsheng Group Holdings Limited (stock code: 0881.HK) on 8 April 2025.

BOARD COMPOSITION

During the year ended 31 December 2024 and up to the date of this report, the composition of the Board and the changes in its membership are set out below:

Incumbent and Resigned Executive Directors

Mr. Huang Junfeng *(Chairman) (appointed as Chairman of the Board on 10 April 2024)*
Mr. Wang Mingcheng *(resigned as Chairman of the Board on 10 April 2024)*
Mr. Chen Hong *(Chief Executive Officer) (appointed on 10 April 2024)*
Mr. Su Yi *(appointed on 24 December 2024)*
Mr. Zeng Tingyi *(reappointed on 10 April 2024 and resigned on 24 December 2024)*
Mr. Li Zhihuang *(resigned on 10 April 2024)*

Incumbent and Resigned Independent Non-executive Directors

Dr. Tsui Wai Ling Carlye *(appointed on 24 December 2024)*
Mr. Shen Jinjun *(appointed on 24 December 2024)*
Ms. Yu Jianrong *(appointed on 7 February 2024)*
Dr. Wong Tin Yau, Kelvin *(resigned on 8 October 2024)*
Dr. Cao Tong *(resigned on 7 February 2024)*
Ms. Wong Tan Tan *(resigned on 7 February 2024)*
Mr. Song Tao *(appointed on 7 February 2024 and resigned on 24 December 2024)*

The biographical information of the current Directors is set out on pages 33 to 35 of the section headed "Directors' and Senior Management's Profiles" of this annual report.

Mr. Huang Junfeng, Mr. Wang Mingcheng and Ms. Yu Jianrong will retire from office at the 2025 AGM, and being eligible, will offer themselves for re-election. The Board proposes to re-appoint the Directors standing for re-election at the 2025 AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries, and in which a person who was a director of the Company at any time during the year or an entity connected with him/her had a material interest, whether directly and indirectly, subsisted during or at the end of the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, none of the current Directors or their respective associates has any interests in a business, which competes or is likely to compete with the business of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors independent.

CONTINUING CONNECTED TRANSACTIONS

During 2024, the Group has entered into the following non-exempt continuing connected transactions subject only to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules (the "**Continuing Connected Transactions**").

1. Service Subcontracting Agreement

On 13 September 2023, Wuhan Zhengtong United Industrial Investment Group Co., Ltd.* (武漢正通聯合實業投資集團有限公司) ("**Wuhan Zhengtong**", an indirect wholly-owned subsidiary of the Company) and Xiamen Gaoxin Yundao Technology Co., Ltd.* (廈門高新雲道科技有限公司) ("**Xiamen Gaoxin Yundao**") entered into a service subcontracting agreement (the "**Service Subcontracting Agreement**"), pursuant to which Xiamen Gaoxin Yundao agreed to undertake certain technical, sales and promotional tasks of the Group, including market research and analysis, business promotion, technical support and channel and online customer development, and to subcontract such tasks to third parties approved by the Group to perform such tasks. The term of the agreement is from 13 September 2023 to 31 December 2025. The annual caps for each of the years ended/ending 31 December 2023, 2024 and 2025 under the Service Subcontracting Agreement shall not exceed RMB55 million. The actual transaction amount incurred under the Service Subcontracting Agreement for the year ended 31 December 2024 was RMB43.9 million.

As at the date of this report, ITG Holding is a substantial shareholder of the Company. Xiamen Gaoxin Yundao is a 51% indirectly-owned subsidiary of ITG Holding. Accordingly, Xiamen Gaoxin Yundao is a connected person of the Company and the transactions contemplated under the Service Subcontracting Agreement constitute Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 13 September 2023.

2. Financial Services Agreement

On 14 September 2023, the Company and Xiamen ITG Holding Group Finance Co., Ltd.* (廈門國貿控股集團財務有限公司) ("**ITG Finance**") entered into a financial services agreement (the "**Financial Services Agreement**"), pursuant to which ITG Finance agreed to provide certain financial services to the Group, including deposit services, payment and settlement services and other financial services which do not require the deposit or entrustment of assets by the Group. The term of the agreement is from 14 September 2023 to 31 December 2025. The annual caps for deposit services (maximum daily balance of deposit amount) for each of the years ended/ending 31 December 2023, 2024 and 2025 under the Financial Services Agreement shall not exceed RMB50 million and the annual caps for fees payable to ITG Finance for other financial services for each of the years ended/ending 31 December 2023, 2024 and 2025 shall not exceed RMB10 million. The actual transaction amount for other financial services incurred under the Financial Services Agreement for the year ended 31 December 2024 was RMB0.2 million.

As at the date of this report, ITG Holding is a substantial shareholder of the Company. ITG Finance is an indirect wholly-owned subsidiary of ITG Holding. Accordingly, ITG Finance is a connected person of the Company and the transactions contemplated under the Financial Services Agreement constitute Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 14 September 2023.

REVIEW OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged KPMG, its independent external auditor, to perform certain procedures in respect of the Continuing Connected Transactions undertaken by the Group for the year ended 31 December 2024 outlined above which have been reported to the board of Directors in a letter dated 28 March 2025. KPMG has confirmed the matters stated in Rule 14A.56 of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the Continuing Connected Transactions outlined above and the report of KPMG and are of the opinion that the transactions were entered into by the Group:

(a) in the ordinary and usual course of the Group's business;

(b) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTIONS

During 2024, the Group entered into the following connected transactions (the "**Connected Transactions**").

1. Major and Connected Transaction in Relation to the Disposal of 5.77% of the Equity Interest in Dongfeng Logistics

On 18 December 2023, Shengze Jietong Supply Chain Co., Limited* (聖澤捷通供應鏈有限公司) (the "**Seller**"), an indirect wholly-owned subsidiary of the Company, entered into a share transfer agreement with Xiamen Xindeco Company Limited* (廈門信達股份有限公司) (the "**Purchaser**"), pursuant to which the Seller has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 5.77% of the equity interest in Dongfeng Logistics Group Co., Limited* (東風物流集團股份有限公司) ("**Dongfeng Logistics**") held by the Seller for a cash consideration of RMB331,496,300. At that time, the Company held a total of 14.43% equity interest in Dongfeng Logistics. As at the date of this report, ITG Holding is a substantial shareholder of the Company and the Purchaser is therefore a connected person of the Company and the disposal constitutes a Connected Transaction for the Company. The disposal was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 7 February 2024 and completed on 27 March 2024. Upon completion of the disposal, the Group's interest in Dongfeng Logistics was reduced from 14.43% to 8.66%, which was recognised as a financial asset at fair value through profit or loss.

For details, please refer to the circular of the Company dated 22 January 2024.

As the executive Directors, namely Mr. Wang Mingcheng and Mr. Huang Junfeng, and Mr. Li Zhihuang, a former executive Director, were all serving in the ITG Group at the relevant time, in order to avoid the perception of a conflict of interest, they have abstained from voting on the relevant Board resolutions.

2. Works Entrustment Agreement

On 16 April 2024, the Company and Shandong Xindeco IOT Application Technology Co., Ltd.* (山東信達物聯應用技術有限公司) ("**Shandong Xindeco**") entered into a works entrustment agreement, pursuant to which Shandong Xindeco shall provide and install smart technology and light current systems for the Group to upgrade and renovate certain facilities at a total consideration not exceeding RMB9,000,000. As at the date of this report, ITG Holding is a substantial shareholder of the Company, and Shandong Xindeco is an indirect non-wholly owned subsidiary of ITG Holding. Shandong Xindeco is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Works Entrustment Agreement constitutes a Connected Transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 16 April 2024.

As Mr. Wang Mingcheng, an executive Director, and Mr. Li Zhihuang, a former executive Director, held directorships in Xiamen Xindeco, and Mr. Huang Junfeng, an executive Director, held the position of deputy general manager in Xiamen Xindeco at the relevant time, they abstained from voting on the relevant Board resolutions in order to avoid the perception of a conflict of interest.

Save as disclosed above and in this report, there are no other related party transactions set out in note 35 to the consolidated financial statements that constitute non-exempt connected transactions or Continuing Connected Transactions under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above Continuing Connected Transactions and Connected Transactions.

SHARE AWARD SCHEME

The Company adopted a restricted share award scheme (the "**Share Award Scheme**") on 12 June 2020 (the "**Adoption Date**"), which enables the Company to, among other things, provide selected participants with an opportunity to acquire a proprietary interest in the Company; to encourage and retain participants to work with the Group; to provide additional incentive for selected participants to achieve performance goals; and to attract personnel to join the Group, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the selected participants directly to the Shareholders through ownership of the Shares. The Share Award Scheme shall initially be valid and effective for a period of ten years from the Adoption Date, subject to early termination as stipulated under the rules related to the Share Award Scheme (the "**Scheme Rules**"). As at the date of this annual report, the remaining life of the Share Award Scheme was approximately 5 years.

Any employees or directors of the Company or any of its subsidiaries whom the Board considers, in its sole discretion, to have contributed or will contribute to the Group and who are nominated and selected by the Board and approved by the Remuneration Committee (as to identities of the selected participants and determination of the number of the Shares subject to the grant (the "**Grant Shares**")) in accordance with the terms of the Scheme Rules may be qualified as a selected participant under the Share Award Scheme.

Subject to the Scheme Rules, the Grant Shares shall be new Shares to be issued and allotted by the Company for nil consideration. The Grant Shares are subject to acceptance of the selected participants. For the purpose of implementing and administering the Share Award Scheme, the Company has appointed BOCI-Prudential Trustee Limited as the trustee (the "**Trustee**"). Shares granted under the Share Award Scheme will be issued and allotted to the Trustee who shall hold such Shares upon trust for the benefit of the selected participants and shall vest and transfer to the relevant selected participants after fulfilment of all vesting conditions as set out in the Scheme Rules and subject to the vesting schedule ranging from the first to the fourth anniversary of the date on which the Grant Shares are granted (the "**Grant Date**"), as determined and applicable to relevant selected participants according to their respective tenure of office with and/or level of position in the Group.

No Shares shall be allotted or issued pursuant to the Share Award Scheme if as a result of such allotment or issue, the aggregate number of Shares administered under the Share Award Scheme and underlying all grants made (excluding the Shares where the rights to acquire them have been released or lapsed in accordance with the Share Award Scheme) shall exceed in total 5% of the Company's issued Shares as at the Adoption Date (i.e. 122,611,021 Shares). The maximum number of Grant Shares which may be granted to an individual selected participant shall not exceed 1% of issued Shares of the Company as at the Adoption Date (i.e. 24,542,204 Shares). As at the date of this annual report, the total number of Shares available for issue in respect of awards which may be granted under the Share Award Scheme is 91,931,021, representing approximately 3.28% of the Shares in issue as at that date.

Where any grant is proposed to be made to any selected participant who is a connected person (including a Director), such grant must first be approved by all the independent non-executive Directors and in each case excluding any independent non-executive Director who is the proposed selected participant and shall be separately approved by the Shareholders at a general meeting with such connected person and his/her associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such grant.

During the year ended 31 December 2024, no grant was made under the Share Award Scheme. From the Adoption Date to 31 December 2024, a total of 47,100,000 Grant Shares have been granted by the Board on 12 June 2020 under the Share Award Scheme, representing approximately 1.92% of the number of Shares in issue as at the Adoption Date.

Out of such 47,100,000 Grant Shares, (i) 135,700,000 Grant Shares were granted to 37 non-connected selected participants, all being independent employees of the Group who are not connected persons of the Company; and (ii) 11,400,000 Grant Shares were granted to Mr. Wang Kunpeng, Mr. Li Zhubo and Mr. Wan To, who were executive directors of the Company at the time of grant but have all since ceased to be directors of the Company.

The said 47,100,000 Grant Shares were initially and directly allotted and issued to the Trustee at market price based on the average closing price of the Shares for the five consecutive trading days immediately preceding the Adoption Date as quoted on the Stock Exchange of approximately HK$1.178 per Share. The market value and nominal value of such 47,100,000 Grant Shares were HK$55,483,800 and HK$4,710,000, respectively.

Details of the Grant Shares granted under the Share Award Scheme and their movements during the year ended 31 December 2024 are as follows:

Category of participants	Date of grant	Vesting date/ period	Unvested as at 1 January 2024	Granted during the period	Canceled during the period	Lapsed/ forfeited during the period	Vested during the period	Unvested as at 31 December 2024
Employee Participants								
In aggregate	12 June 2020	12 June 2021 to 12 June 2024	1,540,000	–	–	(1,540,000)	–	–

Please refer to the Company's 2023 Annual Report dated 26 April 2024 for the vesting of shares in previous years.

Note:

1 Subject to the satisfaction of the vesting conditions (including that the employees remain in service and meet performance requirements), the Grant Shares held by the Trustee on behalf of the selected participants shall vest and be transferred to the selected participants at no cost in accordance with the vesting schedule below:

(i) Applicable to selected participants whose term of service with any member of the Group is less than 5 years as at the grant date

Vesting Date	Amount of Grant Shares to vest
Second anniversary of grant date	One-third (round down to the nearest board lot of Shares)
Third anniversary of grant date	One-third (round down to the nearest board lot of Shares)
Fourth anniversary of grant date	The remaining Grant Shares

(ii) Applicable to selected participants whose term of service with any member of the Group is 5 years or more as at the grant date

Vesting Date	Amount of Grant Shares to vest
First anniversary of grant date	One-third (round down to the nearest board lot of Shares)
Second anniversary of grant date	One-third (round down to the nearest board lot of Shares)
Third anniversary of grant date	The remaining Grant Shares

(iii) Applicable to selected participants whose term of service with any member of the Group is 10 years or more as at the grant date and/or whose office or role are vice-president level or above

Vesting Date	Amount of Grant Shares to vest
First anniversary of grant date	100%

The number of share awards available for grant under the scheme mandate was 90,391,021 as at 1 January 2024 and 91,931,021 as at 31 December 2024.

For details of the summary of the major terms of the Share Award Scheme, and the grant of the Grant Shares please refer to the announcements of the Company dated 12 June 2020 and 18 June 2020 and the circular of the Company dated 31 August 2020. Further details of the Share Award Scheme are set out in note 28 to the consolidated financial statements.

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

To the best knowledge of the Company, as at 31 December 2024, none of the Directors and chief executive of the Company and any of their respective associates had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the interests or short positions of such persons (other than the Directors or chief executives of the Company) in the Shares and underlying Shares as recorded in the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding
Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司)[2]	Interests of controlled corporations	842,977,684 (Long position)	25.19
Cheung Mui (張梅)[3]	Beneficial owner	336,682,500 (Long position)	10.06%
Yang Liguo (楊利國)[3]	Beneficial owner	319,888,000 (Long position)	9.56%
Xingtai Capital Management Limited[3]	Investment manager	181,001,500 (Long position)	5.41%

Notes:

1. As at 31 December 2024, the total number of Shares in issue was 3,346,990,420.

2. Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is deemed to be interested in 22,359,500 Shares held by Hong Kong Sindanol Limited, as Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) was beneficially interested in approximately 39.93% of the issued share capital of Xiamen Xindeco Ltd. (廈門信達股份有限公司) according to the 2024 third quarterly report of Xiamen Xindeco Ltd. (廈門信達股份有限公司), and Xiamen Xindeco Ltd. (廈門信達股份有限公司) was beneficially interested in the entire issued share capital of Hong Kong Sindanol Limited. Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is also deemed to be interested in 820,618,184 Shares held by Xinda Motors Co., Limited (信達汽車(香港)有限公司) as Xinda Motors Co., Limited (信達汽車(香港)有限公司) is an indirectly wholly owned subsidiary of Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司).

   Therefore, Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司) is deemed to be interested in 842,977,684 Shares.

3. The source of information on the interests of Cheung Mui, Yang Liguo and Xingtai Capital Management Limited is from the Disclosure of Interest Forms published on the website of the Stock Exchange.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Share Award Scheme, at no time during the year ended 31 December 2024 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Other than the Share Award Scheme, no equity-linked agreements were entered into by the Company during 2024 or subsisted at the end of 2024. Particulars of the Share Award Scheme are set out in note 28 to the consolidated financial statements and the paragraphs above.

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 ordinary shares at the subscription price of HK$0.125 per subscription share. The aggregate nominal value of the subscription shares is HK$47,988,800.

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

The Directors considered that the issue of the subscription shares represented an opportunity to tap the market for funds to retire some of the more expensive bank loans coming due. The Directors also believed that subscriptions reflected the confidence from the subscribers towards the long-term and sustainable development of the Company and the proceeds to be generated from the subscriptions would increase the financial flexibility of the Group. 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed "Connected Transactions" of this annual report, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2024.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in note 25 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the general staff of the Company is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are proposed by the Remuneration Committee to the Board, having regard to the Company's operating results, individual performance and comparable market statistics, subject to the final decision by the Board.

Former Directors Mr. Li Zhihuang and Mr. Zeng Tingyi, and incumbent Directors Mr. Su Yi and Mr. Wang Mingcheng (since 10 April 2024) will not receive any remuneration from the Company during their respective terms of office, and each of Mr. Huang Junfeng and Mr. Chen Hong will not receive any remuneration as an executive Director but is entitled to an annual salary as the Chairman of the Board, Chief Executive Officer of the Company respectively. Save as the above, none of the Directors has waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for the loss of office.

The remuneration of the Directors and senior management of the Company is set out in notes 7 and 8 to the consolidated financial statements.

RELATIONSHIPS WITH MAJOR STAKEHOLDERS

The Group understands that employees, customers and suppliers are the key to our sustainable and stable development. We are committed to establishing a close relationship with our employees, enhancing cooperation with our suppliers and providing high-quality products and services to our customers so as to ensure our sustainable development.

