# 2024 中期報告
# INTERIM REPORT


途虎养车
**TUHU Car Inc.**

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立以不同投票權控制的有限公司）

**Stock code 股份代號：9690**

# Contents



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chen Min *(Chairman of the Board)*
Mr. Hu Xiaodong

### Non-executive Director

Mr. Yao Leiwen

### Independent Non-executive Directors

Ms. Yan Huiping
Mr. Feng Wei
Mr. Wang Jingbo

## AUDIT COMMITTEE

Ms. Yan Huiping (*Chairperson*)
Mr. Feng Wei
Mr. Wang Jingbo

## REMUNERATION COMMITTEE

Ms. Yan Huiping (*Chairperson*)
Mr. Wang Jingbo
Mr. Chen Min

## NOMINATION COMMITTEE

Mr. Wang Jingbo (*Chairperson*)
Mr. Feng Wei
Mr. Hu Xiaodong

## CORPORATE GOVERNANCE COMMITTEE

Mr. Feng Wei (*Chairperson*)
Ms. Yan Huiping
Mr. Wang Jingbo

## JOINT COMPANY SECRETARIES

Mr. Chen Zhe
Mr. Lee Chung Shing

## AUTHORIZED REPRESENTATIVES

Mr. Chen Min
Mr. Lee Chung Shing

## AUDITOR

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

## HONG KONG LEGAL ADVISORS

**Kirkland & Ellis**
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

**Skadden, Arps, Slate, Meagher & Flom and affiliates**
42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central, Central
Hong Kong

## COMPLIANCE ADVISOR

**Guotai Junan Capital Limited**
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

## REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

# Corporate Information

## HEADQUARTERS

8th Floor
Building 24
1999 Yishan Road
Minhang District
Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Center
183 Queen's Road East
Wan Chai
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

**Maples Fund Services (Cayman) Limited**
P.O. Box 1093, Boundary Hall
Cricket Square, Grand Cayman, KY1-1102
Cayman Islands

## HONG KONG SHARE REGISTRAR

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

## INVESTOR RELATIONS

Email: ir@tuhu.cn

## WEBSITE

www.tuhu.cn

## STOCK CODE

9690

## WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Each Class A Share has one vote per share and each Class B Share has ten votes per share except with respect to resolutions regarding a limited number of Reserved Matters, where each Share has one vote. The Company's WVR structure enables the WVR Beneficiary to exercise voting control over the Company notwithstanding the WVR Beneficiary does not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continuing vision and leadership of the WVR Beneficiary who control the Company with a view to its long-term prospects and strategy.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with WVR structures, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of the Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of the Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. Shareholders and prospective investors should make the decision to invest in the Company only after due and careful consideration.

# Corporate Information

As of the Latest Practicable Date, the WVR Beneficiary is Mr. Chen Min. Mr. Chen Min is interested in and controls 14,368,284 Class A Shares and 67,918,860 Class B Shares, representing approximately 48.7% of the voting rights of the issued Shares in general meetings of the Company (except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote).

Class B Shares may be converted into Class A Shares on a one-to-one ratio. Upon the conversion of all the issued and outstanding Class B Shares into Class A Shares, the Company will issue 67,918,860 Class A Shares, representing approximately 8.4% of the total number of issued and outstanding Class A Shares as of the Latest Practicable Date upon such conversion.

The weighted voting rights attached to the Class B Shares will cease when the WVR Beneficiary no longer has beneficial ownership of any of the Class B Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiary is: (a) deceased; (b) no longer a member of the Board; (c) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a Director; or (d) deemed by the Stock Exchange to no longer meet the requirements of a Director set out in the Listing Rules;

(ii) when the holder of Class B Shares has transferred to another person the beneficial ownership of, or economic interest in, all of the Class B Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule;

(iii) where a vehicle holding Class B Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule; or

(iv) when all of the Class B Shares have been converted to Class A Shares.

# Financial Summary and Key Operation Metrics

## FINANCIAL SUMMARY

| | For the six months ended 30 June | | | | |
|---|---|---|---|---|---|
| | 2024 | | 2023 | | Period over period change |
| | Amount (RMB'000) (Unaudited) | As a percentage of revenue % | Amount (RMB'000) (Unaudited) | As a percentage of revenue % | % |
| Revenue | 7,126,161 | 100.0 | 6,521,629 | 100.0 | 9.3 |
| Gross profit | 1,845,765 | 25.9 | 1,578,109 | 24.2 | 17.0 |
| Operating profit | 211,884 | 3.0 | 66,731 | 1.0 | 217.5 |
| Profit for the period | 284,332 | 4.0 | 59,487 | 0.9 | 378.0 |
| Adjusted EBITDA (non-IFRS measure) | 449,619 | 6.3 | 351,822 | 5.4 | 27.8 |
| Adjusted net profit (non-IFRS measure) | 358,164 | 5.0 | 214,045 | 3.3 | 67.3 |

*Notes:*

(1) Adjusted EBITDA (non-IFRS measure) represents profit for the period excluding income tax expense, finance income, finance costs, depreciation and amortisation, share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses.

(2) Adjusted net profit (non-IFRS measure) represents profit for the period excluding share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses.

## KEY OPERATION METRICS

| | As of/For the twelve months ended 30 June | | |
|---|---|---|---|
| | 2024 | 2023 | Period over period change |
| Number of Tuhu workshops | 6,311 | 5,129 | 23.0% |
| – Self-operated Tuhu workshops | 149 | 161 | (7.5)% |
| – Franchised Tuhu workshops | 6,162 | 4,968 | 24.0% |
| Transacting users[1] *(in millions)* | 21.4 | 18.0 | 18.8% |
| Registered users[2] *(in millions)* | 126.4 | 104.8 | 20.7% |

*Notes:*

(1) Transacting user represents a user account that paid for at least one transaction of product or service on our platform (excluding Qipeilong) in a given period, regardless of whether the transaction was subsequently refunded.

(2) Registered user represents a user that has registered by providing the required information and logged in to our flagship app at least once since registration. We calculate the number of registered users as the cumulative number of valid user accounts at the end of the relevant period with duplicates eliminated.

# Chairman's Statement

Dear Shareholders,

The first half of 2024 marked the completion of our first full interim reporting period since our Listing. This period presented us with considerable challenges, including the stock price volatility at the end of the lock-up period and a complex domestic economic landscape due to the increasing external headwinds and insufficient domestic demand. Despite China's overall retail sales of consumer goods grew by 3.7% in the first half of 2024 compared to the corresponding period in 2023, the automotive service market, from our vantage point, witnessed increasingly stratified consumer demand, which heightened uncertainty in the automotive service business and elevated industry-wide standards of product capability and service quality. This trend was particularly evident in the second quarter of 2024, as extended vehicle maintenance cycles and rising demand for cost-effective alternatives from users presented significant challenges for all market participants.

In response to this demanding market environment, we fostered closer customer relationships by adhering to our value of "authentic, affordable, and professional." We actively prioritised our customers' needs, broadened our service offerings, optimised product and service profit, strengthened store operations and improved technician service standards. These initiatives led to sustained revenue growth and a more than 50% increase in adjusted net profit (non-IFRS measure) in the first half of 2024 compared to the same period in 2023. We remain committed to leveraging our leading market position and enhanced operational capabilities to embrace the evolving automotive service market, particularly the opportunities arising from its structural recovery in the second half of 2024.

## FINANCIAL HIGHLIGHTS

During the Reporting Period, our Group maintained steady growth, achieving a total revenue of RMB7.1 billion, representing an increase of 9.3% as compared to RMB6.5 billion for the corresponding period in 2023. Owing to the diversified business strategy, widened service offerings, and enhanced supply chain capabilities, our Group recorded a gross profit of RMB1.8 billion for the six months ended 30 June 2024. Gross profit margin of our Group for the six months ended 30 June 2024 amounted to 25.9%, representing 1.7 percentage point increase compared to the same period in 2023. We also made strides in management efficiency during the Reporting Period. Our overall workforce efficiency and automation rate continued to improve alongside business expansion, leading to better leverage of operating expenses. In the first half of 2024, our total operating expenses (comprising operating and support expenses, research and development expenses, selling and marketing expenses, and general and administrative expenses) amounted to RMB1.7 billion and accounted for 23.6% of total revenue, representing 0.9 percentage point decrease compared to the corresponding period in 2023. During the Reporting Period, our Group recorded an adjusted net profit of RMB358.2 million, representing an increase of 67.3% compared to the same period in 2023. As of the end of the Reporting Period, the cash position of our Group was approximately RMB7.1 billion, demonstrating our strong financial footing.

# PLATFORM OPERATIONS

Grounded in our assurance of user experiences, we have been continuously bordering both the quantity and quality of our user base and employing diverse methods to boost user loyalty to our platform. As of 30 June 2024, our registered users have reached 126 million, maintaining our position as the largest independent automotive service platform in China. To further enhance new user stickiness and existing user engagement, we have tailored our approach by aligning the traffic characteristics and focal points of marketing channels such as news feeds and searches, to create channel-specific user reach and conversion pathways. We also adopted new management tools, such as WeCom, facilitating a granular understanding of each customer's needs. Based on these measures, we have fully mobilised user engagement and our average monthly active users on the platform have reached 11.5 million during the Reporting Period, representing an increase of 15.8% compared to the corresponding period in 2023. As of 30 June 2024, our 12-month cumulative transacting users reached 21.4 million, representing an increase of 18.8% compared to the number as of 30 June 2023. Additionally, we observed steady improvement in the cost efficiency of our marketing efforts, highlighting the gradual realisation of our platform's scalability potential. In the first half of 2024, with the surge of a more diversified automotive service demand from users, we expanded our service categories to further enhance our comprehensive supply chain capabilities for accommodating various business segments. This initiative improved the user repurchase rate, defined as the percentage of customers who paid in June 2023 and continued to pay for at least one order during the following twelve-month, which is already at an industry-leading position, reaching 61.1%.

We also partnered with our suppliers to launch a series of innovations in services, products, and marketing tools in the first half of 2024. During the Tire Festival in March 2024, we collaborated with over 20 well-known domestic and international tire brands to introduce the "Gold Warranty" service, providing dual warranties from both Tuhu and the participating brands. In May 2024, we launched the new National Geographic edition of Shell Helix motor oil, accompanied by a self-driving interactive project. Drawing inspiration from the distinct self-driving routes recommended by National Geographic, we named four newly developed Shell Helix motor oil to highlight their robust capabilities under different road conditions: the G219 "Frontier Road," the G228 "Coastal Road," the G7 "Gobi Road," and the G318 "Plateau Road." Tuhu workshops along these four routes also offered a comprehensive suite of pre-trip, on-trip, and post-trip vehicle inspection and maintenance services for self-driving project participants.

We continued to refine our "content + live streaming + local services" matrix on Douyin Ecommerce Platform. During the 618 Shopping Festival, we organised dedicated events for six major brands, including a special President Live Stream Broadcast featuring both Michelin and Tuhu presidents. We also hosted the exclusive launch event for the National Geographic IP products on Douyin Ecommerce Platform. These diverse initiatives propelled our live streaming channel once again, to the top spot in the automotive parts and accessories category on Douyin Ecommerce Platform in terms of the cumulative gross merchandise volume (GMV) during the 618 Shopping Festival. We also secured two spots among the top five best-selling tire brands on the Douyin Ecommerce Platform during the 618 Shopping Festival. With precise product recommendations and smooth service process via Douyin Ecommerce Platform, our GMV from Douyin Local Services increased by over 100% in the first half of 2024 compared to the corresponding period in 2023, solidifying our leading position among the automotive service providers on Douyin Ecommerce Platform.

# Chairman's Statement

## STORE NETWORK

In the first half of 2024, we further optimised the presence of our existing nationwide store network, exploring untapped markets to provide convenient and comprehensive services for car owners across the country. As of 30 June 2024, we had 6,311 Tuhu workshops in operation nationwide, representing a net addition of 402 stores since the end of 2023. Tuhu workshop network spans over 300 prefecture-level cities across nearly all province-level administrative divisions in China, covering around 1,700 county-level regions as well. We also reached new milestones in economically vibrant provinces such as Jiangsu, Sichuan, and Fujian, with over 600, 300, and 200 stores as of 30 June 2024, respectively. Furthermore, we have placed significant emphasis on the development in lower-tier cities. For example, as a result of our dedicated efforts in the Xinjiang Uyghur Autonomous Region, the number of Tuhu workshops there as of 30 June 2024 increased by 74% compared to the number as of 30 June 2023, fulfilling our commitment to continued expansion in lower-tier cities.

As of 30 June 2024, we have collaborated with 12 key strategic franchisees, including, among others, Dongfeng South, PetroChina, and Sinopec. In 2024, our cooperation with Dongfeng South has begun to yield scale effects, with 14 Tuhu workshops secured under this partnership as of 30 June 2024. This collaboration model not only serves as a replicable approach for the authorised dealers adapting to the transformation of complex automotive service market, but also facilitates our future exploration of similar attempts with franchisees in the NEV sector.

In the first half of 2024, we have continued safeguarding the interests of our franchisees by optimising our franchisee policy, site selection, and store opening process. In lower-tier cities where we are actively expanding, our franchise fee reduction are up to 3 times greater than those in higher-tier cities. Our online self-service store setup system, launched in late 2022, has significantly reduced the average setup time from new franchisee intention to contract signing from 73 days to 27 days, achieving a 63% improvement in efficiency. The number of franchisee store applications for the six months ended 30 June 2024 increased by 22% compared to the same period in 2023, with 2.5 times increase in the northeast and western regions of China.

Notably, on 16 April 2024 and 2 August 2024, we launched two Tuhu workshops in Tsuen Wan and Chai Wan in Hong Kong. This milestone signifies the successful expansion of our operational expertise and supply chain advantages, which were cultivated over years in the mainland China market, to Hong Kong, bringing fresh automotive service experiences to local users.

To foster a healthy franchising environment and ensure service quality amidst expansion, in the first half of 2024, we implemented a tiered franchisee management system to evaluate the performance of franchisees across five key dimensions, "compliance, service, development, operation, and reputation." By adhering to the principle of "rewarding high-performing franchisees and phasing out underperforming ones," we issued warning and withdrawal measures against underperforming franchisees, thus ensuring the service quality of our stores, which is the cornerstone of customer service.

Our key store operation initiatives in the first half of 2024 revolved around improving the customer experience. First, we optimised the queuing experience prior to the service, focusing on difficulties in making appointments and long wait times. Second, we carried out monthly customer review for stores building upon the "recommended store" program introduced in 2023, incentivising franchisees, store managers, and technicians to improve customer experience and actively address customer feedback. Third, we intensified efforts to curb excessive sales through standardised online system controls, resulting in a 40% decrease in customer complaints associated with excessive sales in the first half of 2024 compared to the same period in 2023.

## PRODUCTS AND SERVICES: TIRES

Anchored in the trend of consumption rationalisation, well-functioning and affordable domestic tires have become mainstream market choices. Capitalising on this trend, we have acted decisively to secure a first-mover advantage. By leveraging the manufacturing capabilities of leading domestic tire manufacturers such as Doublestar and Double Coin, we developed high performance and aesthetic tires which are welcomed by the car owners in China. As a result of these partnerships, sales of our private label tires produced by these two partners have surpassed 1.5 million units in the first half of 2024.

We also, according to diversified consumer tags, collaborated with several leading tire manufacturers to develop private label products tailored to various user segments. For example, we offer large-size tires that cater to the growing popularity of NEV, as well as functional tires that align with evolving consumer preferences.

Beyond introducing innovative functional products, we are deeply committed to upholding the highest quality standards for our offerings. To that end, we actively participate in shaping industrial rules and standards. Earlier in 2024, we collaborated with the China Automotive Technology and Research Centre (CATARC) to conduct the first-ever batch testing of tires with silent technology in China. In March 2024, CATARC awarded the first set of certifications for silent technology tires to several of our private label brands. These milestones represent a significant step towards establishing the first domestic certification system for tires with silent technology.