The Group places great emphasis on human resources and offers its employees a competitive remuneration package and various trainings, including internal trainings and refresher courses offered by professional organisations, so as to keep them abreast of the latest development in the market, industry and various businesses.

The Group has enhanced communications with customers via various channels so as to provide excellent and quality customer services, with a focus on the customers' needs and thus enhance customer satisfaction and loyalty. We value the feedback from customers and always try to understand their thoughts through daily communication, after-sale return visit and customer satisfaction surveys. In addition, we also assign designated personnel to maintain customers relationship, responding to the feedback and complaints from customers.

The Group has entered into standing dealership agreements and other licensing agreements with various mid-to-high-end branded automobile manufacturers, and will continue to facilitate exchange and cooperation with OEMs for the purpose of creating a win-win situation. In terms of new energy development, ZhengTong Auto will continue to focus on the leading new power brands with a certain scale and relatively stable development, actively strive for 4S authorisation and plan for the construction of new shops, expand the after-sales/body and paint centre project, and accelerate the layout of the new energy after-sales business by leveraging on the resources of the manufacturers and the Company's existing shops and properties.

For the management of suppliers, the Group has been more prudent in selecting suppliers and establishing long-term cooperation with them. At the same time, we place emphasis on ongoing assessment and monitoring on the suppliers in order to ensure compliance with our commitment to service quality and product quality.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is aware of the importance of complying with applicable laws and regulations that have a significant impact on the business and operation of the Group, and is committed to continuously improving its internal control and corporate governance to ensure compliance with these laws and regulations.

Wuhan Zhengtong, an indirect wholly owned subsidiary of the Company, has entered into an undertaking (the "**Undertaking**") in 2016 and certain shortfall agreements (the "**Shortfall Agreements**") in 2020 respectively, pursuant to which it undertook to pay for any shortfalls in the event of default by Beijing Guangze Real Estate Development Co., Ltd.* 北京廣澤房地產開發有限公司 ("**Beijing Guangze**"), in support of Beijing Guangze's (i) redemption obligations under certain investment agreements relating to the investment made by Ningbo Yuchen Fengze Equity Investment Partnership (Limited Partnership)* 寧波禹宸豐澤股權投資合夥企業（有限合夥）("**Yuchen Fengze**") in Beijing Baoze Automobile Technology Development Co., Ltd.* 北京寶澤汽車科技發展有限公司 ("**Beijing Baoze**") and Beijing Zunbaocheng Real Estate Co., Ltd.* 北京尊寶成置業有限公司 ("**Beijing Zunbaocheng**") (the "**Redemption Obligations**"); and (ii) repayment obligations in respect of a loan provided under an entrusted loan agreement (the "**Repayment Obligations**").

To the best knowledge and belief of the Directors, Beijing Guangze was then held indirectly by family members of Mr. Wang Muqing, a former executive Director of the Company.

The Redemption Obligations and Repayment Obligations were secured by, among others, real estate owned by Beijing Zunbaocheng and Beijing Baoze (the "**Pledged Assets**").

The Company was notified on 17 December 2021 and 28 December 2021 that separate court judgments (the "**Yuchen Fengze First Instance Judgment**") had been granted by Ningbo Intermediate People's Court and Yangzhou Intermediate People's Court, respectively, in favour of Yuchen Fengze and against (among others) Beijing Guangze, Beijing Zunbaocheng, Beijing Baoze and Wuhan Zhengtong.

Pursuant to the Yuchen Fengze First Instance Judgment, 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 Judgment**"); and

- 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 Judgment**").

Wuhan Zhengtong has filed appeals against the Equity Investment First Instance Judgment and Loan First Instance Judgment through Zhejiang Higher People's Court and Jiangsu Higher People's Court, respectively. The Company has, in respect of its appeal against the Equity Investment First Instance Judgment, received a second instance judgment (the "**Equity Investment Second Instance Judgment**"), pursuant to which the guarantee given by Wuhan Zhengtong in respect of the amounts owed by Beijing Guangze was held to be a general guarantee (i.e. Wuhan Zhengtong shall only be responsible for any shortfalls if Beijing Guangze fails to fulfill its repayment obligations), and after having assumed its general guarantee liability, Wuhan Zhengtong shall be entitled to claim repayment from Beijing Guangze to the extent of the guarantee obligation it has performed. The Equity Investment Second Instance Judgment is the final judgment.

In January 2023, Wuhan Zhengtong entered into a settlement agreement (the "**Settlement Agreement**") with Yuchen Fengze, whose controlling interest, to the knowledge of the Company, has been acquired by an investor principally engaged in distressed asset management and financial services business. Pursuant to the Settlement Agreement (which became effective in February 2023), Yuchen Fengze has agreed to facilitate the utilization and disposal of the collateral assets in satisfaction of the debt owed to it and Wuhan Zhengtong has withdrawn its appeal against the Loan First Instance Judgment. In June 2024, the 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. 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 have been legally transferred to Yuchen Fengze to satisfy the debt owed to it.

As advised by the Company's PRC legal adviser, taking into account the aforesaid facts and the legal relationship of the case, in particular the fact that Yuchen Fengze has not enforced against Wuhan Zhengtong, that the enforcement procedures have been ruled by the court to have been terminated, and the internal decision-making mechanism of Yuchen Fengze as known to the PRC legal adviser, etc., the PRC legal adviser is of the opinion that as of 31 December 2024, the situation of Wuhan Zhengtong assuming the guarantee obligation will not in fact occur, and Wuhan Zhengtong will not incur further losses as a result of this case.

For details, please refer to the announcements of the Company dated 22 December 2021, 31 December 2021, 10 January 2022, 20 July 2022 (together, the "**Announcements**"), 24 June 2022, 10 February 2023 and 11 September 2024 (the "**2024 Announcement**"). The financial impact of the above on the Company's financial statements for the year ended 31 December 2024 is set out on pages 144 to 145 of this annual report.

As stated in the Announcements, the entry into of the Undertaking and Shortfall Agreements may have constituted undisclosed connected transactions of the Company at the relevant time. As stated in the announcement of the Company dated 10 January 2022, the Board convened a meeting on 7 January 2022 (the "**7 Jan Meeting**"), to discuss and approve, among other things, the establishment of an independent board committee comprising the then executive Directors who were not Directors at the relevant time to conduct an investigation into the above matters. The Company received a notice from Mr. Wang Muqing on 9 January 2022, stating that he had no connection with the above matters and had never been involved in any violation of laws and regulations, but as he felt that he might not have the trust of the Directors who attended the 7 Jan Meeting, and considering his age, he has decided to resign as an executive Director and a member of the Remuneration Committee of the Company from 10 January 2022. Mr. Wang Muqing also confirmed that he had no disagreement with the Board and there were no matters that need to be brought to the attention of the Stock Exchange and the Shareholders. As stated in the 2024 Announcement, the Stock Exchange issued a Statement of Disciplinary Action (the "**SDA**") on 10 September 2024 in respect of the above matters. Certain former directors of the Company have received penalties ranging from public censure to being subject to director unsuitability statements issued by the Stock Exchange. The Stock Exchange has also criticized the Company for its previous breach of the requirements under Chapters 14 and 14A of the Listing Rules as the Undertaking and the Shortfall Agreements constituted major and connected transactions. The Stock Exchange has also confirmed that, other than Wang Muqing, Shao Yong Jun, Wang Kunpeng, Koh Tee Choong and Li Zhubo (none of whom were directors appointed after ITG Holding became the Company's largest shareholder), the sanctions and directions in the SDA do not apply to any other past or present directors of the Company.

As stated in the announcement of the Company dated 22 March 2024 (the "**Announcement**"), Wuhan Zhengtong received judgments filed by Wuhan Economic and Technological Development Zone Sub-branch of Hubei Bank Corporation Limited ("**Hubei Bank**") from the Wuhan Intermediate People's Court in relation to two civil lawsuits (the "**Hubei Bank First Instance Judgment**"), in which Wuhan Zhengtong was named as one of the defendants.

The lawsuits alleged that certain defendants, including Wuhan Zhengtong, have entered into different types of charges or guarantee contracts with Hubei Bank at various times to provide security or joint liability guarantees in respect of all the liabilities and debts under two fixed asset loan contracts entered into by Beijing Guangze and Inner Mongolia Shengze Dingjie Automobile Trading Co., Ltd.* (內蒙古聖澤鼎杰汽車貿易有限公司) ("**Inner Mongolia Shengze**"). As at the date of this report, some of the properties pledged by the other defendants (the "**Collateral**") were occupied by the Group's stores.

In the lawsuit relating to Beijing Guangze (the "**Beijing Guangze Lawsuit**"), Hubei Bank alleged that, as of 13 February 2023, the aggregate indebtedness of Beijing Guangze under the relevant fixed asset loan contract was approximately RMB442 million. In the lawsuit relating to Inner Mongolia Shengze (the "**Inner Mongolia Shengze Lawsuit**"), Hubei Bank alleged that, as of 28 February 2023, the aggregate indebtedness of Inner Mongolia Shengze under the relevant fixed asset loan contract was approximately RMB120 million. As a result of repeated overdue repayments by Beijing Guangze and Inner Mongolia Shengze, Hubei Bank declared on 10 January 2023 that all loans under the above two fixed asset loan contracts were immediately due.

According to the Hubei Bank First Instance Judgment, (i) Beijing Guangze owes Hubei Bank the principal amount of approximately RMB404 million and related interest (approximately RMB22,031,000 as of 13 February 2023); and (ii) Inner Mongolia Shengze shall pay to Hubei Bank the principal amount of RMB113.5 million and related interest (approximately RMB13,568,000 as of 30 November 2023) ((i) and (ii) together, the "**Relevant Liabilities**"); (iii) the remaining defendants shall bear their obligations under the pledge provided, or the joint liability guarantees provided, or under supplemental compensatory obligations in accordance with the law, including but not limited to disposing of the Collateral with a priority to use the proceeds to repay Hubei Bank.

In respect of Wuhan Zhengtong:

- In the Beijing Guangze Lawsuit, Hubei Bank alleged that Wuhan Zhengtong entered into a maximum guarantee contract with Hubei Bank on 5 May 2016, wherein the maximum limit of the guarantee liability was RMB700 million.

- In the Inner Mongolia Shengze Lawsuit, Hubei Bank alleged that Wuhan Zhengtong entered into a maximum guarantee contract with Hubei Bank on 5 May 2016, wherein the maximum limit of the guarantee liability was RMB200 million.

- In view of the fact that (i) Wuhan Zhengtong was not able to locate any records related to the above two maximum guarantee contracts in its records of the use of the company's seal and records of resolutions passed after receiving the civil complaint and related documents of the Beijing Guangze Lawsuit and Inner Mongolia Shengze Lawsuit; and (ii) Hubei Bank had never issued any demand notice or provided the above two maximum guarantee contracts to Wuhan Zhengtong before filing the Beijing Guangze Lawsuit and the Inner Mongolia Shengze Lawsuit, there were doubts as to the authenticity of the evidence, and Wuhan Zhengtong submitted an application to the Wuhan Intermediate People's Court to verify the authenticity of the seals affixed to the maximum guarantee contracts. According to the expert opinion (the "**Expert Opinion**") issued by the judicial authentication agency commissioned by the Wuhan Intermediate People's Court, the seals affixed to the two maximum guarantee contracts were consistent with the seals used in most of the document samples with the seal of Wuhan Zhengtong provided by the litigation parties to the judicial authentication institution.

- Although Hubei Bank had not provided any documents relating to the resolutions of Wuhan Zhengtong in the course of the litigation, taking into account the opinion in the Expert Opinion, the Wuhan Intermediate People's Court held in the Hubei Bank First Instance Judgment that:

  - The above two maximum guarantee contracts were executed, but they are of no legal effect.

  - According to the rules under the People's Republic of China Civil Code and related judicial interpretations, if a guarantee contract is of no legal effect, the parties thereto shall bear responsibility based on their respective degree of fault. Accordingly, although the above two maximum guarantee contracts are of no legal effect, since Wuhan Zhengtong's seal was affixed without any resolutions, and Hubei Bank did not conduct examination on whether Wuhan Zhengtong had made any resolution, both parties were at fault for the lack of legal effect of the above two maximum guarantee contracts, hence Wuhan Zhengtong shall only bear half of the compensation liability for the failure of Beijing Guangze and Inner Mongolia Shengze to repay the Relevant Liabilities.

In November 2024, Wuhan Zhengtong received the second instance judgments in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment (the "**Hubei Bank Second Instance Judgment**"). Based on the legal advice obtained by the Company from its PRC legal adviser, according to the law, the guarantor in a contract that is of no legal effect is liable to pay compensation only if the debtor is unable to settle the debt upon court enforcement. Therefore, in the case of the Hubei Bank First Instance Judgment and the Hubei Bank Second Instance Judgment, where the two maximum guarantee contracts were held to be executed but of no legal effect, given the judgment confirmed that Wuhan Zhengtong ranks later in the order of priority in meeting payment commitments, and considering the currently satisfactory communication situation with Hubei Bank, and that there are several other defendants who are also guarantors and the value of the Collateral is relatively high, the PRC legal adviser believes that it is not probable that Wuhan Zhengtong will incur actual economic losses in this case.

Subsequent to the Yuchen Fengze First Instance Judgment, the Group conducted an internal investigation and did not find any record of the use of the official seal of Wuhan Zhengtong and the signature seal of Mr. Wang Muqing (the legal representative of Wuhan Zhengtong and the Chairman of the Board and an executive Director of the Company at the time) in respect of the aforesaid maximum guarantee contracts. As stated in the Announcement, the irregular entry into the above two maximum guarantee contracts may have constituted undisclosed connected transactions of the Company at the relevant time. For details, please refer to the Announcement. The financial impact of the above on the Group's consolidated financial statements for the year ended 31 December 2024 is set out on pages 152 to 153 of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The results and business operations of the Group are subject to the impact of a number of factors, including those arising from the macro-economic environment as well as those inherent in the auto retail sector. The major risks are summarised as follows:

(i) Macro-economic environment

As a pillar industry of the national economy, the auto sector is considerably correlated to the volatile periods of the macro-economy in terms of timing and extent. Currently, China's auto market continues to hold out strong potential for development. However, if significant fluctuations occur in the auto industry as a result of cyclical developments in the macro-economy, auto sales will be inevitably affected. As such, the Group is required to monitor any changes in the economic landscape in a timely manner and adjust its overall business planning, network development plans and marketing plans under different market conditions.

(ii) Industry policies

The Group's business operations must comply with policies and regulations announced by the PRC government for the administration of the auto industry. Changes in such industry policies may result in decreased market demand for products, lower prices for products and services and escalated market competition, which will in turn result in the decrease in revenue and profit. As such, the Group will monitor closely any developments in government policies on our industry, while enhancing our service standards on an ongoing basis to address any risks arising from changes in industry policies.

(iii) Manufacturers' policies

As an auto dealer group, we have maintained sound cooperation with branded automobile manufacturers. Changes in the policies of such manufacturers might result in changes in the sales strategies for their brands, sales incentives and business policy support for us, and such changes might result in a decrease in products sales and revenue. Hence, the Group will actively enhance communication with the manufacturers and continue to adopt a development strategy that covers a diverse range of brands.

(iv) Intense competition

We compete not only with other auto dealers, but also players in the general express auto repair service sector and the e-commerce sector, in a number of segments, such as sales, repair, maintenance and extended services. Our inability to respond to challenges presented by different competitors in a timely manner may result in the decline in customers' demand for our products and the decrease in our revenue and profit. Hence, the Group is required to adjust its strategy in a timely manner and enhance its overall service standards to address intense competition.

(v) Supply chain

The Group does not own or operate any production facilities, and is dependent on branded automakers and suppliers of auto accessories for the supply of all of our products. Any disruption in the supply of products by our suppliers might result in problems for our supply chain. Nevertheless, we have fostered long-term, stable partnerships with a number of branded automakers and suppliers of parts and components, and such partnerships have been highly valued by the suppliers. Hence, we have endeavoured to minimise the impact of any disruption in supply on a best-effort basis and ensure we are able to locate other suppliers of similar quality for reasonable prices at any time.

(vi) Information systems

The Group has comprehensively promoted digital transformation, which involves core areas such as sales, procurement, sales and distribution at retail outlets, inventory management, customer relations management, digitalized marketing, financial reporting and auto finance. Although a professional third-party company has been hired as a digital transformation platform builder, there may be risks associated with schedule, quality, cost, and data security due to the lack of in-depth understanding of the business and the insufficient participation of key internal users in the transformation of the third-party technology service provider. To this end, the Group will set up a digital transformation leadership and working group, carry out hierarchical training and establish an assessment and incentive mechanism, adopt agile promotion guided by "customer-centric" philosophy, anchor goals, reverse time, and wall chart operations, and establish a disaster recovery mechanism and stress testing at the technical level, strengthen data encryption, permission classification and audit logs, and conduct regular penetration tests to ensure the security of the Company's data.

(vii) Market risks

The Group is subject to various types of market risks, including credit risks, liquidity risks, interest rate risks and exchange risks, the details of which are set out in note 32 to the consolidated financial statements in this annual report. The Group has exercised effective control over market risks through continuous monitoring of risks and changes, timely risk warnings and appropriate application of hedge instruments.

PERMITTED INDEMNITY

In accordance with the Articles of the Company containing provisions that provide indemnity to, among other persons, our Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. In accordance with their respective service agreements, each of our executive Directors is entitled to be indemnified by the Company in all respects under laws, except to the extent of the willful default or gross negligence of a director. The Company maintained Directors' and chief executives' liability insurance and corporate compensation insurance during the year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We recognise the importance of environmental protection and have adopted stringent measures for environmental protection in order to ensure the compliance by the Group with the prevailing environmental protection laws and regulations.