## PRODUCTS AND SERVICES: AUTO MAINTENANCE

Leveraging our service capability, we deepened our cooperation with renowned brands on the products used in our auto maintenance service in the first half of 2024. We have fully integrated our consumer insights and digital marketing capabilities with the brand power and production capabilities of these renowned brands. This synergy enabled us to meet consumer demand for superior products at more accessible prices. Our longstanding partnership with Bosch is a prime example. In June 2024, we became the exclusive sales platform for Bosch motor oil. Developed in accordance with the latest industry standards, Bosch motor oil meets the latest certification standards of luxury car brands, including Porsche, Mercedes-Benz, BMW, and Audi, thereby expanding our reach into the automotive service for luxury vehicles. That same month, we partnered with Saudi Aramco-Valvoline, to launch the high-end fully synthetic motor oil exclusively available on our platform. This marked the first venture of the world's largest oil producer to extend its brand to passenger car motor oils and, more significantly, the first time it has entrusted its high-quality petroleum raw materials and Valvoline's century-old technological expertise to a Chinese brand. This collaboration provides us with an opportunity to lead the entire industry toward higher quality and standards through our private label product. In the same vein, we have also forged similar partnerships with other leading global companies, such as TotalEnergies and VARTA, to enhance our product offerings. In the future, we will continue to deepen our cooperation with these partners and actively expand our collaborations with other renowned brands.

In addition to the all-round collaboration with renowned brands, our first private label brand, for maintenance service, has evolved into a comprehensive brand encompassing 30 categories, including oil and fluids (motor oil, transmission fluid, brake fluid), filters, wipers, maintenance products (fuel additives, air conditioning line cleaning, fuel injector cleaning), spark plugs and ignition coils. As of 30 June 2024, such brand had sold over 21 million products, exemplifying its high favour and recognition among consumers.

# Chairman's Statement

## OTHER PRODUCTS AND SERVICES

In the first half of 2024, we adhered to "service-driven excellence" strategy for car wash and detailing services and actively promoted service standardisation and operational refinement. During the Reporting Period, we upgraded more than 800 Tuhu workshops with car wash abilities, elevating the total number of Tuhu workshops nationwide offering this service to over 5,300. This achievement positions us as one of the largest professional car wash and detailing service providers, in conjunction with the largest automotive service provider in China. We made significant strides in enhancing the online customer experience from purchase to fulfilment, including "one-second order placing," "stores to your choice," and "fully systematised car wash process." Our dedicated efforts in car wash and detailing services led to a 51% increase in the online order volume for related services in the first half of 2024 compared to the same period in 2023. As a high-frequency automotive service, car wash and detailing service also demonstrated excellent cross-selling potential and customer retention rates.

## NEV INITIATIVES

As a service provider to upstream battery manufacturers, we recognise that establishing a comprehensive service network to ensure efficiency and costs plays a decisive factor in their selection of authorised service providers. We therefore upgraded the capacity of our existing Tuhu workshop network in the first half of 2024. Building upon the network of workshops and module repair centers with NEV maintenance capabilities established in 2023, we further expanded our reach in the first half of 2024. Currently, our NEV maintenance service coverage extends to 73 cities. We have also constructed a NEV technology centre in Shanghai, dedicated to investments in e-powertrain maintenance, battery pack refurbishment, and the development of service capabilities and process solutions tailored to the specific requirements of battery manufacturers. This centre will serve as a cornerstone in establishing our competitive advantage in e-powertrain maintenance capabilities.

We continued to prioritise talent development, revamping our talent training program for power battery repair capabilities to incorporate safety management, comprehensive maintenance skills, and in-depth diagnostic analysis abilities. We conducted power battery repair training courses to strengthen our market-leading talent pool in NEV services. Our technical team dedicated significant efforts to research and development, tailoring our technical systems to the unique characteristics and demands of NEV services and developed an online knowledge base for NEV assembly technical data, enabling us to provide frontline technicians with relevant technical materials based on orders, similar to our existing process for internal combustion engine vehicle maintenance. This systematised automation of technical information flow, coupled with our continuously evolving comprehensive maintenance service capabilities for NEV and strong brand reputation, allowed us to secure contracts with 16 leading upstream battery manufacturers as of 30 June 2024, commencing warranty and out-of-warranty battery repair services. We also initiated pilot projects with two leading commercial insurance companies to explore opportunities in the field of commercial NEV battery extended warranty services.

With the rapid increase in the number of NEVs, the demand for various automotive services is also accelerating. In the first half of 2024, we made strategic deployments in various business segments to increase overall user penetration. To cater to the growing demands for charging services among users, we partnered with charging service providers, incorporating charging service portal on our online platform, while offline, integrating a total of 46,000 charging stations (accounting for 28.3% of charging stations in China) with three charging service providers, Orange Charging, Kuaidian, and Yunkuaichong. In the first half of 2024, our charging service gained over 20,000 monthly transacting users, demonstrating the growing preference among NEV owners to utilise Tuhu as their go-to platform for all their automotive service needs.

# Chairman's Statement

Across our various business segments, we enriched our product offerings to meet the specific needs of NEV owners. For example, we observed a consistent upward trend in the proportion of transacting users purchasing NEV accessories, which insight thereby led us to add 617 new specialised products across 50 categories for a leading NEV brand. In the car wash and detailing segment, we developed tailored products, such as car wash cards and window films, to cater to the high-frequency service demands from NEV owners.

It is precisely due to our deepening understanding of the NEV industry that we identified our business direction and priorities to effectively meet the evolving needs of both upstream and downstream stakeholders. The number of our NEV transacting users continued to rise, reaching 1.85 million for the twelve months ended 30 June 2024 with the penetration rate of NEV users rising to 8.4%. While the industry is still in its early stages, we remain committed to innovation and adaptation. We will leverage our long-term vision to comprehend with the industry's developmental trajectory, aiming to play a pivotal role in shaping the future of China's NEV automotive service market.

## SUPPLY CHAIN AND LOGISTICS

In the first half of 2024, Tuhu continued to make breakthroughs and stride forward in the construction of supply chain and logistics systems. Our sophisticated three-tiered warehouse network, consisting of regional distribution centres, front distribution centres and in-store storages, has been strategically refined to enhance structural efficiency and cost performance.

In the first half of 2024, we upgraded the coverage of our regional warehouse network by establishing new regional distribution centres while relocating and merging some existing ones. Such strategic initiative enabled us to enhance operational efficiency and reduce costs without compromising service coverage. As of 30 June 2024, we streamlined our regional distribution centres nationwide to 29, while achieving a 5.9% increase in warehouse area and a 6.7% decrease in the average rental cost per square meter compared to the same period in 2023. Our regional distribution centres network, together with our comprehensive logistics services supported by self-operated fleet, regional logistics, and third-party express delivery, has formed a wide-reaching coverage network. In the first half of 2024, we had established self-operated delivery routes in over 100 cities across China, and the proportion of orders delivered on the same day or the next day has further increased to 77.2% of all orders.

As of 30 June 2024, we have established 509 front distribution centres nationwide. Our front distribution centres continue to maintain the industry-leading "30 minutes within 5km" delivery standard. In higher-tier cities, we focused on optimising the overall network to further enhance the ability of each front distribution centre to serve multiple Tuhu workshops. In lower-tier cities, we continued to expand our front distribution centre network and store coverage through both self-operation and partnership models. Furthermore, we improved the prediction accuracy and depth of inventory in our front distribution centres and initiated comprehensive collaborations with select repair parts manufacturers, which led to significant improvement in the availability of low-frequency categories like automotive repair parts.

# Chairman's Statement

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In the first half of 2024, we integrated social responsibility into our corporate culture and business mission. We showed our commitment to social development through active participation in public welfare initiatives, and encouraging our employees to make positive contributions to society both within and outside the workplace.