The Group has been advocating the concept of green office in its daily operation by fully committing to environmental protection, energy saving and discharge reduction, reasonable allocation and utilisation of resources. In addition, the Group has implemented resources recycling with an aim to minimise energy consumption and waste. In future, the Group will continue to firmly employ its sustainable development strategy to strongly promote environmental protection and carry out measures for environmental protection.

More details of the environmental policies and performance of the Company are set out in the Environmental, Social and Governance (ESG) Report for the year.

MANAGEMENT CONTRACTS

Except for the service contracts of the Directors and senior management of the Company or otherwise disclosed in this annual report, no contracts were entered into between the Company and any individuals, companies or legal corporations, for the management and administration of the whole or any substantial part of the Company's business during the year ended 31 December 2024.

CORPORATE GOVERNANCE

So far as the Board is aware, during the year ended 31 December 2024, the Company had complied with the applicable Code Provisions set out in CG Code contained in Appendix C1 to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float.

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

Save for the subscriptions completed on 2 August 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of the Company or applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reasons of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights (including entitlements to any relief of taxation) in relation to, the Shares, they are advised to consult an expert.

AUDITORS

KPMG will retire and, being eligible, offer themselves for re-appointment at the 2025 AGM. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2025 AGM.

On behalf of the Board
Mr. Huang Junfeng
Chairman of the Board

28 March 2025

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of China ZhengTong Auto Services Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China ZhengTong Auto Services Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 63 to 159, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policies information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Refer to note 14 & note 15 to the consolidated financial statements on pages 102 to 104 and the accounting policies on page 72 and page 75.

The Key Audit Matter	How the matter was addressed in our audit
As a result of acquisitions by the Group of 4S dealership stores, the Group recognised goodwill and intangible assets — car dealerships/dealership operation rights in the consolidated financial statements. Goodwill has been allocated to each of the relevant individual 4S dealership stores, which are considered to represent individual cash generating units ("**CGUs**"). As at 31 December 2024, goodwill and intangible assets — car dealerships/dealership operation rights, after impairment, amounted to RMB535 million (31 December 2023: RMB567 million) and RMB2,085 million (31 December 2023: RMB2,319 million), respectively. The 4S dealership business in China operates in a highly competitive and regulated market which increases the risk of sales volatility of the 4S dealership stores. Consequently, there are uncertainties as to whether the acquired 4S dealership stores can meet forecast growth projections.	Our audit procedures to assess impairment of goodwill and intangible assets — car dealerships/dealership operation rights included the following: • evaluating the appropriateness of management's identification of CGUs and the amounts of goodwill allocated to each CGU; • evaluating the reasonableness of management's identification of impairment indications of goodwill and intangible assets — car dealerships/dealership operation rights and determination of recoverable amount; • assessing the qualifications, experience and expertise of the external valuer appointed by management in assessing the impairment of goodwill and intangible assets — car dealerships/dealership operation rights and considering their objectivity and independence;

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill and intangible assets — car dealerships/dealership operation rights (Continued)	
Refer to note 14 & note 15 to the consolidated financial statements on pages 102 to 104 and the accounting policies on page 72 and page 75.	
The Key Audit Matter	**How the matter was addressed in our audit**
Management reviews internal and external sources of information at the end of each reporting period to identify indications that goodwill and intangible assets may be impaired, and if such indication exists, the recoverable amount is estimated. As at 31 December 2024, management assessed goodwill and intangible assets — car dealerships/dealership operation rights for potential impairment by determining the recoverable amount for each CGU with allocated goodwill and/or intangible assets — car dealerships/dealership operation rights, with reference to a valuation report prepared by an external valuer appointed by management. Management compared the carrying amount of each CGU with its recoverable amount, which is determined by assessing the value-in-use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves the exercise of significant management judgment, in particular in determining forecast revenue, forecast gross profit margins and discount rates and working capital changes.	• with the assistance of our internal valuation specialists, evaluating the methodology adopted by management and the valuer in determining the recoverable amount of goodwill and intangible assets — car dealerships/dealership operation rights with reference to the requirements of the prevailing accounting standards and assessing whether the discount rate applied was within the range adopted by other companies in the same industry; • comparing data in the discounted cash flow forecast of each individual CGU with relevant data, including forecast revenue and forecast gross profit margins and working capital changes, in the financial budget which was approved by the directors and comparing forecast revenue growth trends with sales forecasts issued by industry research institutions;

KEY AUDIT MATTERS (Continued)

Impairment assessment of goodwill and intangible assets — car dealerships/dealership operation rights (Continued)	
Refer to note 14 & note 15 to the consolidated financial statements on pages 102 to 104 and the accounting policies on page 72 and page 75.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified impairment of goodwill and intangible assets — car dealerships/dealership operation rights as a key audit matter because these assets are material to the Group and because the impairment assessments prepared by management involve judgments and assumptions which are inherently uncertain and could be subject to management bias.	• comparing forecast revenue and forecast gross profit margins and working capital changes in the discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified; • obtaining from management sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts and assessing the impact of changes in the key assumptions to the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and • considering the disclosures in the consolidated financial statements in respect of the impairment assessments of goodwill and intangible assets — car dealerships/dealership operation rights with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (Continued)

Recognition of vendor rebates

Refer to note 21 to the consolidated financial statements on page 122 and the accounting policy on page 86.

The Key Audit Matter	How the matter was addressed in our audit
The Group earns vendor rebates under various and differing arrangements with automobile manufacturers. Rebate arrangements, which can vary in different fiscal years and between automobile manufacturers, include rebates based on purchase or (for certain specific car models) sales volumes, performance rebates and other specific rebates. 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. In addition, other specific rebates are granted to the Group, including, but not limited to, compensation for automobile mortgage sales, new store one-off compensation, regional annual awards and car demonstration compensation.	Our audit procedures to assess the recognition of vendor rebates included the following: • obtaining an understanding of the design and implementation of management's key internal controls in relation to the recognition of vendor rebates; • assessing the Group's accounting policies in respect of the recognition of vendor rebates by inspecting the terms and conditions set out in each type of rebate arrangement communicated by the respective automobile manufacturers with reference to the requirements of the prevailing accounting standards; • selecting samples of vendor rebates recognised and settled during the year and comparing the recognised rebate amount with credit notes issued by the vendors or underlying bank payment slips;

KEY AUDIT MATTERS (Continued)

Recognition of vendor rebates (Continued)	
Refer to note 21 to the consolidated financial statements on page 122 and the accounting policy on page 86.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group manually calculates rebates and recognises them to the extent that the management expects it is probable that the associated conditions will be met and the amount can be estimated reliably. We identified recognition of vendor rebates as a key audit matter because there are many different kinds of rebate arrangements in place and because the manual calculation of the Group's entitlement to such rebates involves significant management's estimation, which is inherently subjective.	• for vendor rebate receivables at the reporting date, performing recalculations of the amounts receivable, on a sample basis, based on the terms of the underlying vendor rebate arrangements and relevant inputs, including sales and purchase volume data, rebate rates and other specific criteria as set out in the respective vendor rebate arrangements; • evaluating, on a sample basis, the above relevant inputs used to calculate vendor rebates by comparing the inputs with relevant underlying documentation; and • for vendor rebate receivables at the previous financial reporting date, performing retrospective review by assessing the subsequent settlement, on a sample basis, in the current year.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the audit committee of the Company ("**Audit Committee**") in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kim Tak.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2025

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	14, 15	**(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	31	**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)	9	**(56.0)**	(31.9)

The notes on pages 69 to 159 form part of these financial statements.

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	31	**107,127**	41,708
Non-controlling interests		**72,293**	28,802
Total comprehensive income for the year		**(1,528,248)**	(824,118)

The notes on pages 69 to 159 form part of these financial statements.

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	11	**5,855,395**	6,075,954
Investment properties	12	**470,135**	431,510
Right-of-use assets	13	**2,556,819**	2,487,855
Intangible assets	14	**2,302,546**	2,540,361
Goodwill	15	**534,641**	566,736
Interests in associates	17	**18,596**	15,191
Interest in a joint venture	18	**31,259**	26,798
Deferred tax assets	29	**703,446**	758,013
Long-term receivables		**409,825**	381,655
Other financial assets	22	**511,829**	829,028
Pledged bank deposits	23	**502,440**	975,420
		13,896,931	15,088,521
Current assets			
Inventories	19	**3,306,990**	3,771,902
Trade and bills receivables	20	**1,145,086**	941,949
Prepayments, deposits and other receivables	21	**4,838,107**	4,941,148
Other financial assets	22	**65,119**	126,344
Pledged bank deposits	23	**5,391,391**	3,900,082
Time deposits		**1,524**	—
Cash and cash equivalents	24	**573,088**	744,855
		15,321,305	14,426,280
Current liabilities			
Loans and borrowings	25	**17,550,020**	16,272,920
Lease liabilities	26	**284,240**	319,641
Trade and other payables	27	**5,470,940**	5,638,481
Income tax payables		**348,707**	391,173
Other financial liabilities	22	**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

The notes on pages 69 to 159 form part of these financial statements.

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 liabilities			
Loans and borrowings	25	**2,419,911**	3,488,141
Lease liabilities	26	**1,059,789**	960,309
Deferred tax liabilities	29	**899,578**	970,800
Trade and other payables	27	**108,697**	139,567
Other financial liabilities	22	**6,320**	24,532
		4,494,295	5,583,349
NET ASSETS		**1,069,738**	1,287,060
CAPITAL AND RESERVES	30		
Share capital		**290,228**	246,394
Perpetual bonds	31	**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

Approved and authorised for issue by the board of directors on 28 March 2025.

Huang Junfeng
Chairman

Chen Hong
Director

The notes on pages 69 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to equity shareholders of the Company									Attributable to non-controlling interests			
	Share capital RMB'000 (note 30(c))	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000 (note 30(d)(i))	Exchange reserve RMB'000 (note 30(d)(ii))	Discretionary surplus reserve RMB'000	Accumulated losses RMB'000	Perpetual bonds RMB'000 (note 31)	Sub-total RMB'000	Perpetual bonds RMB'000 (note 31)	Share of net assets of subsidiaries RMB'000	Sub-total RMB'000	Total equity RMB'000
Balance at 1 January 2023	235,203	6,354,071	296,147	802,824	(17,262)	4,459	(7,482,053)	–	193,389	–	31,055	31,055	224,444
Total comprehensive income for the year:													
Loss for the year	–	–	–	–	–	–	(890,990)	41,708	(849,282)	27,808	994	28,802	(820,480)
Other comprehensive income	–	–	–	–	(3,638)	–	–	–	(3,638)	–	–	–	(3,638)
Total comprehensive income for the year	–	–	–	–	(3,638)	–	(890,990)	41,708	(852,920)	27,808	994	28,802	(824,118)
Issue of ordinary shares by placement	11,191	39,875	–	–	–	–	–	–	51,066	–	–	–	51,066
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	980	980	980
Loss of control in a subsidiary	–	–	–	(3,750)	–	–	3,750	–	–	–	(9,546)	(9,546)	(9,546)
Issue of perpetual bonds	–	–	–	–	–	–	–	1,010,921	1,010,921	900,000	–	900,000	1,910,921
Distribution to holders of perpetual bonds	–	–	–	–	–	–	–	(41,708)	(41,708)	(26,061)	–	(26,061)	(67,769)
Equity settled share-based transactions	–	5,416	(4,334)	–	–	–	–	–	1,082	–	–	–	1,082
Appropriation to reserves	–	–	–	22,886	–	–	(22,886)	–	–	–	–	–	–
Balance at 31 December 2023, and 1 January 2024	**246,394**	**6,399,362**	**291,813**	**821,960**	**(20,900)**	**4,459**	**(8,392,179)**	**1,010,921**	**361,830**	**901,747**	**23,483**	**925,230**	**1,287,060**
Total comprehensive income for the year:													
Loss for the year	–	–	–	–	–	–	(1,708,506)	107,127	(1,601,379)	73,135	(842)	72,293	(1,529,086)
Other comprehensive income	–	–	–	–	838	–	–	–	838	–	–	–	838
Total comprehensive income for the year	–	–	–	–	838	–	(1,708,506)	107,127	(1,600,541)	73,135	(842)	72,293	(1,528,248)
Issue of ordinary shares (note 30(c))	43,834	10,457	–	–	–	–	–	–	54,291	–	–	–	54,291
Issue of perpetual bonds (note 31)	–	–	–	–	–	–	–	829,280	829,280	600,000	–	600,000	1,429,280
Distribution to holders of perpetual bonds (note 31)	–	–	–	–	–	–	–	–	–	(71,102)	–	(71,102)	(71,102)
Repayment of perpetual bonds (note 31)	–	–	–	–	–	–	–	–	–	(100,000)	–	(100,000)	(100,000)
Equity settled share-based transactions	–	–	(1,543)	–	–	–	–	–	(1,543)	–	–	–	(1,543)
Deregistration of subsidiaries	–	–	–	(8,442)	–	–	8,442	–	–	–	–	–	–
Balance at 31 December 2024	**290,228**	**6,409,819**	**290,270**	**813,518**	**(20,062)**	**4,459**	**(10,092,243)**	**1,947,328**	**(356,683)**	**1,403,780**	**22,641**	**1,426,421**	**1,069,738**

The notes on pages 69 to 159 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000
Operating activities:			
Cash generated from operations	24(b)	**137,285**	88,587
Income tax paid		**(106,199)**	(51,801)
Net cash generated from operating activities		**31,086**	36,786
Investing activities:			
Payment for purchase of property, plant and equipment		**(370,104)**	(1,124,150)
Proceeds from disposal of property, plant and equipment		**244,446**	301,739
Proceeds from disposal of equity investment in Dongfeng Logistics Group Co., Ltd. ("**Dongfeng Logistics**")		**331,496**	—
Proceeds from redemption of financial assets, net effect		**4,111**	914
Payment for purchase of intangible assets		**(8,714)**	(325)
Dividend received		**20,280**	39,538
Net cash used in business acquisition		**(82,335)**	(55,912)
Increase in time deposits		**(1,524)**	(10,646)
Payments in relation to investment in an associate		**(4,200)**	(350)
Loss of control over a subsidiary		**—**	(1,563)
Interest received		**69,262**	57,273
Net cash generated from/(used in) investing activities		**202,718**	(793,482)
Financing activities:			
Proceeds from loans and borrowings	24(c)	**36,150,593**	36,081,546
Repayment of loans and borrowings	24(c)	**(35,151,127)**	(34,068,925)
Proceeds from issue of ordinary shares		**54,291**	51,066
Proceeds from issue of perpetual bonds	31	**600,000**	900,000
Distribution to the holders of perpetual bonds	31	**(71,102)**	(67,769)
Repayment of perpetual bonds		**(100,000)**	—
Capital injection by non-controlling interests		**—**	980
Capital element of lease rentals paid	24(c)	**(218,826)**	(339,474)
Interest element of lease rentals paid	24(c)	**(76,760)**	(74,307)
Interest paid	24(c)	**(836,109)**	(1,103,371)
Increase of pledged bank deposits for bank loans	23	**(832,460)**	(589,752)
Proceeds from/(payments for) settlement of derivative financial instruments, net effect		**75,347**	(22,918)
Net cash (used in)/generated from financing activities		**(406,153)**	767,076
Net (decrease)/increase in cash and cash equivalents		**(172,349)**	10,380
Cash and cash equivalents at the beginning of the year		**744,855**	734,086
Effect of foreign exchange rate changes		**582**	389
Cash and cash equivalents at the end of the year	24(a)	**573,088**	744,855

The notes on pages 69 to 159 form part of these financial statements.

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 (see note 2(g)); and

— derivative financial instruments (see note 2(h)).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

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. The Group has provided the new disclosures in notes 25 and 27.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in subsidiaries is stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence or joint control ceases.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associates or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 2(m)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In all other cases, when the Group ceases to have significant influence over an associate or a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(m)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and a joint venture, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(x)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities (Continued)

(i) Non-equity investments (Continued)

- fair value through other comprehensive income ("**FVOCI**") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings, and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income(see note 2(x)(ii)(b)).

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(i) Investment properties

Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 2(m)(iii)). Cost includes expenditure that is directly attributable to the acquisition of the investment property. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 30 to 40 years. Depreciation methods, useful lives and residual values are re-assessed at the end of each reporting period and adjusted if appropriate.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses (see note 2(m)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(aa)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings situated on leasehold land	Over the shorter of the unexpired term of lease and their estimated useful lives, being 30–40 years after the date of completion
— Leasehold improvements	Over the shorter of the unexpired term of the lease and 5 years
— Plant and machinery	10 years
— Motor vehicles	5 years
— Office equipment and furniture	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress is stated at cost less impairment losses (see note 2(m)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets of their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and any impairment loss (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Intangible assets are not amortised while their useful lives are assessed to be indefinite. The principal estimated useful lives of the Group's intangible assets are as follows:

— Car dealerships	40 years
— Dealership operation rights	10 years
— Favourable lease contracts	Over the unexpired term of lease, being 1–10 years
— Software	5 years
— Trademark	Indefinite

Both the useful life and method of amortisation are reviewed annually and adjusted if appropriate.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as office equipment. When the Group enters into a lease in respect of a low-value items, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Leased assets (Continued)

(i) As a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and any impairment losses (see note 2(m)(iii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(l)(i), then the Group classifies the sub-lease as an operating lease.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on:

— financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits, time deposits, trade and bills receivables, and deposits and other receivables and long-term receivables); and

— lease receivables

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and bills receivables, deposits and long-term receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Significant increases in credit risk
When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets
At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy
The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Credit losses and impairment of assets (Continued)

(iii) Impairment of other non-current assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(m)(iii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(n) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

— 4S dealership business

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase after deducting rebates from suppliers and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Inventories (Continued)

— Property development

Cost of properties comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(aa)) and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(x)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(p)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

All receivables are subsequently stated at amortised cost(see note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(m)(i)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(aa).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Perpetual bonds

Perpetual bonds do not have a maturity date and coupon payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual bonds are classified as equity.