Faced with the frequent natural disasters in the southern region of China in the first half of 2024, we promptly mobilised our resources to address the urgent needs of users, communities, and franchisees, providing various forms of emergency services and support. Following heavy rainfall in the Guangdong and Guangxi provinces starting in April 2024, we issued a disaster relief policy for affected Tuhu workshops to facilitate their recovery, providing fee reductions and exemptions to eligible stores. As of 30 June 2024, we have waived over RMB1 million operating expenses for more than 100 Tuhu workshops in disaster-stricken areas. We also established free emergency service hotlines in cities such as Nanning and Yulin in Guangxi province and Dongguan in Guangdong province, providing car owners with access to repair and insurance claims, as well as the ability to schedule free towing and other emergency services within a 20-kilometre radius. In early July 2024, we, together with Sanyou, a subsidiary of China Aerospace, jointly hosted a donation ceremony named "sailing for future, care from films" in Tibet Autonomous Region. This event aimed to support the primary school in Chabu Township, Gya County, Ali Prefecture, Tibet Autonomous Region, through a series of initiatives including donations of educational and living supplies, establishment of a science corner, and installation of sun-blocking equipment such as heat-insulating window film.

Our robust performance and unwavering commitment to environmental, social and governance (ESG) practices earned us a number of recognitions in the first half of 2024. On 11 May 2024, we were awarded the "innovation case in sustainable development" by Xinhua News Agency in recognition of our outstanding contributions to energy conservation, emission reduction, green supply chain, and social responsibility. On 30 May 2024, we topped the automotive maintenance and repair sector in the "2023 Top 100 Chain Enterprises in the Lifestyle Service Industry" list released by the China Chain Store & Franchise Association (CCFA). Additionally, we won the inaugural "Shanghai Business Innovation Award," which was guided by the Shanghai Municipal Commission of Commerce and the Shanghai Municipal Human Resources and Social Security Bureau and organised by the Shanghai Business Federation, for our innovative online-to-offline business model.

## SHAREHOLDER AND EMPLOYEE RETURN

In the first half of 2024, amidst a complex and volatile capital market environment, we implemented a proactive Share repurchase program. Following the end of the initial public offering (IPO) lock-up period in March 2024, which led to stock price fluctuations, we promptly announced a share repurchase plan. During the first half of 2024, we repurchased 12,286,900 Class A Shares from the open market on the Stock Exchange at an aggregate consideration of approximately HK$204 million. In early June 2024, we cancelled all repurchased shares, further enhancing earnings per Share attributable to Shareholders.

On 25 June 2024, we announced the Second Post-IPO Share Scheme (Existing Shares). Through this scheme, existing Shares will be purchased from the open market and re-issued to qualified employees as part of their remuneration, without further dilution of the share capital of our Company, thereby safeguarding the interests of both our Shareholders and employees.

## CONCLUSION

The past six months have highlighted a shift in the automotive service industry towards a new normal, characterised by more sophisticated consumer behaviour and evident consumption stratification. While there is coexistence of demand for both mass-market and premium products and services, consumers are making their choices with greater discernment. In this evolving landscape, understanding the voices of consumers and translating the feedback into actionable insights has thus become critical issues for us. Moving forward, we will maintain our vigilance, adapting our operational strategies with agility to respond to market dynamics and embracing changes through enhanced service offerings and expanded product categories. Guided by our founding mission of "making automotive service easier" and our enduring resilience, we firmly believe that although the journey may be long and arduous, persistence will lead us to success.

Finally, on behalf of the Board and the entire management team, I would like to extend my sincere gratitude to our users, franchisees, suppliers and employees for standing by us throughout these challenging times. I would also like to express my sincere appreciation to our shareholders for your ongoing support and confidence in our company.

**Mr. Chen Min**
Founder, Chairman and CEO
Hong Kong, 23 August 2024

# Management Discussion and Analysis

## SELECTED CONSOLIDATED INCOME STATEMENT ITEMS

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Revenue** | **7,126,161** | 6,521,629 |
| **Cost of Revenue** | **(5,280,396)** | (4,943,520) |
| **Gross Profit** | **1,845,765** | 1,578,109 |
| Other income and gains, net | **21,042** | 83,223 |
| Operations and support expenses | **(283,086)** | (272,020) |
| Research and development expenses | **(302,041)** | (297,957) |
| Selling and marketing expenses | **(908,125)** | (841,540) |
| General and administrative expenses | **(186,081)** | (185,454) |
| Fair value changes on financial assets at fair value through profit or loss | **24,410** | 2,370 |
| **Operating profit** | **211,884** | 66,731 |
| Finance income | **90,443** | 61,640 |
| Finance costs | **(8,635)** | (9,479) |
| Fair value changes of convertible redeemable preferred shares | **–** | (47,161) |
| Share of profits and losses of joint ventures and associates | **(4,582)** | (1,595) |
| **Profit before tax** | **289,110** | 70,136 |
| Income tax expense | **(4,778)** | (10,649) |
| **Profit for the period** | **284,332** | 59,487 |
| **Adjusted EBITDA (non-IFRS measure)** | **449,619** | 351,822 |
| **Adjusted net profit (non-IFRS measure)** | **358,164** | 214,045 |

# Management Discussion and Analysis

## Revenue

Our revenue for the six months ended 30 June 2024 amounted to RMB7.1 billion, representing an increase of 9.3% as compared with RMB6.5 billion for the corresponding period in 2023.

The following table sets forth the breakdown of our revenue, in amounts and as percentages of total revenue for the periods indicated.

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***(RMB'000)*** **(Unaudited)** | ***%*** | *(RMB'000)* (Unaudited) | *%* |
| **Automotive products and services** | **6,643,280** | **93.2** | 6,058,798 | 92.9 |
| Individual end customers | **5,970,096** | **83.8** | 5,406,596 | 82.9 |
| – Tires and chassis parts | **2,972,618** | **41.7** | 2,677,640 | 41.1 |
| – Auto maintenance | **2,617,725** | **36.7** | 2,364,974 | 36.3 |
| – Others[1] | **379,753** | **5.4** | 363,982 | 5.5 |
| Qipeilong[2] | **673,184** | **9.4** | 652,202 | 10.0 |
| **Advertising, franchise and other services** | **482,881** | **6.8** | 462,831 | 7.1 |
| Franchise services | **378,265** | **5.3** | 356,528 | 5.5 |
| Advertising services | **48,045** | **0.7** | 39,418 | 0.6 |
| Others | **56,571** | **0.8** | 66,885 | 1.0 |
| **Total** | **7,126,161** | **100.0** | 6,521,629 | 100.0 |

*Notes:*

(1) Others under automotive products and services to individual end customers primarily consist of revenues from auto accessories, car detailing, automated car wash and repairs.

(2) Qipeilong primarily consists of sales of auto parts to (i) Tuhu workshops and partner stores; and (ii) third-party auto parts dealers/customers and service providers.

# Management Discussion and Analysis

*Revenue from Automotive Products and Services*

Our revenue from automotive products and services increased by 9.6% from RMB6.1 billion for the six months ended 30 June 2023 to RMB6.6 billion for the corresponding period in 2024. Specifically, (i) our revenue from tires and chassis parts, and auto maintenance segment increased by 10.9% from RMB5.0 billion for the six months ended 30 June 2023 to RMB5.6 billion for the six months ended 30 June 2024. This increase was mainly attributed to our continuous optimisation of online marketing strategies and the expansion of our Tuhu workshop network, which together broadened our customer base and transaction volume. This increase was partially offset by the decrease in the average transaction value as more customers opted for value for money products, such as our private label products; (ii) our revenue from other products and services segment increased by 4.3% from RMB364.0 million for the six months ended 30 June 2023 to RMB379.8 million for the six months ended 30 June 2024. This increase was primarily attributed to higher revenue contribution from car wash and detailing services as we offered these services in more Tuhu workshops and promoted consumption through our membership card scheme; and (iii) our revenue from sales of auto parts through Qipeilong increased by 3.2% from RMB652.2 million for the six months ended 30 June 2023 to RMB673.2 million for the six months ended 30 June 2024. This increase was mainly attributed to enhanced sales from instant procurement service, in line with the expansion of our Tuhu workshop network. This increase was partially offset by the decline in the revenue contribution from regional wholesale service.