Any distributions made to perpetual bond holders are treated as dividends and directly debited from equity. Incremental costs directly attributable to the issue of the perpetual bonds are deducted against the proceeds from the issue.

(u) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payments

The fair values of the selected current employee services received in exchange for the grant of the restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the granted share measured as of the grant date less the proceeds received from the employees, and records in the capital reserve until each unlocking date.

During the vesting period, the number of restricted shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of restricted share that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's share. The equity amount is recognised in the capital reserve until the restricted share is released (when it is included in the amount recognised in share capital for the share issued) or restricted share expires or is forfeited or cancelled (when it is released directly to retained earnings) after the end of vesting period.

Share-based payment transactions in which the Company grants shares to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising on the initial recognition of goodwill;

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(m)(iii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(x) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of motor vehicles that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(a) *Sales of passenger motor vehicles*

Revenue arising from the sale of passenger motor vehicles is recognised upon delivery of passenger motor vehicles when the customer takes possession of and accepts the passenger motor vehicles. Revenue excludes value added tax and is after deduction of any trade discounts.

(b) *Provision of mortgage facilitation services*

Revenue arising from the provision of mortgage facilitation service is recognised 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.

(c) *After-sales services — sales of motor spare parts*

Revenue arising from the sale of motor spare parts is recognised when the customer takes possession of and accepts the spare parts.

(d) *After-sales services — maintenance services income*

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

(e) *Logistics services income and other related services income*

Revenue arising from logistics services and other related services are recognised when the service is rendered to customers.

(f) *Sales of comprehensive properties*

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

(ii) Revenue from other sources and other income

(a) *Rental income from operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(c) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(y) Vendor rebates

Incentive rebates provided by vendors are recognised on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract.

Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicle purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

(z) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Translation of foreign currencies (Continued)

Foreign currency differences are recognised in OCI and accumulated separately in equity in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(aa) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group, or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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:

		For the year ended 31 December	
	Note	**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.

3 REVENUE (Continued)

(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 RMB'000**	2023 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	22(iv)	**20,280**	39,538
Fair value change related to interest in Dongfeng Logistics Group Co., Ltd.	22(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	12	**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):

		For the year ended 31 December	
	Note	**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

5 LOSS BEFORE TAXATION (Continued)

(i) It mainly represents finance costs arising from discounting of bills payable (note 27).

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

For the year ended 31 December

		Note	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	28(b)	**(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 RMB'000	2023 RMB'000
(c)	**Other items:**			
	Cost of inventories	19(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	14	**84,607**	—
	— goodwill	15	**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 (note 29)	**(16,655)**	(103,423)
	47,078	(66,120)

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

	Note	For the year ended 31 December	
		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 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman					
Huang Junfeng* (i)	—	720	—	28	748
Executive directors					
Wang Mingcheng* (ii)	—	240	978	32	1,250
Chen Hong (CEO)* (iii)	—	900	378	40	1,318
Su Yi* (iv)	—	—	—	—	—
Zeng Tingyi* (v)	—	—	—	—	—
Li Zhihuang* (vi)	—	—	—	—	—
Independent non-executive directors					
Yu Jianrong (vii)	276	—	—	—	276
Tsui Wai Ling Carlye (viii)	25	—	—	—	25
Shen Jinjun (viii)	25	—	—	—	25
Song Tao (ix)	276	—	—	—	276
Wong Tin Yau, Kelvin (x)	251	—	—	—	251
Cao Tong (xi)	44	—	—	—	44
Wong Tantan (xi)	50	—	—	—	50
	947	1,860	1,356	100	4,263

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Year ended 31 December 2023

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chairman					
Wang Mingcheng	—	960	729	39	1,728
Executive directors					
Li Zhihuang	—	—	—	—	—
Zeng Tingyi	—	—	—	—	—
Huang Junfeng	—	—	—	—	—
Independent non-executive directors					
Wong Tin Yau, Kelvin	297	—	—	—	297
Cao Tong	264	—	—	—	264
Wong Tantan	297	—	—	—	297
Chief executive					
Chen Hong	—	900	472	39	1,411
	858	1,860	1,201	78	3,997

* During the year ended 31 December 2024, Mr. Huang Junfeng, Mr. Wang Mingcheng, Mr. Chen Hong, Mr. Su Yi, Mr. Zeng Tingyi and Mr. Li Zhihuang, the executive directors of the Company, waived the director's fee.

(i) On 10 April 2024, Mr. Huang Junfeng was nominated as the new chairman of the board of directors of the Company (the "**Board**"), effective from 10 April 2024.

(ii) On 10 April 2024, Mr. Wang Mingcheng retired from the position as the chairman of the Board and continued to serve as executive director of the Company, effective from 10 April 2024.

(iii) On 10 April 2024, Mr. Chen Hong was nominated as executive director of the Company, effective from 10 April 2024.

(iv) On 24 December 2024, Mr. Su Yi was nominated as executive director of the Company, effective from 24 December 2024.

(v) On 10 April 2024, Mr. Zeng Tingyi was nominated as executive director of the Company, effective from 10 April 2024. On 24 December 2024, Mr. Zeng Tingyi resigned as executive director of the Company, effective from 24 December 2024.

(vi) On 10 April 2024, Mr. Li Zhihuang resigned as executive director of the Company, effective from 10 April 2024.

(vii) On 7 February 2024, Ms. Yu Jianrong was nominated as independent non-executive director of the Company, effective from 7 February 2024.

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(viii) On 24 December 2024, Dr. Tsui Wai Ling Carlye and Mr. Shen Jinjun were nominated as independent non-executive director of the Company, effective from 24 December 2024.

(ix) On 7 February 2024, Mr. Song Tao was nominated as independent non-executive director of the Company, effective from 7 February 2024. On 24 December 2024, Mr. Song Tao resigned as independent non-executive director of the Company, effective from 24 December 2024.

(x) On 8 October 2024, Dr. Wong Tin Yau, Kelvin resigned as independent non-executive director of the Company, effective from 8 October 2024.

(xi) On 7 February 2024, Dr. Cao Tong and Ms. Wong Tan Tan resigned as independent non-executive director of the Company, effective from 7 February 2024.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are executive directors, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries and allowances	**2,106**	1,920
Discretionary bonuses	**1,032**	1,499
Retirement scheme contributions	**153**	154
	3,291	3,573

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
RMB		
Nil–1,000,000	**1**	—
1,000,001–1,500,000	**2**	3

9 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.

10 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.

10 SEGMENT REPORTING (Continued)

(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 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 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 14).

10 SEGMENT REPORTING (Continued)

(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.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2023	4,409,834	94,170	425,091	375,442	319,120	2,144,517	7,768,174
Additions	26,434	22,419	8,758	386,604	69,568	495,370	1,009,153
Transfer among items under property, plant and equipment	250,357	–	1,515	–	–	(251,872)	–
Transfer to properties under development for sale	–	–	–	–	–	(18,554)	(18,554)
Transfer to investment properties	(125,174)	–	–	–	–	–	(125,174)
Disposals	(51,136)	–	(64,976)	(378,568)	(54,376)	–	(549,056)
At 31 December 2023, and 1 January 2024	4,510,315	116,589	370,388	383,478	334,312	2,369,461	8,084,543
Additions	–	–	8,139	264,207	8,627	5,559	286,532
Transfer among items under property, plant and equipment	923,321	–	122,320	–	5,577	(1,051,218)	–
Transfer from properties under development for sale (note 19(a))	186,280	–	–	–	–	–	186,280
Transfer to investment properties	(45,892)	–	–	–	–	–	(45,892)
Disposals	(40,798)	–	(48,857)	(349,323)	(17,292)	–	(456,270)
At 31 December 2024	5,533,226	116,589	451,990	298,362	331,224	1,323,802	8,055,193
Accumulated depreciation:							
At 1 January 2023	918,314	88,712	324,053	173,179	279,633	–	1,783,891
Charge for the year	158,187	5,337	47,795	92,911	32,630	–	336,860
Transfer to investment properties	(57,970)	–	–	–	–	–	(57,970)
Written-back on disposals	(33,683)	–	(48,387)	(129,925)	(49,122)	–	(261,117)
At 31 December 2023, and 1 January 2024	984,848	94,049	323,461	136,165	263,141	–	1,801,664
Charge for the year	186,971	3,617	57,248	93,655	28,922	–	370,413
Transfer to investment properties	(4,940)	–	–	–	–	–	(4,940)
Written-back on disposals	(19,121)	–	(30,272)	(105,344)	(16,976)	–	(171,713)
At 31 December 2024	1,147,758	97,666	350,437	124,476	275,087	–	1,995,424
Accumulated impairment losses							
At 1 January 2023	217,977	–	–	–	–	–	217,977
Written-back on disposals	(11,052)	–	–	–	–	–	(11,052)
At 31 December 2023, and 1 January 2024	206,925	–	–	–	–	–	206,925
Written-back on disposals	(2,551)	–	–	–	–	–	(2,551)
At 31 December 2024	204,374	–	–	–	–	–	204,374
Net book value:							
At 31 December 2024	4,181,094	18,923	101,553	173,886	56,137	1,323,802	5,855,395
At 31 December 2023	3,318,542	22,540	46,927	247,313	71,171	2,369,461	6,075,954

(a) The Group's buildings are located in the PRC. The Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB87,252,000 as at 31 December 2024 (2023: RMB120,365,000). Notwithstanding this, the directors of the Company are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2024.

(b) Property, plant and equipment with carrying amount of RMB955,917,000 (2023: RMB1,020,397,000) are pledged for bank loans (note 25) as at 31 December 2024.

12 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January 2023	368,263
Transfer from property, plant and equipment and right-of-use assets	249,418
At 31 December 2023, and 1 January 2024	**617,681**
Transfer from property, plant and equipment and right-of-use assets	**51,664**
Transfer from properties under development for sale	**17,171**
At 31 December 2024	**686,516**
Accumulated depreciation:	
At 1 January 2023	64,670
Charge for the year	20,103
Transfer from property, plant and equipment and right-of-use assets	101,398
At 31 December 2023, and 1 January 2024	**186,171**
Charge for the year	**22,817**
Transfer from property, plant and equipment and right-of-use assets	**7,393**
At 31 December 2024	**216,381**
Net book value:	
At 31 December 2024	**470,135**
At 31 December 2023	431,510

Investment properties comprise land use rights and buildings located in Mainland China that are leased to third parties. The Group leases out investment properties under operating leases. The leases carry rentals determined based on the lease contract with third parties for a period of typically 5 to 12 years. The aggregate fair value of the investment properties was approximately RMB790,171,000 as at 31 December 2024 (31 December 2023: RMB701,610,000), which was based on the valuation performed by an independent professionally qualified valuer, on an open market, existing use basis.

During the year ended 31 December 2024, rental income of RMB38,584,000 (2023: RMB29,386,000) were recognised as "Other income" in the consolidated statement of profit or loss.

Undiscounted lease payments under non-cancellable operating lease contracts in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**42,296**	32,267
After 1 year but within 5 years	**151,132**	130,117
After 5 years	**105,077**	118,972
	298,505	281,356

13 RIGHT-OF-USE ASSETS

	Land use rights carried at cost (i) RMB'000	Properties and land leased for own use carried at cost (ii) RMB'000	Total RMB'000
Cost:			
At 1 January 2023	1,748,514	2,190,426	3,938,940
Additions	—	434,885	434,885
Transfer to investment properties	(124,244)	—	(124,244)
Disposals	—	(507,274)	(507,274)
At 31 December 2023, and 1 January 2024	**1,624,270**	**2,118,037**	**3,742,307**
Additions	**—**	**415,289**	**415,289**
Transfer from properties under development for sale (note 19(a))	**77,840**	**—**	**77,840**
Transfer to investment properties	**(5,772)**	**—**	**(5,772)**
Disposals	**—**	**(470,057)**	**(470,057)**
At 31 December 2024	**1,696,338**	**2,063,269**	**3,759,607**
Accumulated depreciation:			
At 1 January 2023	277,479	1,054,876	1,332,355
Charge for the year	37,557	284,200	321,757
Transfer to investment properties	(43,428)	—	(43,428)
Written-back on disposals	—	(356,232)	(356,232)
At 31 December 2023, and 1 January 2024	**271,608**	**982,844**	**1,254,452**
Charge for the year	**31,546**	**290,003**	**321,549**
Transfer to investment properties	**(2,453)**	**—**	**(2,453)**
Written-back on disposals	**—**	**(370,760)**	**(370,760)**
At 31 December 2024	**300,701**	**902,087**	**1,202,788**
Net book Value:			
At 31 December 2024	**1,395,637**	**1,161,182**	**2,556,819**
At 31 December 2023	1,352,662	1,135,193	2,487,855

13 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights (i)	**31,546**	37,557
Properties and land leased for own use (ii)	**290,003**	284,200
	321,549	321,757
Interest on lease liabilities (note 5(a))	**76,760**	74,307
Expense relating to short-term leases (note 5(c))	**16,188**	7,349

(i) Land use rights

Land in respect of land use rights are all located in the PRC with a lease period of 23 to 50 years when granted.

Land use rights with net book value of RMB494,846,000 are pledged as security for bank loans (note 25) as at 31 December 2024 (2023: RMB681,328,000).

(ii) Properties and land leased for own use

The Group has obtained the right to use other properties and land through lease agreements. The leases typically run for an initial period of 2 to 20 years.

None of the leases include an option to renew the lease, or an option to purchase the leased properties and land use rights at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

14 INTANGIBLE ASSETS

	Car dealerships/ Dealership operation rights RMB'000	Favourable lease contracts RMB'000	Trademark RMB'000	Software RMB'000	Others RMB'000	Total 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.

14 INTANGIBLE ASSETS (Continued)

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 recognised 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.

14 INTANGIBLE ASSETS (Continued)

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

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).

15 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 14 above, impairment losses 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.

16 INTERESTS IN SUBSIDIARIES

As of 31 December 2024, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Big Glory International Limited (浩榮國際有限公司)	(iii)	British Virgin Islands ("**BVI**") 22 June 2006 Private limited company	US$100	100%	–	Investment holding
Top Globe Limited (同方有限公司)	(iii)	BVI 27 August 2007 Private limited company	US$100	100%	–	Investment holding
Acme Joy Group Limited	(iii)	BVI 28 April 2011 Limited liability company	US$50,000	–	100%	Investment holding
Chang Jun Limited (昌駿有限公司)	(iii)	BVI 16 June 2011 Limited company	US$100	–	100%	Investment holding
Silver Journey Global Limited	(iii)	BVI 6 July 2011 Limited liability company	US$50,000	–	100%	Investment holding
Hong Kong Nettime Investment Co., Ltd. (香港強時投資有限公司)	(iii)	BVI 03 December 2018 Limited liability company	US$1	–	100%	Investment holding
Rising Wave Development Limited (升濤發展有限公司)	(iii)	Hong Kong 21 April 2006 Private limited company	HK$100	–	100%	Investment holding
Hong Kong Newspeed Technology Co., Ltd. (香港祥馳科技有限公司)	(iii)	Hong Kong 18 December 2018 Limited liability company	HK$1	–	100%	Investment holding
Wealth Fame Holdings Limited (佳名集團有限公司)	(iii)	Hong Kong 19 July 2007 Private limited company	HK$1	–	100%	Investment holding
Tongda Group (China) Co., Ltd. (通達集團(中國)有限公司)	(iii)	Hong Kong 10 November 2008 Limited liability company	HK$10,000	–	100%	Investment holding
Wuhan Zhengtong United Industrial Investment Group Co., Ltd. (武漢正通聯合實業投資集團有限公司)	(iv)	The PRC 22 November 2002 Limited liability company	RMB1,410,000,000	–	100%	Investment holding

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Shenxie Automobile Trading Co., Ltd. (上海紳協汽車貿易有限公司)		The PRC 21 April 1999 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Hubei Dingjie Automobile Sales Services Co., Ltd. (湖北鼎杰汽車銷售服務有限公司)		The PRC 12 December 2002 Limited liability company	RMB55,000,000	–	100%	Automobile dealership
Inner Mongolia Dingjie Automobile Trading Co., Ltd. (內蒙古鼎杰汽車貿易有限公司)		The PRC 23 January 2003 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Hubei Bocheng Automobile Sales Services Co., Ltd. (湖北博誠汽車銷售服務有限公司)		The PRC 30 May 2003 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Wuhan Kaitai Automobile Sales Services Co., Ltd. (武漢開泰汽車銷售服務有限公司)		The PRC 20 October 2003 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Hubei Xinrui Automobile Sales Services Co., Ltd. (湖北欣瑞汽車銷售服務有限公司)		The PRC 18 March 2004 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Wuhan Baoze Automobile Sales Services Co., Ltd. (武漢寶澤汽車銷售服務有限公司)		The PRC 26 May 2004 Limited liability company	RMB70,000,000	–	100%	Automobile dealership
Inner Mongolia Dingze Automobile Sales Services Co., Ltd. (內蒙古鼎澤汽車銷售服務有限公司)		The PRC 27 October 2009 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Shantou Hongxiang Materials Co., Ltd. (汕頭市宏祥物資有限公司)		The PRC 12 July 2000 Limited liability company	RMB5,000,000	–	100%	Automobile dealership
ZhengTong Automobile Investment Holding(Wuhan) Co., Ltd. (正通汽車投資控股(武漢)有限公司)	(i)	The PRC 29 March 2011 Limited liability company	RMB600,000,000	–	100%	Investment holding
Chengdu Qibao Automobile Sales Services Co., Ltd. (成都祺寶汽車銷售服務有限公司)		The PRC 13 July 2011 Limited liability company	RMB210,000,000	–	100%	Automobile dealership
Qingyuan SCAS Hezhong Automobile Sales Services Co., Ltd. (清遠南方合眾汽車銷售服務有限公司)		The PRC 31 December 2009 Limited liability company	RMB20,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Goldrich Holdings Limited (啟富集團有限公司)		Hong Kong 16 January 2014 Private limited company	HK$1	–	100%	Investment holding
Beijing Zhengtong Baozehang Automobile Sales Services Co., Ltd. (北京正通寶澤行汽車銷售有限公司)		The PRC 7 January 2014 Limited liability company	RMB80,000,000	–	100%	Automobile dealership
Wuhan Luze Automobile Sales Services Co., Ltd. (武漢路澤汽車銷售服務有限公司)		The PRC 6 January 2014 Limited liability company	RMB78,000,000	–	100%	Automobile dealership
Shenzhen Dingwo Automobile Sales Services Co., Ltd. (深圳鼎沃汽車銷售服務有限公司)		The PRC 3 September 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Yiwu Xinhui Automobile Sales Service Co., Ltd. (義烏市新徽汽車銷售服務有限公司)		The PRC 17 December 2015 Limited liability company	RMB60,000,000	–	100%	Automobile dealership
Shenzhen Chance Cloud Technology Co., Ltd. (深圳強時科技有限公司)		The PRC 11 February 2019 Limited liability company	RMB10,000,000	–	100%	Investment holding
Shanghai Qize Automobile Sales Services Co., Ltd. (上海旗澤汽車銷售服務有限公司)		The PRC 30 September 2017 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Jieyang Baotaihang Automobile Sales Services Co., Ltd. (揭陽寶泰行汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Dalian Hengyuehang Automobile Sales Services Co., Ltd. (大連恒悅行汽車銷售服務有限公司)		The PRC 09 April 2018 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Foshan Baoyunhang Automobile Sales Services Co., Ltd. (佛山寶運行汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shiyan Shenxie Automobile Trading Co., Ltd. (十堰紳協汽車貿易有限公司)		The PRC 18 June 2004 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shanghai Luda Automobile Sales Services Co., Ltd. (上海陸達汽車銷售服務有限公司)		The PRC 8 November 2004 Limited liability company	RMB10,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Changsha Ruibao Automobile Sales Services Co., Ltd. (長沙瑞寶汽車銷售服務有限公司)		The PRC 21 June 2005 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Hubei Jierui Automobile Sales Services Co., Ltd. (湖北捷瑞汽車銷售服務有限公司)		The PRC 24 June 2005 Limited liability company	RMB22,000,000	–	100%	Automobile dealership
Huhhot Qibao Automobile Sales Services Co., Ltd. (呼和浩特市祺寶汽車銷售服務有限公司)		The PRC 23 February 2006 Limited liability company	RMB18,000,000	–	100%	Automobile dealership
Yichang Baoze Automobile Sales Services Co., Ltd. (宜昌寶澤汽車銷售服務有限公司)		The PRC 13 June 2006 Limited liability company	RMB15,000,000	–	100%	Automobile dealership
Chenzhou Ruibao Automobile Sales Services Co., Ltd. (郴州瑞寶汽車銷售服務有限公司)		The PRC 6 September 2006 Limited liability company	RMB8,000,000	–	100%	Automobile dealership
Nanchang Baoze Automobile Sales Services Co., Ltd. (南昌寶澤汽車銷售服務有限公司)		The PRC 2 June 2008 Limited liability company	RMB29,000,000	–	100%	Automobile dealership
Zhuhai Baoze Automobile Sales Services Co., Ltd. (珠海寶澤汽車銷售服務有限公司)		The PRC 27 June 2008 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Shanghai Aohui Automobile Sales Services Co., Ltd. (上海奧匯汽車銷售服務有限公司)		The PRC 4 December 2008 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Guangzhou Baoze Automobile Sales Services Co., Ltd. (廣州寶澤汽車銷售服務有限公司)		The PRC 20 April 2009 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Dongguan Jieyunhang Automobile Sales Services Co., Ltd. (東莞捷運行汽車銷售服務有限公司)		The PRC 6 July 2009 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Baotou Baoze Automobile Sales Services Co., Ltd. (包頭市寶澤汽車銷售服務有限公司)		The PRC 6 August 2009 Limited liability company	RMB26,000,000	–	100%	Automobile dealership
Beijing Baozehang Automobile Sales Services Co., Ltd. (北京寶澤行汽車銷售服務有限公司)		The PRC 16 October 2009 Limited liability company	RMB90,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shangrao Baoze Automobile Sales Services Co., Ltd. (上饒市寶澤汽車銷售服務有限公司)		The PRC 2 November 2010 Limited liability company	RMB36,000,000	–	100%	Automobile dealership
Ganzhou Baoze Automobile Sales Services Co., Ltd. (贛州寶澤汽車銷售服務有限公司)		The PRC 3 December 2010 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Xiangyang Baoze Automobile Sales Services Co., Ltd. (襄陽寶澤汽車銷售服務有限公司)		The PRC 1 November 2010 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Xiangtan Baoze Automobile Sales Services Co., Ltd. (湘潭寶澤汽車銷售服務有限公司)		The PRC 9 November 2010 Limited liability company	RMB14,000,000	–	100%	Automobile dealership
Wuhan Shengtong Investment Management Co., Ltd. (武漢升通投資管理有限公司)		The PRC 22 April 2011 Limited liability company	RMB10,000,000	–	100%	Investment holding
Baotou Luze Automobile Sales Services Co., Ltd. (包頭市路澤汽車銷售服務有限公司)		The PRC 4 May 2011 Limited liability company	RMB33,000,000	–	100%	Automobile dealership
Ganzhou Yizezhiye Co., Ltd. (贛州益澤置業有限公司)		The PRC 19 November 2010 Limited liability company	RMB10,000,000	–	100%	Real estate
Xiangtan Yizezhiye Co., Ltd. (湘潭益澤置業有限公司)		The PRC 18 November 2010 Limited liability company	RMB10,000,000	–	100%	Real estate
Shangrao Yizezhiye Co., Ltd. (上饒市益澤置業有限公司)		The PRC 18 November 2010 Limited liability company	RMB10,000,000	–	100%	Real estate
Hubei Aoze Automobile Sales Services Co., Ltd. (湖北奧澤汽車銷售服務有限公司)		The PRC 25 May 2011 Limited liability company	RMB60,000,000	–	100%	Automobile dealership
Qingdao Huacheng Automobile Services Co., Ltd. (青島華成汽車服務有限公司)		The PRC 8 March 2001 Limited liability company	RMB8,800,000	–	100%	Automobile dealership
Shantou Lujie Automobile Sales Services Co., Ltd. (汕頭市路杰汽車銷售服務有限公司)		The PRC 2 September 2011 Limited liability company	RMB46,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Baotaihang Automobile Sales Services Co., Ltd. (廣州寶泰行汽車銷售服務有限公司)		The PRC 18 December 2017 Limited liability company	RMB90,000,000	–	100%	Automobile dealership
Foshan Dingbaohang Automobile Sales Services Co., Ltd. (佛山鼎寶行汽車銷售服務有限公司)		The PRC 19 September 2017 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen Huashunbao Automobile Sales Services Co., Ltd. (深圳華順寶汽車銷售服務有限公司)		The PRC 14 September 2017 Limited liability company	RMB60,000,000	–	100%	Automobile dealership
Shenzhen Huashunbao Automobile Services Co., Ltd. (深圳華順寶汽車服務有限公司)		The PRC 15 September 2017 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Foshan Zheng Tong Zhong Rui Automobile Sales Services Co., Ltd. (佛山正通眾鋭汽車銷售服務有限公司)		The PRC 18 April 2011 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Baotou Zhongrui Automobile Sales Service Co., Ltd. (包頭眾鋭汽車銷售服務有限公司)		The PRC 21 September 2010 Limited liability company	RMB55,000,000	–	100%	Automobile dealership
ZhengTong Automobile Services Co., Ltd. (正通汽車服務有限公司)		The PRC 1 September 2011 Limited liability company	RMB50,000,000	–	100%	Automobile parts sales
Jiangxi Deao Automobile Sales Services Co., Ltd. (江西德奧汽車銷售服務有限公司)		The PRC 17 September 2002 Limited liability company	RMB5,000,000	–	100%	Automobile dealership
Huhhot Jieyun Automobile Sales Services Co., Ltd. (呼和浩特市捷運行汽車銷售服務有限公司)		The PRC 29 December 2011 Limited liability company	RMB90,000,000	–	100%	Automobile dealership
Jieyang Dingjie Automobile Sales Services Co., Ltd. (揭陽鼎杰汽車銷售服務有限公司)		The PRC 19 July 2011 Limited liability company	RMB31,000,000	–	100%	Automobile dealership
Shenzhen Roadmate Technology Co., Ltd. (深圳路美特科技有限公司)	(ii)	The PRC 15 March 2004 Limited liability company	US$2,100,000	–	100%	Investment holding
Shenzhen SCAS Investment Group Co., Ltd. (深圳市中汽南方投資集團有限公司)		The PRC 21 May 2001 Limited liability company	RMB50,000,000	–	100%	Investment holding

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenzhen Yama Automobile Trading Co., Ltd. (深圳野馬汽車貿易有限公司)		The PRC 15 June 1993 Limited liability company	RMB15,000,000	–	100%	Investment holding
Shenzhen SCAS Electric Machinery Co., Ltd. (深圳市中汽南方機電設備有限公司)		The PRC 25 November 1996 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen SCAS Automobile Maintenance Co., Ltd. (深圳市中汽南方汽車維修有限公司)		The PRC 14 August 2000 Limited liability company	RMB5,000,000	–	100%	Provision of Automobile Maintenance services
Guangdong SCAS Automobile Sales Services Co., Ltd. (廣東中汽南方汽車銷售服務有限公司)		The PRC 21 July 2004 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Dongguan SCAS Automobile Sales Services Co., Ltd. (東莞中汽南方汽車銷售服務有限公司)		The PRC 30 July 2004 Limited liability company	RMB5,000,000	–	100%	Automobile dealership
Zhuhai SCAS Automobile Sales Services Co., Ltd. (珠海中汽南方汽車銷售服務有限公司)		The PRC 10 March 2005 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Dalian Jieyuehang Real Estate Development Co., Ltd. (大連捷悦行房地產開發有限公司)		The PRC 28 March 2018 Limited liability company	RMB100,000,000	–	100%	Property management
Xiamen ZhengTong Automobile Group Co., Ltd (廈門正通汽車集團有限公司)		The PRC 01 April 2022 Limited liability company	RMB200,000,000	–	100%	Automobile dealership
Chengdu Hengyuehang Automobile Sales Service Co., Ltd. (成都恒悦行汽車銷售服務有限公司)		The PRC 26 December 2017 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen Baotaihang Automobile Sales Services Co., Ltd. (深圳寶泰行汽車銷售服務有限公司)		The PRC 15 September 2017 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Hunan SCAS Automobile Sales Services Co., Ltd. (湖南中汽南方汽車銷售服務有限公司)		The PRC 26 May 2005 Limited liability company	RMB10,000,000	–	90%	Automobile dealership
Hainan SCAS Automobile Sales Services Co., Ltd. (海南中汽南方汽車銷售服務有限公司)		The PRC 23 May 2008 Limited liability company	RMB20,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Fujian SCAS Automobile Sales Services Co., Ltd. (福建中汽南方汽車銷售服務有限公司)		The PRC 29 April 2005 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Beijing SCAS North China Automobile Services Co., Ltd. (北京中汽南方華北汽車服務有限公司)		The PRC 2 July 2001 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Beijing BWWR Automobile Sales Services Co., Ltd. (北京百旺沃瑞汽車銷售服務有限公司)		The PRC 27 March 2008 Limited liability company	RMB15,000,000	–	100%	Automobile dealership
Beijing Dewanlong Trading Co., Ltd. (北京德萬隆經貿有限公司)		The PRC 9 September 1999 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Beijing SCAS Zhongguan Automobile Sales Co., Ltd. (北京中汽南方中關汽車銷售有限公司)		The PRC 19 March 2010 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Tianjin SCAS Automobile Sales Services Co., Ltd. (天津中汽南方汽車銷售服務有限公司)		The PRC 21 May 2004 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Tianjin Automobile Industry SCAS Sales Co., Ltd. (天津汽車工業銷售深圳南方有限公司)		The PRC 28 November 1995 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengxing Automobile Sales Services Co., Ltd. (深圳市南方騰星汽車銷售服務有限公司)		The PRC 15 May 2006 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen SCAS Infiniti Automobile Sales Services Co., Ltd. (深圳市南方英菲尼迪汽車銷售服務有限公司)		The PRC 19 October 2006 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Shenzhen SCAS Changfu Automobile Sales Co., Ltd. (深圳市中汽南方長福汽車銷售有限公司)		The PRC 10 December 2004 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Shenzhen SCAS Tengtian Automobile Sales Services Co., Ltd. (深圳市南方騰田汽車銷售服務有限公司)		The PRC 24 March 2006 Limited liability company	RMB30,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenzhen SCAS Tenglong Automobile Sales Services Co., Ltd. (深圳市南方騰龍汽車銷售服務有限公司)		The PRC 5 December 2005 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Shenzhen SCAS Toyota Automobile Sales Services Co., Ltd. (深圳南方豐田汽車銷售服務有限公司)		The PRC 9 April 2002 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Shenzhen Qianhaichichang International Trading Co., Ltd. (深圳前海馳暢國際貿易有限公司)		The PRC 09 May 2018 Limited liability company	RMB100,000,000	–	100%	Automobile parts sales
Qingyuan SCAS Toyota Automobile Sales Services Co., Ltd. (清遠南方豐田汽車銷售服務有限公司)		The PRC 17 October 2008 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Baotou Lizhongyou Materials Co., Ltd. (包頭市利中友物資有限公司)		The PRC 6 November 2003 Limited liability company	RMB1,000,000	–	100%	Automobile parts sales
Changchun Shengze Jietong Transportation Co., Ltd. (長春聖澤捷通物流有限公司)		The PRC 24 October 2008 Limited liability company	RM30,000,000	–	100%	Provision of automobile related logistic services
Wuhan Yuntong Investment Management Co., Ltd. (武漢運通行投資管理有限公司)		The PRC 1 March 2012 Limited liability company	RMB10,000,000	–	100%	Investment holding
Dongguan Liaobu SCAS Automobile Sales Services Co., Ltd. (東莞寮步中汽南方汽車銷售服務有限公司)		The PRC 15 May 2012 Limited liability company	RMB15,000,000	–	100%	Automobile dealership
Guangdong SCAS Shengwo Automobile Sales Services Co., Ltd. (廣東中汽南方勝沃汽車銷售服務有限公司)		The PRC 11 June 2012 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Wuhan Luzehang Automotive Sales Service Co., Ltd (武漢路澤行汽車銷售服務有限公司)		The PRC 12 June 2012 Limited liability company	RMB20,000,000	–	100%	Provision of Automobile
Jingdezhen Shengtong Trading Co., Ltd. (景德鎮升通貿易有限公司)		The PRC 20 June 2012 Limited liability company	RMB10,000,000	–	100%	Automobile parts sales

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zhuhai SCAS Jielu Automobile Sales Services Co., Ltd. (珠海中汽南方捷路汽車銷售服務有限公司)		The PRC 21 June 2012 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Hunan SCAS Xingsha Automobile Sales Services Co., Ltd. (湖南中汽南方星沙汽車銷售服務有限公司)		The PRC 27 June 2012 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Dongguan Zhengtong Kaidi Automobile Sales Services Co., Ltd. (東莞正通凱迪汽車銷售服務有限公司)		The PRC 29 October 2012 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Jiangxi Zhengtong Zetian Automobile Sales Services Co., Ltd. (江西正通澤田汽車銷售服務有限公司)		The PRC 19 November 2012 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Shanghai Qibao Automobile Sales Services Co., Ltd. (上海祺寶汽車銷售服務有限公司)		The PRC 6 June 2013 Limited liability company	RMB47,000,000	–	100%	Automobile dealership
Zhanjiang Zhengtong Kaidi Automobile Sales Services Co., Ltd. (湛江正通凱迪汽車銷售服務有限公司)		The PRC 15 April 2013 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Shenzhen Zhengyuan Automobile Technology Co., Ltd. (深圳正源汽车科技有限公司)		The PRC 25 December 2017 Limited liability company	RMB500,000,000	80%	–	Financial services
Shenzhen Chixing Automobile Sales Services Co., Ltd. (深圳馳星汽車銷售服務有限公司)		The PRC 07 November 2018 Limited liability company	RMB15,000,000	–	100%	Automobile dealership
Wuhan Zhengtong Yuechi Automobile Sales Services Co., Ltd. (武漢正通悦馳汽車銷售服務有限公司)		The PRC 14 May 2013 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Shantou Baoze Automobile Sales Services Co., Ltd. (汕頭市寶澤汽車銷售服務有限公司)		The PRC 2 September 2013 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Jingmen Baoze Automobile Sales Services Co., Ltd. (荊門寶澤汽車銷售服務有限公司)		The PRC 11 October 2013 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Weihai Luze Automobile Sales Services Co., Ltd. (威海路澤汽車銷售服務有限公司)		The PRC 31 October 2013 Limited liability company	RMB40,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Baotou Baozehang Automobile Maintenance Services Co., Ltd. (包頭寶澤行汽車維修服務有限公司)		The PRC 18 December 2013 Limited liability company	RMB40,000,000	–	100%	Provision of automobile maintenance services
Changsha Ruize Real Estate Development Co., Ltd. (長沙瑞澤房地產開發有限公司)		The PRC 4 March 2013 Limited liability company	RMB20,000,000	–	100%	Property management
Shantoushi Ruize Real Estate Development Co., Ltd. (汕頭市瑞澤房地產開發有限公司)		The PRC 14 August 2013 Limited liability company	RMB160,000,000	–	100%	Property management
Dingze Insurance Agency Co., Ltd. (鼎澤保險代理有限公司)		The PRC 16 September 2013 Limited liability company	RMB50,000,000	–	100%	Insurance agency services
Wuhan Jiewo Technology Information Service Co., Ltd (武汉捷沃科技信息服務有限公司)		The PRC 6 August 2013 Limited liability company	RMB1,000,000	–	100%	Consulting services
Sky Wonder Limited (天悦有限公司)		Hong Kong 14 March 2014 Private limited company	HK$1	–	100%	Investment holding
Shenzhenshi Zhuoruixiang Information Advisory Co., Ltd. (深圳市卓瑞翔信息諮詢有限公司)		The PRC 31 December 2013 Limited liability company	RMB32,000,000	–	100%	Consulting services
ChengTong Developments Limited (成通發展有限公司)		BVI 1 April 2014 Limited company	US$1	–	100%	Investment holding
Landtime International Limited (裕泰國際有限公司)		Hong Kong 7 April 2014 Private limited company	US$1	–	100%	Investment holding
Wuhan Jieyuehang Supply Chain Co., Ltd. (武漢捷悦行供應鏈有限公司)		The PRC 17 July 2017 Limited liability company	RMB60,000,000	–	100%	Provision of automobile related logistic services
Shanghai Taishijie Automobile Sales Services Co., Ltd. (上海泰士杰汽車銷售有限公司)		The PRC 23 February 2004 Limited liability company	RMB48,800,000	–	100%	Automobile dealership
Yiwu DongtaiHealth Food Co., Ltd. (義烏市東太保健食品有限公司)		The PRC 19 June 2003 Limited liability company	RMB5,000,000	–	100%	Automobile trading agency