*Revenue from Advertising, Franchise and Other Services*

Our revenue from advertising, franchise and other services increased by 4.3% from RMB462.8 million for the six months ended 30 June 2023 to RMB482.9 million for the corresponding period in 2024. This increase was primarily due to (i) the growth in revenue from franchise service, resulting from the expansion of our franchised Tuhu workshop network; and (ii) the growth in revenue from advertising service, driven by our increased co-marketing campaign efforts with our brand partners. This increase was partially offset by the decrease in revenue from our new NEV sales following a strategic review of our NEV initiatives.

# Management Discussion and Analysis

## Cost of Revenue

Our cost of revenue for the six months ended 30 June 2024 amounted to RMB5.3 billion, representing an increase of 6.8% as compared with RMB4.9 billion for the corresponding period in 2023.

The following table sets forth the breakdown of our cost of revenue, in amounts and as percentages of total revenue for the periods indicated.

| | For the six months ended 30 June | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | *(RMB'000)* (Unaudited) | *%* | *(RMB'000)* (Unaudited) | *%* |
| **Cost of automotive products and services** | 5,070,842 | 71.1 | 4,684,558 | 71.8 |
| Individual end customers | 4,517,023 | 63.3 | 4,137,634 | 63.4 |
| – Tires and chassis parts | 2,451,589 | 34.4 | 2,249,654 | 34.5 |
| – Auto maintenance | 1,756,918 | 24.7 | 1,571,841 | 24.1 |
| – Others[(1)] | 308,516 | 4.2 | 316,139 | 4.8 |
| Qipeilong[(2)] | 553,819 | 7.8 | 546,924 | 8.4 |
| **Cost of advertising, franchise and other services** | 68,294 | 1.0 | 76,879 | 1.2 |
| Franchise services | 43,283 | 0.6 | 38,745 | 0.6 |
| Advertising services | 2,565 | 0.1 | 1,698 | 0.0 |
| Others | 22,446 | 0.3 | 36,436 | 0.6 |
| **Cost of self-operated Tuhu workshops and others** | 141,260 | 2.0 | 182,083 | 2.8 |
| **Total** | 5,280,396 | 74.1 | 4,943,520 | 75.8 |

# Management Discussion and Analysis

This increase was primarily due to an 8.2% growth in cost of automotive products and services, from RMB4.7 billion for the six months ended 30 June 2023 to RMB5.1 billion for the six months ended 30 June 2024, in line with our revenue growth resulting from the expansion of our Tuhu workshop network and customer base. This increase was partially offset by (i) the decrease in the cost of advertising, franchise and other services, resulting from the decline in cost associated with our new NEV sales as we deprioritised the NEV sales business after a strategic review of our NEV initiatives; and (ii) the decrease in cost of self-operated Tuhu workshops and others, attributable to (a) the reduction in inventory impairment as a result of our improved inventory management capabilities, and (b) the reduction in the number of self-operated Tuhu workshops over the period.

## Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of our Group was RMB1.8 billion for the six months ended 30 June 2024, as compared with RMB1.6 billion for the corresponding period in 2023.

Gross profit margin of our Group increased from 24.2% for the six months ended 30 June 2023 to 25.9% for the corresponding period in 2024, primarily due to (i) an improvement in the gross profit margin on automotive products and services, attributed to (a) more favourable terms we gained from suppliers in line with our business growth, and (b) higher revenue contribution from our exclusive and private label products as well as services of our auto maintenance segment, which generally have higher margin; (ii) an increase in gross profit margin on advertising, franchise and other service due to the reduction in certain low-margin new NEV sales; and (iii) the reduction in cost of self-operated Tuhu workshops and others.

## Other Income and Gains, Net

Our other income and gains for the six months ended 30 June 2024 amounted to RMB21.0 million, representing a decrease of 74.7% as compared with RMB83.2 million for the corresponding period in 2023. This decrease was primarily due to (i) the reduction in government grants in the first half of 2024; and (ii) the reduction in foreign exchange gains as a result of the relatively stable exchange rate of U.S. dollar against Renminbi in the first half of 2024 compared to the same period in 2023.

## Operations and Support Expenses

Our operations and support expenses increased by 4.1% from RMB272.0 million for the six months ended 30 June 2023 to RMB283.1 million for the corresponding period in 2024, primarily due to the increase in travel expenses and outsourced service fees associated with our business expansion in the first half of 2024.

## Research and Development Expenses

Our research and development expenses slightly increased from RMB298.0 million for the six months ended 30 June 2023 to RMB302.0 million for the corresponding period in 2024, primarily due to the increase in personnel costs, resulting from a company-wide payroll increase and the addition of new research and development staff in the first half of 2024.

# Management Discussion and Analysis

## Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.9% from RMB841.5 million for the six months ended 30 June 2023 to RMB908.1 million for the corresponding period in 2024, primarily due to the increase in advertising and promotion-related expenses as part of our investments in marketing to further enhance our brand recognition through new media channels including but not limited to, short video contents and live streaming on Douyin Ecommerce Platform.

## General and Administrative Expenses

Our general and administrative expenses slightly increased from RMB185.5 million for the six months ended 30 June 2023 to RMB186.1 million for the corresponding period in 2024, primarily due to (i) the increase in transaction fees resulted from an overall rise in transaction volume; and (ii) the increase in personnel costs following a company-wide salary adjustment and the new hires in certain departments in the first half of 2024. The increase was partially offset by the reduction in listing expenses.

## Finance Income

Our finance income for the six months ended 30 June 2024 amounted to RMB90.4 million, representing an increase of 46.7% as compared with RMB61.6 million for the corresponding period in 2023. This increase was primarily due to (i) higher interest rates on U.S. dollar denominated time deposits and treasury investments; and (ii) an increase in average balance of time deposits and treasury investments.

## Income Tax Expenses

Our income tax expense for the six months ended 30 June 2024 amounted to RMB4.8 million, representing a decrease of 55.1% as compared with RMB10.6 million for the corresponding period in 2023. This decrease was primarily due to the high base in the same period of 2023 resulting from non-recurring taxable income recorded by certain subsidiaries of our Group. This decrease was partially offset by the increase in the taxable income generated by our Group in the first half of 2024.

## Profit for the Period

As a result of the foregoing, our profit for the six months ended 30 June 2024 amounted to RMB284.3 million, representing a significant increase as compared with RMB59.5 million for the corresponding period in 2023.

# Management Discussion and Analysis

## NON-IFRS MEASURE

To supplement our unaudited consolidated interim financial statements, which are presented in accordance with IFRS, we also use adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by or presented in accordance with IFRS. Adjusted EBITDA (non-IFRS measure) represents profit for the period excluding income tax expense, finance income, finance costs, depreciation and amortisation, share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses. Adjusted net profit (non-IFRS measure) represents profit for the period excluding share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses.

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Profit for the period** | **284,332** | 59,487 |
| *Adjusted for:* | | |
| Income tax expense | **4,778** | 10,649 |
| Finance income | **(90,443)** | (61,640) |
| Finance costs | **8,635** | 9,479 |
| Depreciation and amortisation | **168,485** | 179,289 |
| Share-based payment expenses | **73,832** | 95,413 |
| Fair value changes of convertible redeemable preferred shares | **–** | 47,161 |
| Listing expenses | **–** | 11,984 |
| **Adjusted EBITDA (non-IFRS measure)** | **449,619** | 351,822 |

# Management Discussion and Analysis

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Profit for the period** | **284,332** | 59,487 |
| *Adjusted for:* | | |
| Share-based payment expenses | **73,832** | 95,413 |
| Fair value changes of convertible redeemable preferred shares | **–** | 47,161 |
| Listing expenses | **–** | 11,984 |
| **Adjusted net profit (non-IFRS measure)** | **358,164** | 214,045 |

We present the non-IFRS financial measures because they are used by our management to evaluate our operating performance and formulate business plans. Adjusted EBITDA (non-IFRS measure) enables our management to assess our operating results eliminating the impact of income tax expense, finance income, finance costs, depreciation and amortisation, share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses. Adjusted net profit (non-IFRS measure) enables our management to assess our operating results eliminating the impact of share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses.

Adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) should not be considered in isolation or construed as an alternative to profit for the period or any measure of performance. Investors are encouraged to review our historical non-IFRS financial measures together with the most directly comparable IFRS measures. Adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

# Management Discussion and Analysis

## SELECTED CONSOLIDATED BALANCE SHEET DATA

| | As of 30 June 2024 *RMB'000* (Unaudited) | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 1,002,436 | 899,188 |
| Right-of-use assets | 460,799 | 466,946 |
| Goodwill | 20,323 | 20,323 |
| Other intangible assets | 56,093 | 57,804 |
| Long-term treasury investments | 1,531,370 | 1,065,260 |
| Financial investments at fair value through profit or loss | 177,508 | 191,043 |
| Investments in joint ventures and associates | 383,312 | 362,612 |
| Equity investments designated at fair value through other comprehensive income | 320,626 | 356,240 |
| Restricted cash | 92,799 | 7,799 |
| Other non-current assets | 30,487 | 66,189 |
| Total non-current assets | 4,075,753 | 3,493,404 |
| **Current assets** | | |
| Inventories | 1,637,213 | 1,799,796 |
| Trade receivables | 206,042 | 218,179 |
| Prepayments, other receivables and other assets | 424,332 | 496,100 |
| Short-term treasury investments | 3,011,079 | 1,587,126 |
| Restricted cash | 1,068,909 | 1,454,795 |
| Cash and cash equivalents | 1,355,581 | 2,715,285 |
| Total current assets | 7,703,156 | 8,271,281 |
| **Current liabilities** | | |
| Trade and bills payables | 3,825,927 | 3,886,756 |
| Other payables and accruals | 1,594,774 | 1,719,505 |
| Contract liabilities | 745,638 | 742,667 |
| Interest-bearing borrowings | 1,007 | 1,009 |
| Tax payable | 120,523 | 120,096 |
| Lease liabilities | 147,600 | 132,320 |
| Total current liabilities | 6,435,469 | 6,602,353 |
| **Net current assets** | 1,267,687 | 1,668,928 |

# Management Discussion and Analysis

| | **As of 30 June 2024** *RMB'000* **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| **Total assets less current liabilities** | **5,343,440** | 5,162,332 |
| **Non-current liabilities** | | |
| Interest-bearing borrowings | **7,000** | 7,500 |
| Contract liabilities | **57,599** | 58,777 |
| Lease liabilities | **221,784** | 223,840 |
| Deferred tax liabilities | **7,391** | 7,391 |
| Other non-current liabilities | **433,683** | 406,505 |
| Total non-current liabilities | **727,457** | 704,013 |
| **Net assets** | **4,615,983** | 4,458,319 |
| **Equity** | | |
| **Equity attributable to owners of the parent** | | |
| – Share capital | **116** | 118 |
| – Reserves | **4,618,737** | 4,459,854 |
| | **4,618,853** | 4,459,972 |
| Non-controlling interests | **(2,870)** | (1,653) |
| **Total equity** | **4,615,983** | 4,458,319 |

# Management Discussion and Analysis

## Trade Receivables

Trade receivables primarily represent (i) trade receivables from franchised Tuhu workshops and third-party auto dealers for payment of auto products sourced from Qipeilong platform; (ii) trade receivables from certain key account customers for bulk purchase of automotive services; (iii) trade receivables from franchised Tuhu workshops in connection with the franchises services we provide; and (iv) trade receivables from brand owners in connection with the advertising services we provide.

The below table sets forth the breakdown of trade receivables as of the dates indicated.

| | **As of 30 June 2024** ***RMB'000*** **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade receivables from bulk sales to key account customers | **59,611** | 67,680 |
| Trade receivables from sales on Qipeilong | **22,184** | 27,222 |
| Trade receivables from franchise services | **60,001** | 63,896 |
| Trade receivables from advertising services | **44,477** | 44,579 |
| Others | **31,309** | 30,040 |
| Allowance for expected credit losses | **(11,540)** | (15,238) |
| **Total** | **206,042** | 218,179 |

Our trade receivables as of 30 June 2024 amounted to RMB206.0 million, representing a decrease of 5.6% as compared with RMB218.2 million as of 31 December 2023. This decrease was primarily attributable to the implementation of enhanced monitoring and management measures for receivables collection in the first half of 2024, which effectively accelerated the recovery of trade receivables.

# Management Discussion and Analysis

## Treasury Investments

Treasury investments primarily consist of wealth management products issued by major and reputable commercial banks without guaranteed returns, which are measured at fair value through profit or loss, and certificate of deposit and time deposit, which are measured at amortised cost.

The below table sets forth the breakdown of treasury investments as of the dates indicated.

| | **As of 30 June 2024** | As of 31 December 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| **Long-term treasury investments at** | | |
| – Amortised cost | **1,531,370** | 1,065,260 |
| **Short-term treasury investments measured at** | | |
| – Amortised cost | **1,072,267** | 354,135 |
| – Fair value through profit or loss | **1,938,812** | 1,232,991 |
| **Total** | **4,542,449** | 2,652,386 |

Our treasury investments as of 30 June 2024 amounted to RMB4.5 billion, representing an increase of 71.3% as compared with RMB2.7 billion as of 31 December 2023. This increase was primarily driven by our efforts to better utilise our cash position in order to boost financial returns while maintaining safety and liquidity of the overall capital.

# Management Discussion and Analysis

## Restricted Cash

The restricted cash primarily consists of security deposits held in designated bank accounts for issuance of bills payable and letters of guarantee.

The below table sets forth the breakdown of restricted cash as of the dates indicated.

| | **As of 30 June 2024** ***RMB'000*** **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Non-current portion | **92,799** | 7,799 |
| Current portion | **1,068,909** | 1,454,795 |
| **Total** | **1,161,708** | 1,462,594 |

## Cash and Cash Equivalents

Cash and cash equivalents primarily consist of cash at bank and in hand and time deposits with original maturities within three months.

The below table sets forth the breakdown of cash and cash equivalents as of the dates indicated.

| | **As of 30 June 2024** ***RMB'000*** **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Cash at banks and on hand | **1,055,548** | 1,270,354 |
| Time deposits with original maturities within three months | **300,033** | 1,444,931 |
| **Total** | **1,355,581** | 2,715,285 |

# Management Discussion and Analysis

## Trade and Bills Payable

Trade and bills payables represent payable to suppliers from whom we purchase auto products and payable to service providers for services provided.

The below table sets forth the breakdown of trade and bills payable as of the dates indicated.

| | **As of 30 June 2024** ***RMB'000*** **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade payables | **694,194** | 965,351 |
| Bills payable | **3,131,733** | 2,921,405 |
| **Total** | **3,825,927** | 3,886,756 |

Our trade and bills payable as of 30 June 2024 amounted to RMB3.8 billion, representing a decrease of 1.6% as compared with RMB3.9 billion as of 31 December 2023. This decrease was primarily attributed to the settlement of outstanding balances with several suppliers during the first half of 2024.

# Management Discussion and Analysis

## FINANCIAL RATIOS

The following table sets forth certain of the key financial ratios as of the dates or for the periods indicated:

| | **As of 30 June 2024** ***RMB'000*** **(Unaudited)** | As of 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Gearing ratio[1] | **60.8%** | 62.1% |

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2024** ***RMB'000*** **(Unaudited)** | 2023 *RMB'000* (Unaudited) |
| Total revenue growth rate[2] | **9.3%** | 19.3% |
| Gross profit margin[3] | **25.9%** | 24.2% |
| Adjusted EBITDA margin (non-IFRS measure)[4] | **6.3%** | 5.4% |
| Adjusted net profit margin (non-IFRS measure)[5] | **5.0%** | 3.3% |

*Notes:*

(1) Gearing ratio equals total liabilities divided by total assets as of the end of the period/year.