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shangraoshi Luze Automobile Sales Services Co., Ltd. (上饒市路澤汽車銷售服務有限公司)		The PRC 17 February 2014 Limited liability company	RMB41,000,000	–	100%	Automobile dealership
Langfangshi Luze Automobile Sales Services Co., Ltd. (廊坊市路澤汽車銷售服務有限公司)		The PRC 23 May 2014 Limited liability company	RMB55,000,000	–	100%	Automobile dealership
Yichun Baoze Automobile Sales Services Co., Ltd. (宜春寶澤汽車銷售服務有限公司)		The PRC 6 March 2014 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Qingdao Aoze Automobile Sales Services Co., Ltd. (青島奧澤汽車銷售服務有限公司)		The PRC 9 May 2014 Limited liability company	RMB70,000,000	–	100%	Automobile dealership
Shengzhou Aoze Automobile Sales Services Co., Ltd. (嵊州奧澤汽車銷售服務有限公司)		The PRC 30 May 2014 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Shanghai Chichang Trading Co., Ltd. (上海馳暢貿易有限公司)	(i)	The PRC 24 July 2014 Limited liability company	RMB100,000,000	–	100%	Automobile parts sales
Beijing Zhengtong Baoze Automobile Sales Services Co., Ltd. (北京正通寶澤汽車銷售服務有限公司)		The PRC 14 July 2014 Limited liability company	RMB50,000,000	–	100%	Provision of Automobile Maintenance services
Shenzhen Aoze Automobile Sales Services Co., Ltd. (深圳奧澤汽車銷售服務有限公司)		The PRC 2 July 2014 Limited liability company	RMB60,000,000	–	100%	Automobile dealership
Dongguan Aoze Automobile Sales Services Co., Ltd. (東莞奧澤汽車銷售服務有限公司)		The PRC 21 July 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Foshan Aoze Automobile Sales Services Co., Ltd. (佛山奧澤汽車銷售服務有限公司)		The PRC 5 September 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Zhengzhou Aoze Automobile Sales Services Co., Ltd. (鄭州奧澤汽車銷售服務有限公司)		The PRC 25 July 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Baoding Aoze Automobile Sales Services Co., Ltd. (保定奧澤汽車銷售服務有限公司)		The PRC 18 September 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Chengdu Dingbaohang Second Hand Automobile Sales Services Co., Ltd. (成都鼎寶行二手車銷售服務有限公司)		The PRC 12 June 2016 Limited liability company	RMB10,000,000	–	100%	Automobile trading agency
Yongkang Guobang Automobile Sales Co., Ltd. (永康市國邦汽車銷售有限公司)		The PRC 8 August 2012 Limited liability company	RMB80,000,000	–	100%	Automobile dealership
Jieyang Luze Automobile Sales Services Co., Ltd. (揭陽路澤汽車銷售服務有限公司)		The PRC 14 August 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen Luze Automobile Sales Services Co., Ltd. (深圳路澤汽車銷售服務有限公司)		The PRC 15 August 2014 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Yichang Baozehang Automobile Sales Services Co., Ltd. (宜昌寶澤行汽車銷售服務有限公司)		The PRC 22 August 2014 Limited liability company	RMB70,000,000	–	100%	Automobile dealership
Shenzhenshi SCAS Huawo Automobile Sales Services Co., Ltd. (深圳市中汽南方華沃汽車銷售服務有限公司)		The PRC 11 June 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Shenzhen Hengyiyingtong Investment Management Co., Ltd. (深圳恒毅盈通投資管理有限公司)		The PRC 3 April 2014 Limited liability company	RMB100,000,000	–	100%	Investment holding
Shenzhenshi Huianqi Investment Advisory Co., Ltd. (深圳市匯安啟投資諮詢有限公司)		The PRC 13 May 2014 Limited liability company	HK$500,000	–	100%	Consulting services
Shenzhen Baoze Automobile Sales Services Co., Ltd. (深圳寶澤汽車銷售服務有限公司)		The PRC 31 March 2015 Limited liability company	RMB44,000,000	–	100%	Automobile dealership
Hengyang Luze Automobile Sales Services Co., Ltd. (衡陽路澤汽車銷售服務有限公司)		The PRC 2 July 2014 Limited liability company	RMB50,000,000	–	100%	Automobile dealership
Huhhot Yingfei Automobile Sales Services Co., Ltd. (呼和浩特市英菲汽車銷售服務有限公司)		The PRC 27 May 2015 Limited liability company	RMB30,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Hengyiyingtong Advertising Media Co., Ltd. (北京恒毅盈通廣告傳媒有限公司)		The PRC 21 May 2015 Limited liability company	RMB5,000,000	–	100%	Consulting services
Shanghai Zhengtong Dingze Financial Leasing Co., Ltd. (上海正通鼎澤融資租賃有限公司)		The PRC 29 July 2014 Limited liability company	US$100,000,000	–	100%	Financial services
Shengze Jietong Supply Chain Co., Ltd. (聖澤捷通供應鏈有限公司)		The PRC 15 January 2016 Limited liability company	RMB200,000,000	–	100%	Provision of auto-mobile related logistic services
Yunnan Chixing Automobile Sales Services Co., Ltd. (雲南馳星汽車銷售服務有限公司)		The PRC 25 May 2016 Limited liability company	RMB200,000,000	–	100%	Automobile dealership
Hubei Changze Automobile Sales Services Co., Ltd. (湖北長澤汽車銷售服務有限公司)		The PRC 20 September 2017 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Suzhou Anzhixing Automobile Sales Services Co., Ltd. (宿州安之星汽車銷售服務有限公司)		The PRC 16 July 2014 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Guangzhoushi Hengyuehang Automobile Sales Services Co., Ltd. (廣州市恒悦行汽車銷售服務有限公司)		The PRC 21 June 2016 Limited liability company	RMB100,000,000	–	100%	Automobile dealership
Qingyuan Aoze Automobile Sales Services Co., Ltd. (清遠奧澤汽車銷售服務有限公司)		The PRC 10 August 2016 Limited liability company	RMB30,000,000	–	100%	Automobile dealership
Foshan Tengxing Automobile Sales Services Co., Ltd. (佛山騰星汽車銷售服務有限公司)		The PRC 17 August 2016 Limited liability company	RMB40,000,000	–	100%	Automobile dealership
Nanjing Qi'ao Automobile Sales Services Co., Ltd. (南京祺奧汽車銷售服務有限公司)		The PRC 3 May 2017 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Zhuhai Zhengtong Tengxing Automobile Sales Services Co., Ltd. (珠海正通騰星汽車銷售服務有限公司)		The PRC 6 March 2017 Limited liability company	RMB70,000,000	–	100%	Automobile dealership

16 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Notes	Place and date of incorporation/establishment	Registered/ issued and fully paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chongqing Qibao Automobile Sales Services Co., Ltd. (重慶祺寶汽車銷售服務有限公司)		The PRC 14 June 2016 Limited liability company	RMB80,000,000	–	100%	Automobile dealership
Wuhan Zhengtong Qixing Technology Service Co., Ltd. (武漢正通啟行科技服務有限公司)		The PRC 9 November 2023 Limited liability company	RMB10,000,000	–	100%	Automobile dealership
Wuhan Tengxing Automobile Sales Services Co., Ltd. (武漢騰星汽車銷售服務有限公司)		The PRC 1 August 2017 Limited liability company	RMB20,000,000	–	100%	Automobile dealership
Xiamen Zhengtong Yuanrong Automobile Services Co., Ltd. (廈門正通圓融汽車服務有限公司)		The PRC 12 May 2023 Limited liability company	RMB20,000,000	–	51%	Second Hand Automobile Trader

(i) These entities are incorporated in the PRC as wholly foreign-owned enterprises by Rising Wave Development Limited.

(ii) This entity is incorporated in the PRC as a wholly foreign-owned enterprise by Wealth Fame Holdings Limited.

(iii) Except for Big Glory International Limited, Rising Wave Development Limited, Tongda Group (China) Co., Ltd., Silver Journey Global Limited, Acme Joy Group Limited, Chang Jun Limited, Top Globe Limited, Wealth Fame Holdings Limited, Hong Kong Nettime Investment Co., Ltd., and Hong Kong Newspeed Technology Co., Ltd., the English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

(iv) Shares of this entity have been pledged for certain borrowings from bank with pledged value capped to the borrowing amount of approximately RMB80,000,000 (note 25) as at 31 December 2024 (2023: RMB494,000,000).

Except for the perpetual bonds issued to third parties by Wuhan Zhengtong United Industrial Investment Group Co., Ltd. ("**Wuhan Zhengtong**") and Xiamen ZhengTong Automobile Group Co., Ltd. ("**Xiamen Zhengtong**") (note 31), the directors of the Company are of the view that the Group had no other individually material non-controlling interest as at 31 December 2024.

17 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 RMB'000	At 31 December 2023 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

18 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:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: 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 RMB'000	For the period from the date of loss of control to 31 December 2023 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

19 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 (note 25) 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.

20 TRADE AND BILLS RECEIVABLES

	At 31 December 2024 RMB'000	2023 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. Details of the Group's credit policy is set out in note 32(a).

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 RMB'000	2023 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

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	At 31 December 2024 RMB'000	2023 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.

22 OTHER FINANCIAL ASSETS/LIABILITIES

	Notes	At 31 December 2024 RMB'000	At 31 December 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. The fair value of the Western Trust was determined with a method shown in note 32(e). 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. The fair value of wealth management products of investments with banks was determined with a method shown in note 32(e).

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).

22 OTHER FINANCIAL ASSETS/LIABILITIES (Continued)

(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. The fair value of the forward contracts was determined with a method shown in note 32(e).

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. The fair value of the option contracts was determined with a method as disclosed in note 32(e).

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. The valuation methods and inputs used in the fair value measurements are set out in note 32(e).

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 recognised 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. The fair value of the swap contracts was determined with a method shown in note 32(e).

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.

23 PLEDGED BANK DEPOSITS

Bank deposits are pledged to banks as securities for the bank loans and the issuance of bills payables as follows:

	At 31 December	
	2024 **RMB'000**	2023 RMB'000
Current		
Pledged to banks as securities for:		
Bank loans (note 25)	**3,463,100**	2,157,660
Bills payable (note 27)	**1,928,291**	1,742,422
	5,391,391	3,900,082
Non-current		
Pledged to banks as securities for:		
Bank loans (note 25)	**502,440**	975,420
	5,893,831	4,875,502

The bank deposits pledged for banks loans and bills payable will be released upon the settlement of relevant bank loans and bills payable.

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December	
	2024 **RMB'000**	2023 RMB'000
Cash at banks and on hand	**573,088**	744,855

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2024 RMB'000	2023 RMB'000
		For the year ended 31 December	
Loss for the year		**(1,529,086)**	(820,480)
Add back: Income tax		**47,078**	(66,120)
Adjustments for:			
— Depreciation of owned property, plant and equipment	5(c)	**370,413**	336,860
— Depreciation of right-of-use assets	5(c)	**321,549**	321,757
— Depreciation of investment properties	5(c)	**22,817**	20,103
— Amortisation of intangible assets	5(c)	**161,922**	165,036
— Net loss/(gain) on disposal of property, plant and equipment and right-of-use assets		**4,473**	(67,976)
— Finance costs	5(a)	**936,721**	1,054,301
— Share of (profit)/loss of associates and a joint venture		**(3,666)**	500
— Interest income from bank deposits	4	**(69,262)**	(57,273)
— Compensation income		**—**	(54,509)
— Equity settled share-based transactions	5(b)	**(1,543)**	1,082
— Write down of inventories, net of reversal	19(b)	**69,176**	43,481
— Realised/unrealised gain of financial instruments		**(68,439)**	(45,586)
— Dividend income	4	**(20,280)**	(39,538)
— Fair value change related to interest in Dongfeng Logistics	4	**(4,183)**	115,919
— Foreign exchange loss	5(c)	**38,684**	100,474
— Provision of impairment losses on goodwill and intangible assets	14, 15	**116,702**	—
— Remeasurement gain in relation to loss of control in a subsidiary		**—**	(23,388)
Cash generated from operations		**393,076**	984,643
Changes in working capital:			
— Decrease in inventories		**114,445**	267,441
— Increase in trade and bills receivables		**(203,137)**	(34,507)
— Decrease/(increase) in prepayments, deposits and other receivables		**99,617**	(928,843)
— Increase in pledged bank deposits		**(185,869)**	(328,535)
— (Decrease)/increase in trade and other payables		**(80,847)**	128,388
Cash generated from operations		**137,285**	88,587

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank loans and borrowings RMB'000 (note 25)	Interest payables RMB'000 (i)	Derivative financial liabilities RMB'000 (note 22)	Lease liabilities RMB'000 (note 26)	Total RMB'000
At 31 December 2023, and 1 January 2024	19,761,061	3,725	46,709	1,279,950	21,091,445
Changes from financing cash flows:					
Proceeds from loans and borrowings	36,150,593	—	—	—	36,150,593
Repayment of loans and borrowings	(35,151,127)	—	—	—	(35,151,127)
Capital element of lease rentals paid	—	—	—	(218,826)	(218,826)
Interest element of lease rentals paid	—	—	—	(76,760)	(76,760)
Interest paid	—	(836,109)	—	—	(836,109)
Payments for settlement of derivative financial liabilities	—	—	(7,031)	—	(7,031)
Proceeds from settlement of derivative financial liabilities	—	—	38,060	—	38,060
Total changes from financing cash flows	999,466	(836,109)	31,029	(295,586)	(101,200)
Exchange adjustments	38,684	—	—	—	38,684
Changes in fair value	—	—	(71,122)	—	(71,122)
Converted to perpetual bonds being treated as equity instrument	(829,280)	—	—	—	(829,280)
Increase in lease liabilities from entering into new leases during the year	—	—	—	415,289	415,289
Interest expenses	—	859,961	—	76,760	936,721
Capitalised borrowing costs (note 5(a))	—	23,299	—	—	23,299
Effect of early termination of lease contracts	—	—	—	(132,384)	(132,384)
Total other changes	(829,280)	883,260	—	359,665	413,645
At 31 December 2024	19,969,931	50,876	6,616	1,344,029	21,371,452

(i) Interest payables is recorded in trade and other payables.

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and borrowings RMB'000 (note 25)	Interest payables RMB'000 (i)	Derivative financial liabilities RMB'000 (note 22)	Lease liabilities RMB'000 (note 26)	Total RMB'000
At 31 December 2022, and 1 January 2023	18,673,887	46,363	91,516	1,344,566	20,156,332
Changes from financing cash flows:					
Proceeds from loans and borrowings	36,081,546	–	–	–	36,081,546
Repayment of loans and borrowings	(34,068,925)	–	–	–	(34,068,925)
Capital element of lease rentals paid	–	–	–	(339,474)	(339,474)
Interest element of lease rentals paid	–	–	–	(74,307)	(74,307)
Interest paid	–	(1,103,371)	–	–	(1,103,371)
Payments for settlement of derivative financial liabilities	–	–	(158,320)	–	(158,320)
Proceeds from settlement of derivative financial liabilities	–	–	96,903	–	96,903
Total changes from financing cash flows	2,012,621	(1,103,371)	(61,417)	(413,781)	434,052
Exchange adjustments	100,474	–	–	–	100,474
Changes in fair value	–	–	16,610	–	16,610
Converted to perpetual bonds being treated as equity instrument	(1,010,921)	–	–	–	(1,010,921)
Changes due to loss of control in a subsidiary	(15,000)	–	–	(139)	(15,139)
Increase in lease liabilities from entering into new leases during the year	–	–	–	434,885	434,885
Interest expenses	–	979,994	–	74,307	1,054,301
Capitalised borrowing costs	–	80,739	–	–	80,739
Effect of early termination of lease contracts	–	–	–	(159,888)	(159,888)
Total other changes	(1,025,921)	1,060,733	–	349,165	383,977
At 31 December 2023	19,761,061	3,725	46,709	1,279,950	21,091,445

(i) Interest payables is recorded in trade and other payables.

24 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	**16,188**	7,349
Within financing cash flows	**295,586**	413,781
	311,774	421,130

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	**311,774**	421,130

25 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of loans and borrowings is as follows:

	Notes	At 31 December 2024 RMB'000	2023 RMB'000
Current			
Unsecured bank loans	(i)	**5,835,221**	5,451,538
Current portion of unsecured long-term bank loans	(i)	**72,215**	1,437,297
Unsecured interest-bearing borrowings from other financial institutions	(ii)	**1,402,618**	1,832,854
Unsecured interest-bearing borrowings due to related parties	35	**4,675,987**	2,177,237
Secured bank loans	(iii)	**4,837,234**	3,710,664
Current portion of secured long-term bank loans	(iii)	**87,071**	657,835
Secured interest-bearing borrowings from manufacturer financial institutions	(iv), 25(c)	**471,551**	567,681
Secured interest-bearing borrowings from other financial institutions	(iv)	**168,123**	437,814
		17,550,020	16,272,920
Non-current			
Unsecured bank loans	(v)	**707,319**	248,937
Unsecured interest-bearing borrowings from other financial institutions	(vi)	**29,341**	303,110
Unsecured interest-bearing borrowings due to related parties	35	**949,000**	2,034,710
Secured bank loans	(vii)	**536,052**	605,169
Secured interest-bearing borrowings from other financial institutions	(viii)	**198,199**	296,215
		2,419,911	3,488,141
		19,969,931	19,761,061

25 LOANS AND BORROWINGS (Continued)

(a) The analysis of the carrying amount of loans and borrowings is as follows: (Continued)

(i) Current unsecured bank loans and current portion of unsecured long-term bank loans carried interest at annual rates ranging from 3.00% to 7.42% as at 31 December 2024 (2023: from 3.15% to 9.60%).

(ii) Unsecured interest-bearing borrowings from other financial institutions carried interest at annual rates ranging from 4.50% to 8.00% as at 31 December 2024 (2023: 4.20% to 9.00%).

(iii) Current secured bank loans and current portion of secured long-term bank loans carried interest at annual rates ranging from 2.65% to 7.00% as at 31 December 2024 (2023: from 3.00% to 6.50%).

(iv) Secured interest-bearing borrowings from manufacturer and other financial institutions carried interest at annual rates ranging from 1.99% to 8.49% as at 31 December 2024 (2023: from 0.00% to 10.00%).

(v) The non-current unsecured bank loans bearing interest rate ranging from 4.00% to 7.42% per annum as at 31 December 2024 (2023: 5.50% to 7.42%) will mature on 12 July 2026, 25 October 2026 and 24 December 2027, respectively.

(vi) The non-current unsecured borrowings from other financial institutions bearing interest rate ranging from 5.71% to 6.30% per annum as at 31 December 2024 (2023: 5.30% to 6.30%) will mature on 13 January 2026, 3 February 2026 and 26 March 2026, respectively.

(vii) The non-current secured bank loans bearing interest rate ranging from 3.45% to 5.36% per annum as at 31 December 2024 (2023: 4.05% to 5.62%) will mature on 12 July 2026, 16 June 2030 and 12 January 2031, respectively.

(viii) The non-current secured borrowings from other financial institutions bearing interest rate ranging from 4.10% to 8.49% per annum as at 31 December 2024 (2023: 1.99% to 8.18%) will mature on 17 August 2026, 16 September 2026 and 27 December 2027, respectively.

(b) Assets pledged as security and covenants for loans and borrowings:

As at 31 December 2024, the following assets of the Group had been pledged, together with certain intra-group guarantees, to secure for the Group's banking facilities totaling RMB22,889,267,000 (2023: RMB24,791,243,000).

	At 31 December	
	2024 RMB'000	2023 RMB'000
Inventories	**922,132**	1,212,183
Pledged bank deposits	**3,965,540**	3,133,080
Property, plant and equipment	**955,917**	1,020,397
Right-of-use assets — land use rights	**494,846**	681,328
Equity of subsidiaries (note 16(iv))	**80,000**	494,000
Total	**6,418,435**	6,540,988

As of 31 December 2024, the above banking facilities were utilised to the extent of RMB14,430,943,000 (2023: RMB16,027,196,000) and RMB2,368,235,000 (2023: RMB1,640,358,000) out of the remaining available facilities can be drawn down at the Group's discretion without designated purposes.

25 LOANS AND BORROWINGS (Continued)

(b) Assets pledged as security and covenants for loans and borrowings: (Continued)

Certain banking facilities of the Group's subsidiaries are subject to the fulfilment of covenants relating to the subsidiaries' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 32(b). As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached (2023: None).

As at 31 December 2024, unsecured loans and borrowings from banks and other financial institutions of RMB5,816,000,000 were guaranteed by ITG Holding (31 December 2023: RMB5,955,000,000).

(c) Borrowings from manufacturer financial institutions arising from supplier finance arrangements:

The Group has entered into financing arrangements with manufacturer financial institutions, under which the Group obtained extended credit in respect of the purchase of motor vehicles from certain automobile manufacturers. The facilities in relation to these arrangements are secured by the Group's motor vehicles.

Under these arrangements, the manufacturer financial institutions pay automobile manufacturers the amounts in respect of purchase of motor vehicles by the Group, which normally require advance payments before delivery. The Group then settles with the manufacturer financial institutions within the credit period up to 270 days after the payment dates with the automobile manufacturers, or if earlier, upon the sales of the pledged motor vehicles of the Group, with interest.

In the consolidated statement of financial position, the Group has presented the payables to the manufacturer financial institutions under these arrangements as "loans and borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to automobile manufacturers. As at 31 December 2024, the carrying amount of such loans and borrowings under these arrangements amounted to RMB471,551,000 (as at 1 January 2024: RMB567,681,000), all of which the automobile manufacturers have received payments from the manufacturer financial institutions.

26 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	At December 31	
	2024 **RMB'000**	2023 RMB'000
Within 1 year	**284,240**	319,641
After 1 year but within 2 years	**244,493**	220,601
After 2 years but within 5 years	**445,375**	447,615
After 5 years	**369,921**	292,093
	1,059,789	960,309
	1,344,029	1,279,950

27 TRADE AND OTHER PAYABLES

	Notes	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	35(b)	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) (note 23).

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 19).

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

The Group has entered into financing arrangements with several banks. Under these arrangements, the Group issued bank acceptance bills to settle with certain automobile manufacturers in respect of purchase of motor vehicles from them, which normally require advance payments before delivery, and the automobile manufacturers can then discount the bank acceptance bills to the banks.

The Group subsequently settles the bills payable with the banks upon the maturity date of the bills payable, up to 180 days after the issue date.

In the consolidated statement of financial position, the Group has presented the bills payable to the banks under these arrangements as "trade and other payables" because these bills payable continue to be part of the normal operating cycle of the Group. As at 31 December 2024, the carrying amount of bills payable under these arrangements amounted to RMB3,517,268,000 (as at 1 January 2024: RMB3,713,965,000).

In the consolidated statement of cash flows, the Group's payments to the banks are included within operating cash flows based on the nature of these arrangements.

(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).

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the restricted shares award scheme ("**Share Award Scheme**") on 12 June 2020 ("**Grant Date**"), 47,100,000 restricted shares of the Company ("**Restricted Shares**") were approved for granting to core employees of the Group. The fair value of the Restricted Shares granted under the respective grant dates is RMB1.13 per share, as determined based on the average market price at the Grant Date and the subscription price is nil.

The Restricted Shares are subject to various lock-up period (The "**Lock-Up period**") of 1 year, 2 years, 3 years and 4 years, respectively, immediately from the Grant Date. During the Lock-Up Period, these shares are not transferrable, nor subject to any guarantee or indemnity.

Subject to fulfilment of all service and performance conditions under the Share Award Scheme which include participants' individual performance appraisal (referred to as "**vesting conditions**"), the restriction over the Restricted Shares will be removed after the expiry of the corresponding lock-up period for each tranche and the participants will be fully entitled to these incentive shares. If the vesting conditions are not fulfilled and hence the Restricted Shares cannot be unlocked, all the unvested or outstanding Restricted Shares not yet vested shall be immediately forfeited.

(a) The terms and conditions of the grants are as follows:

	Number of restricted shares	Vesting conditions
Restricted shares granted to employee work less than 5 years		
— on 12 June 2020	5,580,000	Two years from the date grant
— on 12 June 2020	5,580,000	Three years from the date grant
— on 12 June 2020	5,580,000	Four years from the date grant
Restricted shares granted to employee work more than 5 years, within 10 years		
— on 12 June 2020	5,320,000	One year from the date grant
— on 12 June 2020	5,320,000	Two years from the date grant
— on 12 June 2020	5,320,000	Three years from the date grant
Restricted shares granted to employee work more than 10 years		
— on 12 June 2020	14,400,000	One year from the date grant
Total restricted shares granted	47,100,000	

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighted average exercise prices of restricted shares are as follows:

	2024 Weighted average exercise price	2024 Number of restricted shares	2023 Weighted average exercise price	2023 Number of restricted shares
Outstanding at the beginning of the year	**RMB0**	**1,540,000**	RMB0	6,960,000
Vested during the year	**RMB0**	**—**	RMB0	(5,180,000)
Forfeited during the year	**RMB0**	**(1,540,000)**	RMB0	(240,000)
Outstanding at the end of the year	**RMB0**	**—**	RMB0	1,540,000

During the year ended 31 December 2024, the 1,540,000 restricted shares granted have been forfeited due to the failure to meet the vesting conditions, therefore total reversal of expenses of RMB1,543,000 were recognised as a deduction of personnel expenses during the year ended 31 December 2024 (2023: expenses of RMB1,082,000).

29 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value adjustment arising from business combination RMB'000	Depreciation allowances in excess of depreciation charges RMB'000	Future benefits of tax losses RMB'000	Fair value change of financial instruments and other fair value remeasurement RMB'000	Deferred revenue and rebate receivable RMB'000	Inventory provision, and impairment of property, plant and machinery RMB'000	Capitalisation of interest RMB'000	Charge of right-of-use assets RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
Deferred tax (liabilities)/assets arising from:											
At 1 January 2023 (as previously reported)	(621,104)	(3,750)	1,133,017	(131,322)	(624,983)	28,353	(132,336)	35,915	–	–	(316,210)
Effect of the initial application of Amendments to HKAS12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	–	–	–	–	–	–	–	(35,915)	(263,575)	299,490	–
At 1 January 2023 (as restated)	(621,104)	(3,750)	1,133,017	(131,322)	(624,983)	28,353	(132,336)	–	(263,575)	299,490	(316,210)
Credited/(charged) to profit or loss	39,638	323	177,650	79,095	(174,500)	(434)	(19,772)	–	(9,303)	10,726	103,423
At 31 December 2023, and 1 January 2024	**(581,466)**	**(3,427)**	**1,310,667**	**(52,227)**	**(799,483)**	**27,919**	**(152,108)**	**–**	**(272,878)**	**310,216**	**(212,787)**
Credited/(charged) to profit or loss	**58,681**	**272**	**(31,178)**	**12,665**	**(34,826)**	**6,520**	**(3,407)**	**–**	**(4,343)**	**12,271**	**16,655**
At 31 December 2024	**(522,785)**	**(3,155)**	**1,279,489**	**(39,562)**	**(834,309)**	**34,439**	**(155,515)**	**–**	**(277,221)**	**322,487**	**(196,132)**

29 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

	At 31 December	
	2024 **RMB'000**	2023 RMB'000
Representing:		
Net deferred tax assets in the consolidated statement of financial position	**703,446**	758,013
Net deferred tax liabilities in the consolidated statement of financial position	**(899,578)**	(970,800)
	(196,132)	(212,787)

Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB4,066,460,000 (2023: RMB2,955,426,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses in the PRC are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax liabilities not recognised:

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. The Group has not recognised deferred tax liabilities as at 31 December 2024 in respect of undistributed earnings of PRC subsidiaries of RMB5,380,795,000 (2023: RMB5,520,666,000) as the Company controls the dividend policy of the subsidiaries and it has determined that this profit will not be distributable in the foreseeable future.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	The Company					
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Perpetual bonds RMB'000	Total RMB'000
Balance at 1 January 2023	235,203	6,354,071	82,396	(7,857,660)	—	(1,185,990)
Loss and total comprehensive income for the year	—	—	—	(503,125)	41,708	(461,417)
Issue of ordinary shares by placement	11,191	39,875	—	—	—	51,066
Issue of perpetual bond	—	—	—	—	1,010,921	1,010,921
Distribution to holder of perpetual bond	—	—	—	—	(41,708)	(41,708)
Equity settled share-based transactions	—	5,416	(4,334)	—	—	1,082
Balance at 31 December 2023, and 1 January 2024	**246,394**	**6,399,362**	**78,062**	**(8,360,785)**	**1,010,921**	**(626,046)**
Loss and total comprehensive income for the year	**—**	**—**	**—**	**(453,737)**	**107,127**	**(346,610)**
Issue of ordinary shares	**43,834**	**10,457**	**—**	**—**	**—**	**54,291**
Issue of perpetual bond	**—**	**—**	**—**	**—**	**829,280**	**829,280**
Equity settled share-based transactions	**—**	**—**	**(1,543)**	**—**	**—**	**(1,543)**
Balance at 31 December 2024	**290,228**	**6,409,819**	**76,519**	**(8,814,522)**	**1,947,328**	**(90,628)**

(b) 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.

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

Movements in the authorised share capital of the Company during the year are as follows:

	2024		2023	
	Number of shares (thousand)	Amount HK$('000)	Number of shares (thousand)	Amount HK$('000)
Ordinary shares, authorised:				
Ordinary shares of HK$0.10 each	20,000,000	2,000,000	20,000,000	2,000,000
Ordinary shares, issued and fully paid:				
At 1 January	2,867,102	286,710	2,744,542	274,454
Issue of ordinary shares	479,888	47,989	122,560	12,256
At 31 December	3,346,990	334,699	2,867,102	286,710
RMB equivalent ('000)		290,228		246,394

(i) Pursuant to two subscription agreements dated on 25 July 2024, an aggregate of 479,888,000 new shares have been allotted and issued to the subscribers at subscription price of HKD0.125 per share on 2 August 2024. The gross proceeds of HKD59,986,000 (equivalent to RMB54,793,000), net of related expenses of HKD548,000 (equivalent to RMB502,000), were raised, of which RMB43,834,000 and RMB10,457,000 was credited to share capital and share premium, respectively.

(d) Nature and purpose of reserves

(i) PRC statutory reserve

PRC statutory reserve was established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserve were approved by the respective board of directors' meetings.

For the entity concerned, statutory reserve can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(ii) Exchange reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(z).

30 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, the Group defines net debt as interest-bearing loans and borrowings, obligations under leases arrangements, less cash and cash equivalents, time deposits and pledged bank deposits, and capital is defined as the total equity.

The adjusted net debt-to-capital ratios at 31 December 2024 and 2023 were as follows:

		At 31 December	
	Note	**2024** **RMB'000**	2023 RMB'000
Loans and borrowings	25	**19,969,931**	19,761,061
Lease liabilities	26	**1,344,029**	1,279,950
Total borrowings		**21,313,960**	21,041,011
Less: Pledged bank deposits	23	**(5,893,831)**	(4,875,502)
Cash and cash equivalents	24	**(573,088)**	(744,855)
Time deposits		**(1,524)**	—
Adjusted net debt		**14,845,517**	15,420,654
Total equity		**1,069,738**	1,287,060
Adjusted net debt-to-capital ratio		**13.88**	11.98

31 PERPETUAL BONDS

Perpetual Bond 1

On 28 February 2023, 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.

31 PERPETUAL BONDS (Continued)

Perpetual Bond 1 (Continued)

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.

31 PERPETUAL BONDS (Continued)

Perpetual Bond 4

On 11 November 2023 and 26 December 2023, 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.

31 PERPETUAL BONDS (Continued)

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).

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, pledged bank deposits, trade and bills receivables, deposits and other receivables and long-term receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and pledged bank deposits is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

Trade and bills receivables

Credit risk in respect of trade and bills receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle the Group's trade receivables within one month when the mortgages were granted by their financial institutions, and warranty receivables from automobile manufacturers. For the receivables from automobile manufacturers, risk of default is considered low, as these are companies with good credit rating.

At 31 December 2024, 3.83% (2023: 3.45%) and 1.76% (2023: 1.85%) of the total trade and bills receivables were due from the Group's five largest customers and the largest single customer, respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Based on historical loss ratios and forward-looking information, The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for trade receivables as at 31 December 2024.

Other receivables

Credit risk in respect of other receivables is limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

The Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables as at 31 December 2024.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Deposits and long-term receivables

Credit risk in respect of deposits and long-term receivables is limited since the counterparties are mainly certain landlords and their receivables are settled on a regular basis.

The Group measures loss allowances for deposits and long-term receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(b) 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 RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Balance sheet carrying amount 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

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

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 judgment 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 judgment 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 judgment being notified on 17 December 2021, as "**First Instance Judgment**").

Pursuant to the First Instance Judgment, 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 Judgment**").

— 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 Judgment**").