(2) Total revenue growth rate equals revenue growth divided by revenue for the previous period.

(3) Gross profit margin equals gross profit divided by revenue for the period.

(4) Adjusted EBITDA margin equals adjusted EBITDA (non-IFRS measure) divided by revenue for the period.

(5) Adjusted net profit margin equals adjusted net profit (non-IFRS measure) divided by revenue for the period.

## LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2024, we funded our cash requirements principally from cash generated from our operations and net proceeds from the Global Offering. We manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made by our Group in the objectives, policies or processes for managing capital for the six months ended 30 June 2024. Our cash position (includes cash and cash equivalents, treasury investments and restricted cash) increased by 3.4% from RMB6.8 billion as of 31 December 2023 to RMB7.1 billion as of 30 June 2024. Our interest-bearing borrowings amounted RMB8.0 million as of 30 June 2024.

## SELECTED CONSOLIDATED CASH FLOW DATA

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Net cash flows from operating activities | **718,700** | 714,831 |
| Net cash flows used in investing activities | **(1,981,416)** | (267,164) |
| Net cash flows used in financing activities | **(105,540)** | (7,817) |
| **Net (decrease)/increase in cash and cash equivalents** | **(1,368,256)** | 439,850 |
| Cash and cash equivalents at the beginning of the period | **2,715,285** | 2,686,353 |
| Effect of foreign exchange rate changes, net | **8,552** | 67,641 |
| **Cash and cash equivalents at the end of the period** | **1,355,581** | 3,193,844 |

### Net Cash Flows from Operating Activities

Net cash flows from operating activities for the six months ended 30 June 2024 was RMB718.7 million, which was mainly attributable to our profit before tax of RMB289.1 million, as adjusted by (i) non-cash and non-operating items, primarily consisted of share-based payments expenses of RMB73.8 million, depreciation of right-of-use assets of RMB88.2 million and depreciation of property, plant and equipment of RMB77.7 million; and (ii) changes in working capital, primarily resulted from a decrease in inventories of RMB161.8 million and a decrease in restricted cash of RMB143.9 million, partially offset by the decrease in other payable and accruals of RMB86.5 million and a decrease in trade and bills payables of RMB60.8 million.

# Management Discussion and Analysis

### Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities for the six months ended 30 June 2024 was RMB2.0 billion, which was mainly attributable to purchase of treasury investments of RMB4.4 billion and purchases of property, plant and equipment of RMB186.5 million, partially offset by proceeds from treasury investments of RMB2.6 billion and interest income of RMB46.0 million.

### Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities for the six months ended 30 June 2024 was RMB105.5 million, which was mainly attributable to repurchase of ordinary shares of RMB185.6 million and the principal portion of lease payments of RMB69.2 million, partially offset by the decrease in restricted cash of RMB156.7 million.

## CONTINGENT LIABILITIES AND GUARANTEES

As of 30 June 2024, we did not have any material contingent liabilities or guarantees.

## CAPITAL EXPENDITURES

Our capital expenditures primarily consisted of payments for property, plant and equipment, payments for land use rights and payments for other intangible assets.

Our capital expenditures amounted to RMB186.8 million during the six months ended 30 June 2024, representing an increase of 11.7% as compared with RMB167.2 million during the same period in 2023. We plan to fund our future capital expenditures by our internal resources including our cash and cash equivalents and the net proceeds received from the Global Offering.

## CAPITAL COMMITMENTS

Capital commitments were primarily related to the construction of new automated warehouses and scheduled to be paid within one to two years.

Our capital commitments amounted to RMB120.2 million as of 30 June 2024, representing a decrease of 42.4% as compared with RMB208.8 million as of 31 December 2023.

## CHARGES ON ASSETS

As of 30 June 2024, our Group did not have any charge on its assets.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of the date of this interim report, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, our Group does not have any concrete committed plans for material investments and capital assets for disclosure.

## FOREIGN EXCHANGE RISK AND HEDGING

We operate our businesses mainly in the PRC and nearly all operational transactions are conducted in RMB. Our foreign currency exposures mainly arise from the bank balances denominated in US$ held by our subsidiaries incorporated in the PRC. We currently do not have a foreign currency hedging policy. However, we manage foreign exchange risks by closely monitoring our foreign exchange exposure and will consider hedging against significant foreign exchange risks should the need arise.

## MATERIAL ACQUISITIONS, SIGNIFICANT INVESTMENTS AND DISPOSALS

For the six months ended 30 June 2024, we did not make any material acquisitions, significant investments or disposals of subsidiaries, associates and joint ventures.

## EMPLOYEES AND REMUNERATION

As of 30 June 2024, we had a total of 4,506 employees (as of 30 June 2023: 4,691). For the six months ended 30 June 2024, we incurred total remuneration costs of RMB807.1 million (for the six months ended 30 June 2023: RMB838.7 million). The remuneration packages of our employees include wages, salaries and allowances, pension scheme contributions and share-based payment expense, the amount of which is generally determined by their qualifications, industry experience, position and performance. All employees are eligible participants of the Equity Incentive Schemes. We contribute to social insurance and housing provident funds as required by the PRC laws and regulations.

To maintain the quality, knowledge and skill levels of the workforce, our Group provides regular and specialised trainings tailored to the needs of employees in different departments, including regular training sessions conducted by senior employees or third-party consultants covering various aspects of our business operations.

# Other Information

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

| Name of Director | Nature of Interest | Class of Shares | Number of Shares | % of Interest in Each Class of Shares of the Company[1] |
|---|---|---|---|---|
| Mr. Chen Min | Beneficial owner | Class A Shares | 850,000 (L)[2] | 0.1% |
| | Interest in controlled corporations | Class A Shares | 13,518,284 (L)[3] | 1.8% |
| | Interest in controlled corporations | Class B Shares | 67,918,860 (L)[3] | 100.0% |
| Mr. Hu Xiaodong | Beneficial owner | Class A Shares | 300,000 (L)[4] | 0.0(*)% |
| | Interest in controlled corporations | Class A Shares | 25,223,685 (L)[5] | 3.4% |

Remark: (L) denotes a long position; (*) denotes less than 0.01%.

Notes:

(1) As at 30 June 2024, the Company had 809,649,955 issued Shares in total, comprising of 741,731,095 Class A Shares and 67,918,860 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of 30 June 2024.

(2) Represents 850,000 Class A Shares pursuant to the exercise of options granted to Mr. Chen Min under the 2019 Share Incentive Plan.

(3) Represents (i) 13,518,284 Class A Shares held by Nholresi Investment Limited; and (ii) 67,918,860 Class B Shares held by Nholresi Investment Limited. Nholresi Investment Limited is wholly owned by Ilnewgnay Investment Limited. The entire interest in Ilnewgnay Investment Limited is held in a trust that was established by Mr. Chen Min (as the settlor) with him as the beneficiary. As such, Mr. Chen Min is deemed to be interested in the Class A Shares and Class B Shares held by Nholresi Investment Limited under the SFO.

(4) Represents 300,000 Class A Shares pursuant to the exercise of options granted to Mr. Hu Xiaodong under the 2019 Share Incentive Plan.

(5) Represents 25,223,685 Class A Shares held by TroisUnis. HU Investment Limited. TroisUnis. HU Investment Limited is wholly owned by ToUs. HU Investment Limited. The entire interest in ToUs. HU Investment Limited is held in a trust that was established by Mr. Hu Xiaodong (as the settlor) with him as the beneficiary. As such, Mr. Hu Xiaodong is deemed to be interested in the Class A Shares held by TroisUnis. HU Investment Limited under the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company has or is deemed to have any interests 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 SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

| Name of Shareholder | Nature of Interest | Class of Shares | Number of Shares | % of Interest in Each Class of Shares of the Company[1] |
|---|---|---|---|---|
| Tencent[2] | Interest in controlled corporation | Class A Shares | 158,895,235 (L) | 21.4% |
| Image Frame Investment (HK) Limited | Beneficial owner | Class A Shares | 151,792,350 (L) | 20.5% |
| Pandanus Associates Inc.[3] | Interest in controlled corporations | Class A Shares | 46,836,555 (L) | 6.3% |
| FIL Limited[3] | Interest in controlled corporations | Class A Shares | 46,836,555 (L) | 6.3% |
| Joy Capital GP, Ltd[4] | Beneficial owner | Class A Shares | 44,007,640 (L) | 5.9% |
| Ubiquity Holdings Ltd.[5] | Beneficial owner | Class A Shares | 42,707,045 (L) | 5.8% |
| Max Hope Limited[6] | Beneficial owner | Class A Shares | 39,167,585 (L) | 5.3% |
| | Interest in controlled corporation | Class A Shares | 453,132 (L) | 0.1% |

# Other Information

Remark: (L) denotes a long position.