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

Financial guarantees issued (Continued)

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

The Company received the second instance judgment in respect of the Equity Investment First Instance Judgment 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 judgment that Wuhan Zhengtong was jointly and severally liable for the amounts involved. Pursuant to the second instance judgment, 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 Judgment 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 the latest developments, are of the opinion that the financial guarantee obligation of Wuhan ZhengTong will not be crystallised.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

(i) Interest rate profile

Cash at bank, time deposits, pledged bank deposits, interest-bearing loans and borrowings and lease liabilities are the major types of the Group's assets and liabilities subject to interest rate risk. Cash at bank are with floating or fixed interest rates ranging from 0.10% to 0.30% per annum as at 31 December 2024 (2023: 0.00% to 5.03%). Time deposits are with fixed interest rate of 1.65% per annum as at 31 December 2024 (2023: nil). Pledged bank deposits are placed to satisfy conditions for issuance of commercial bills and bank loans granted to the Group, with fixed interest rates ranging from 0.10% to 3.15% per annum as at 31 December 2024 (2023: 0.20% to 3.15%).

The Group's interest-bearing loans and borrowings, lease liabilities and interest rates as at 31 December 2024 are as follows:

	Interest rate	At 31 December 2024 RMB'000
Fixed rate		
— loans and borrowings	1.99%~8.50%	19,124,191
— lease liabilities	4.03%~6.28%	1,344,029
Variable rate		
— loans and borrowings	2.65%~5.50%	845,740
31 December 2024		21,313,960

	Interest rate	At 31 December 2023 RMB'000
Fixed rate		
— loans and borrowings	0.00%~10.00%	18,069,113
— lease liabilities	3.00%~8.72%	1,279,950
Variable rate		
— loans and borrowings	3.61%~9.60%	1,691,948
31 December 2023		21,041,011

The Group uses interest rate swap contracts to reduce exposure to interest rate fluctuations associated with these variable rate interest-bearing borrowings.

(ii) Sensitivity analysis

A general increase/decrease of 100 basis points in interest rates prevailing at 31 December 2024, with all other variables held constant, would decrease/increase the Group's profit after tax and retained earnings by approximately RMB160,872,000 (2023: RMB159,426,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2023.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk

The Group is exposed to currency risk primarily through borrowings and cash balances that are dominated in a foreign currency. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of reporting period.

	2024		2023	
	United Sates Dollars RMB'000	**Hong Kong Dollars RMB'000**	United Sates Dollars RMB'000	Hong Kong Dollars RMB'000
Prepayments, deposits and other receivables, net off trade and other payables	**(79,231)**	**(1,402)**	(174,616)	(5,110)
Cash and cash equivalents	**24,895**	**8,952**	31,776	6,364
Net exposure	**(54,336)**	**7,550**	(142,840)	1,254

The Group has entered into certain forward contracts and option contracts to mitigate the effect of its foreign currency exposure arising from the loans and borrowings denominated in USD, in which the Group agrees to buy USD at a specified exchange rate on a specified future date.

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
United States Dollars	**5%**	**(2,834)**	5%	(6,171)
	(5)%	**2,834**	(5)%	6,171
Hong Kong Dollars	**5%**	**370**	5%	89
	(5)%	**(370)**	(5)%	(89)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk (Continued)

(ii) Sensitivity analysis (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the profit after tax and retained profit of each entity of the Group measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk as at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2023.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The fair value of the Group's financial instruments are categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value measurement*. The level, into which a fair value measurement is classified, is determined with the reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

— Level 2 valuations: Fair values measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data at not available.

— Level 3 valuations: Fair values measured using significant unobservable inputs.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

The following table presents the Group's assets/(liabilities) that are measured at fair value.

	Fair value at 31 December 2024 RMB'000	Fair value measurement as at 31 December 2024 categorised into: Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 31 December 2023 RMB'000	Fair value measurement as at 31 December 2023 categorised into: Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements								
Assets:								
Forward contracts (note (i))	–	–	–	–	7,585	–	7,585	–
Swap contracts (note (i))	1,869	–	1,869	–	–	–	–	–
Option contracts (note (ii))	16,889	–	–	16,889	34,474	–	–	34,474
Wealth management products (note (ii))	56,475	–	338	56,137	84,285	–	347	83,938
Equity investment in Dongfeng Logistics (note (ii))	501,715	–	–	501,715	829,028	–	–	829,028
	576,948	–	2,207	574,741	955,372	–	7,932	947,440
Liabilities:								
Option contracts (note (ii))	(191)	–	–	(191)	(33,900)	–	–	(33,900)
Swap contracts (note (i))	(6,425)	–	(6,425)	–	(12,809)	–	(12,809)	–
	(6,616)	–	(6,425)	(191)	(46,709)	–	(12,809)	(33,900)

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the forward contracts is determined by forward exchange rate and discounted cash flow method. The discount rate used is the risk-free rate.

The fair value of wealth management products of investment with banks in the PRC determined by reference to quoted prices of instruments similar to the assets being valued, adjusted for factors unique to the assets being valued.

The fair value of the swap contracts is determined by discounted-cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period). The discount rate used is the risk-free rate.

(ii) Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of wealth management products purchased from Western Trust is determined with reference to the net assets value report of the wealth management products as provided by the fund manager.

The fair value of equity investment in Dongfeng Logistics is determined with reference to the price/sales ratio of the comparable listed companies and adjusted for lack of marketability discount.

The fair value of the option contracts is determined by Black-Scholes model. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity and volatility.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 3 fair value measurements (Continued)

Below is a summary of significant unobservable inputs to the valuation of the financial instruments together with an analysis for the relationship of unobservable inputs to the fair value measurements at the end of reporting period:

31 December 2024

Assets	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to the input
Wealth management products	Net assets value	Net assets value of the wealth management products	The fair value increase/decrease as the net assets value of the wealth management products increase/decrease
Equity investment in Dongfeng Logistics (note 22(iv))	Market approach	Price/sales ratio of the comparable listed companies Discounts for lack of marketability	The fair value increase/decrease as the price/sales ratio of the comparable listed companies increase/decrease and discounts for lack of marketability decrease/increase
Option contracts (note 22(iii))	Black-Scholes model	Volatility of the foreign exchange rate	The fair value increase/decrease as the volatility of the foreign exchange rate increase/decrease

31 December 2023

Assets	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to the input
Wealth management products	Net assets value	Net assets value of the wealth management products	The fair value increase/decrease as the net assets value of the wealth management products increase/decrease
Equity investment in Dongfeng Logistics (note 22(iv))	Market approach	Agreed consideration of the Share Transfer Transaction Price/sales ratio of the comparable listed companies Discounts for lack of marketability	The fair value increase/decrease as the Agreed Consideration of the Share Transfer Transaction, the price/sales ratio of the comparable listed companies increase/decrease and discounts for lack of marketability decrease/increase
Option contracts (note 22(iii))	Black-Scholes model	Volatility of the foreign exchange rate	The fair value increase/decrease as the volatility of the foreign exchange rate increase/decrease

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 3 fair value measurements (Continued)

The movements during the year in the balance of these Level 3 fair value measurements were as follows:

	2024 RMB'000	2023 RMB'000
Wealth management products:		
At 1 January	**83,938**	89,969
Redemption of investment	**(2,976)**	(850)
Fair value change	**(24,825)**	(5,181)
At 31 December	**56,137**	83,938
Equity investment in Dongfeng Logistics:		
At 1 January	**829,028**	944,947
Disposal	**(331,496)**	—
Fair value change	**4,183**	(115,919)
At 31 December	**501,715**	829,028
Option contracts:		
At 1 January	**574**	—
Net realised gain during the year	**57,710**	100,431
Proceeds in relation to settlement	**(58,284)**	(100,431)
Fair value change	**16,698**	574
At 31 December	**16,698**	574
Total gain/(loss) for the year included in profit or loss for assets held at the end of the year	**53,766**	(20,095)

Any gain or loss arising from the remeasurement of the wealth management products, equity investment in Dongfeng Logistics and option contracts are presented in the "Other income" line item in the consolidated statement of profit or loss.

33 COMMITMENTS

Capital commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	At 31 December	
	2024 RMB'000	2023 RMB'000
Contracted for	**283,828**	782,229

34 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 judgments in relation to aforementioned two civil lawsuits, pursuant to which the court had upheld the original judgment.

34 CONTINGENT LIABILITIES (Continued)

(b) (Continued)

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 second 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.

35 MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
ITG Holding 廈門國貿控股集團有限公司	Controlling Shareholder
ITG HK 國貿控股投資(香港)有限公司	Controlled by Controlling Shareholder
Xiamen Xindeco Co., Ltd. ("**Xindeco**") 廈門信達股份有限公司	Controlled by Controlling Shareholder
International Trade Yingtai Financial Leasing (Xiamen) Co., Ltd. ("**IT Yingtai**") 國貿盈泰融資租賃(廈門)有限公司	Controlled by Controlling Shareholder
Tianxiada Finance Leasing (Xiamen) Co., Ltd. ("**Tianxiada**") 天下達融資租賃(廈門)有限公司	Controlled by Controlling Shareholder
Xiamen International Trade Development Co., Ltd. ("**IT Development**") 廈門國貿發展有限公司	Controlled by Controlling Shareholder
Xiamen ITG Holding Group Finance Co.,Ltd. ("**ITG Finance**") 廈門國貿控股集團財務有限公司	Controlled by Controlling Shareholder
Xiamen ITG Capital Group Co., Ltd. ("**ITG Capital**") 廈門國貿資本集團有限公司	Controlled by Controlling Shareholder
Shandong Xindeco IOT Application Technology Co., Ltd. ("**Shandong Xindeco**") 山東信達物聯應用技術有限公司	Controlled by Controlling Shareholder

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Name of party	Relationship
Xiamen Gaoxin Yundao Technology Co., Ltd. ("**Xiamen Gaoxin Yundao**") 廈門高新雲道科技有限公司	Controlled by Controlling Shareholder
Xiamen High tech Talent Development Co., Ltd. ("**Xiamen Gaoxin Rencai**") 廈門高新人才開發有限公司	Controlled by Controlling Shareholder
Shanghai Maocheng Property Service Co., Ltd. ("**Shanghai Maocheng**") 上海貿城物業服務有限公司	Controlled by Controlling Shareholder
Shanghai Yige 上海繹格科工貿有限公司	Joint venture since December 2023
Pointer Investment Limited ("**Baoda HK**") 寶達投資(香港)有限公司	Controlled by Controlling Shareholder
Xiamen Guojing Environmental Engineering Co., Ltd. ("**Xiamen Guojing**") 廈門國璟環境工程有限公司	Controlled by Controlling Shareholder
Tiantianda Automotive Services (Xiamen) Co., Ltd. ("**Tianxiada Qiche**") 天下達汽車服務(廈門)有限公司	Controlled by Controlling Shareholder
Fujian Huaxia Lida Automotive Service Co., Ltd. ("**Huaxia Lida**") 福建華夏立達汽車服務有限公司	Controlled by Controlling Shareholder

Note: The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Recurring transactions

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Technical support, construction design and other services received:		
Huaxia Lida	**220**	—
Tianxiada Qiche	**6**	—
Xiamen Guojing	**2,477**	—
Baoda HK	**164**	—
ITG Holding	**74**	—
Xindeco	**1,273**	—
Xiamen Gaoxin Rencai	**57**	—
Shanghai Maocheng	**2,862**	—
Shandong Xindeco	**4,376**	5,781
	11,509	5,781
Other financial services received:		
ITG Finance	**150**	240
Interest received:		
ITG Finance	**472**	4
Technical and sales promotional service received:		
Xiamen Gaoxin Yundao	**43,922**	35,731
Interest-bearing borrowings — proceeds from/ (repayments to) related parties, net effect:		
ITG Holding	**409,000**	(2,405,200)
IT Development	**1,115**	57,669
IT Yingtai	**—**	(300,000)
ITG HK	**646,185**	93,849
ITG Finance	**885,240**	2,714,760
ITG Capital	**300,780**	300,000
	2,242,320	461,078

As at 31 December 2024, the Group have obtained financial guarantees from ITG Holding for banking facilities and bank loans and borrowings of RMB6,179 million (2023: RMB6,596 million).

During the year ended 31 December 2024, total interest expenses for the interest-bearing borrowings due to related parties was RMB211,947,000 (2023: RMB196,804,000).

During the year ended 31 December 2024, the Group's transaction with a fellow subsidiary in relation to the issuance of perpetual bonds is disclosed in note 31.

Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of technical support and construction design services, financial services and technical and sales promotional service above constituted non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	At 31 December	
	2024 **RMB'000**	2023 RMB'000
Cash deposits in:		
ITG Finance	**48,859**	690
Amounts due from related parties:		
Xindeco	**—**	470
Prepayments:		
Xiamen Gaoxin Yundao	**—**	802
Accounts payable due to related parties:		
Shanghai Yige	**425**	404
Other payables due to related parties:		
ITG HK	**24,658**	—
ITG Holding	**21,155**	50
Xindeco	**84**	88
Shandong Xindeco	**1,266**	4,715
Xiamen Gaoxin Yundao	**—**	8,132
Tianxiada	**14**	—
Shanghai Maocheng	**1,299**	—
IT Development	**5,129**	5,443
	53,605	18,428
Interest-bearing borrowings due to related parties:		
Current		
ITG Finance	**2,651,000**	1,377,760
IT Development	**399,825**	—
ITG HK	**166,682**	349,777
ITG Holding	**857,700**	448,700
ITG Capital	**600,780**	1,000
	4,675,987	2,177,237
Non-current		
IT Development	**—**	398,710
ITG Finance	**949,000**	1,337,000
ITG Capital	**—**	299,000
	949,000	2,034,710
Total	**5,624,987**	4,211,947

(c) Key management personnel remuneration

Key management personnel remuneration is disclosed in note 7 and note 8.

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	At 31 December 2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	7	25
Right-of-use assets	147	294
Other financial assets	10,114	—
Interests in subsidiaries	4,073,546	3,846,392
	4,083,814	3,846,711
Current assets		
Prepayments, deposits and other receivables	12,020	21,727
Other financial assets	8,644	—
Cash and cash equivalents	27,735	41,375
	48,399	63,102
Current liabilities		
Loans and borrowings	3,619,714	3,853,526
Trade and other payables	35,190	43,513
Lease liabilities	156	156
Other financial liabilities	191	4,650
	3,655,251	3,901,845
Net current liabilities	(3,606,852)	(3,838,743)
Total assets less current liabilities	476,962	7,968
Non-current liabilities		
Loans and borrowings	561,270	633,867
Lease liabilities	—	147
Other financial liabilities	6,320	—
	567,590	634,014
NET LIABILITIES	(90,628)	(626,046)
Equity		
Share capital	290,228	246,394
Reserves	(2,328,184)	(1,883,361)
Perpetual bonds	1,947,328	1,010,921
TOTAL DEFICITS	(90,628)	(626,046)

37 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.

38 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

39 ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors of the Company consider the ultimate controlling party of the Group to be ITG Holding, which is incorporated in the PRC.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

41 ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing these consolidated financial statements. The material accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of these consolidated financial statements.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

41 ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(c) Provision for inventories

The Group reviews the carrying amounts of the inventories at the respective balance sheet dates to determine whether the inventories are carried at lower of cost and net realisable value. Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's net asset value.

(d) Impairment of goodwill and intangible assets — car dealerships

The Group determines whether goodwill and intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which include the relevant goodwill and intangible assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculations are disclosed in notes 14 and 15.

(e) Impairment of intangible assets — trademark

The Group determines whether intangible assets-trademark with indefinite useful life are impaired requires an estimation of the fair value of the trademark by using the relief from royalty method. Details of impairment testing of trademark with indefinite useful life is disclosed in note 14.

(f) Accrual of vendor rebate

The Group manually calculates rebates and recognises them to the extent that the management estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Specific factors management considered included the recent historical sales volume patterns, the rebate rates applied, overriding and ongoing performance metrics and any other available information concerning the credit worthiness of suppliers.

(g) Useful lives of intangible assets

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Junfeng *(Chairman) (appointed as the Chairman of the Board on 10 April 2024)*
Mr. Wang Mingcheng *(resigned as the Chairman of the Board on 10 April 2024)*
Mr. Chen Hong *(Chief Executive Officer) (appointed on 10 April 2024)*
Mr. Su Yi *(appointed on 24 December 2024)*

Independent Non-executive Directors

Dr. Tsui Wai Ling Carlye *(appointed on 24 December 2024)*
Mr. Shen Jinjun *(appointed on 24 December 2024)*
Ms. Yu Jianrong *(appointed on 7 February 2024)*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
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Wuhan, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Lippo Centre Tower One
89 Queensway
Hong Kong

COMPANY WEBSITE

www.zhengtongauto.com

COMPANY SECRETARY

Ms. Fung Wai Sum (ACG, HKACG)

AUTHORIZED REPRESENTATIVES

Mr. Huang Junfeng
Ms. Fung Wai Sum

AUDIT COMMITTEE

Dr. Tsui Wai Ling Carlye *(Chairman)*
Mr. Shen Jinjun
Ms. Yu Jianrong

NOMINATION COMMITTEE

Mr. Huang Junfeng *(Chairman)*
Mr. Shen Jinjun
Ms. Yu Jianrong

REMUNERATION COMMITTEE

Ms. Yu Jianrong *(Chairman)*
Mr. Wang Mingcheng
Dr. Tsui Wai Ling Carlye

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Wang Mingcheng *(Chairman)*
Mr. Huang Junfeng
Mr. Chen Hong

HONG KONG SHARE REGISTRAR

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

CAYMAN ISLANDS SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Construction Bank Co., Ltd.
Bank of Communications Co., Ltd.
Industrial Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Everbright Bank Company Limited
Ping An Bank Company Limited
Hua Xia Bank Co., Limited
The Bank of East Asia (China) Limited
Xiamen International Bank Co., Ltd.
Xiamen Rural Commercial Bank Co., Ltd.

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road,
Central, Hong Kong

HONG KONG LEGAL COUNSEL

Reed Smith Richards Butler LLP

STOCK CODE

1728

CHINA ZHENGTONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司

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