Notes:

(1) As at 30 June 2024, the Company had 809,649,955 issued Shares in total, comprising of 741,731,095 Class A Shares and 67,918,860 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of 30 June 2024.

(2) Represents (i) 151,792,350 Class A Shares directly held by Image Frame Investment (HK) Limited, a limited liability company incorporated in Hong Kong, and (ii) 7,102,885 Class A Shares directly held by Cool Dragon Holding Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands. Image Frame Investment (HK) Limited and Cool Dragon Holding Limited are controlled by Tencent Holdings Limited ("Tencent"). Tencent is a limited liability company incorporated in the Cayman Islands and is listed on the Main Board of the Stock Exchange (stock code: 0700). Accordingly, Tencent is deemed to be interested in the total number of Class A Shares held by Image Frame Investment (HK) Limited and Cool Dragon Holding Limited under the SFO.

(3) To the best knowledge of the Company, FIL Limited was deemed to be interested in 46,836,555 Class A Shares in aggregate through a series of its controlled entities or corporations. Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 40.44% shareholding interest in FIL Limited. Accordingly, each of Pandanus Associates Inc. and Pandanus Partners L.P. was deemed to be interested in 46,836,555 Class A shares of the Company via FIL Limited under the SFO.

(4) Represents (i) 15,335,735 Class A Shares directly held by Joy Capital Opportunity, L. P., a limited partnership incorporated under the laws of the Cayman Islands, (ii) 24,505,905 Class A Shares directly held by JOY FLY INVESTMENT MANAGEMENT LIMITED, a limited liability company incorporated in Hong Kong, and (iii) 4,166,000 Class A Shares directly held by BOLD HIGHLIGHT HK LIMITED, a limited liability company incorporated in Hong Kong. Joy Capital Opportunity, L. P., JOY FLY INVESTMENT MANAGEMENT LIMITED and BOLD HIGHLIGHT HK LIMITED are ultimately controlled by the directors of Joy Capital GP, Ltd, the ultimate general partner of such entities.

(5) Represents 42,707,045 Class A Shares directly held by Ubiquity Holdings Ltd., an exempted company incorporated under the laws of the Cayman Islands. Ubiquity Holdings Ltd. is 76.84% owned by FountainVest China Capital Partners Fund III, L. P., 22.72% owned by FountainVest China Capital Parallel Fund III, L. P. and 0.44% owned by FountainVest China Capital Parallel-A Fund III, L. P. FountainVest China Capital Partners Fund III, L. P., FountainVest China Capital Parallel Fund III, L. P. and FountainVest China Capital Parallel-A Fund III, L. P. are Cayman Islands limited partnerships. FountainVest China Capital Partners GP3 Ltd., a Cayman Islands company, is the sole general partner of FountainVest China Capital Partners Fund III, L. P., FountainVest China Capital Parallel Fund III, L. P. and FountainVest China Capital Parallel-A Fund III, L. P. FountainVest China Capital Partners GP3 Ltd. is controlled by its directors, Kui Tang and George Jian Chuang, each an Independent Third Party.

(6) Represents (i) 39,167,585 Class A Shares directly held by Max Hope Limited. Max Hope Limited, which was incorporated in the Cayman Islands and wholly owned by Beijing Sequoia Jingtu Management Consulting Centre (L. P.), or Jingtu, and ultimately controlled by Jingtu's general partner, Ningbo Meishan Bonded Port Area Sequoia Huanjia Equity Investment Management Co., Ltd. (寧波梅山保税港區紅杉桓嘉投資管理有限公司, "Sequoia Huanjia"); and (ii) 453,132 Class A Shares held by Max Platinum Limited, which was incorporated in the Cayman Islands and wholly owned by Max Hope Limited. Mr. Kui Zhou held 70% interests in Sequoia Huanjia. As such, Mr. Kui Zhou is deemed to be interested in the Class A Shares held by Max Hope Limited under the SFO.

Save as disclosed above, to the best knowledge of the Directors and the chief executive of the Company, as at 30 June 2024, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

# EQUITY INCENTIVE SCHEMES

As of the Latest Practicable Date, the Company has adopted three share schemes, namely the 2019 Share Incentive Plan, the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares).

## 2019 Share Incentive Plan

The 2019 Share Incentive Plan has been adopted by the Company on 31 October 2019. The principal terms of the Pre-IPO Share Option Scheme are set out in "Appendix IV – Statutory and General Information" of the Prospectus.

### *Outstanding Options Granted under the 2019 Share Incentive Plan*

Up to the Listing Date, the Company had conditionally granted options or restricted shares to 931 participants under the 2019 Share Incentive Plan, a portion of which granted to Mr. Chen Min corresponding to 12,275,149 Shares has been vested and issued as Class A Shares on the Listing Date. Upon Listing, there is no options or restricted share available for grant under the 2019 Share Incentive Plan.

The following table shows detail of options granted under the 2019 Share Incentive Plan during the six months ended 30 June 2024:

| | | | | | | | Number of Class A Shares underlying options | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name and Category of grantee | Date of grant | Option period | Vesting period[1] | Exercise price | Performance target | Outstanding as of 1 January 2024 | Granted between 1 January 2024 to 30 June 2024 | Exercised between 1 January 2024 to 30 June 2024 | Cancelled between 1 January 2024 to 30 June 2024 | Lapsed between 1 January 2024 to 30 June 2024 | Outstanding as of 30 June 2024 | Weighted average closing price per Class A Share before the date of exercise |
| ***Directors*** | | | | | | | | | | | | |
| Mr. Chen Min | 1 May 2021 | 10 years | 4 years | US$0.00002 per Class A Share | - | 850,000 | - | - | - | - | 850,000 | N/A |
| Mr. Hu Xiaodong | 1 May 2021 | 10 years | 4 years | US$0.00002 per Class A Share | - | 300,000 | - | - | - | - | 300,000 | N/A |
| ***Other grantees*** | | | | | | | | | | | | |
| Employees and consultants | 1 January 2017 – 1 September 2023 | - | 1 – 5 years | US$0.00002 per Class A Share | - | 41,624,699 | - | 3,044,416 | - | 1,107,367 | 37,472,916 | N/A |
| **Total** | | | | | | **42,774,699** | **-** | **3,044,416** | **-** | **1,107,367** | **38,622,916** | |

Note:

(1) The exercise period of the options granted under the 2019 Share Incentive Plan shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the 2019 Share Incentive Plan.

# Other Information

## Post-IPO Share Scheme

The Post-IPO Share Scheme has been adopted by the Company on 7 September 2023. The principal terms of the Post-IPO Share Scheme are set in "Appendix IV – Statutory and General Information" in the Prospectus.

### *Outstanding Restricted Share Units and Options Granted under the Post-IPO Share Scheme*

As of 1 January 2024, being the beginning of the Reporting Period, the total number of restricted share units or options available for grant under the Post-IPO Share Scheme and under the service provider sublimit of Post-IPO Share Scheme were 39,905,978 and 8,143,714, respectively. While as of 30 June 2024, being the end of the Reporting Period, the total number of restricted share units or options available for grant under the Post-IPO Share Scheme and under the service provider sublimit of Post-IPO Share Scheme were 39,530,941 and 8,143,714, respectively.

The following table shows detail of movements of the restricted share units granted under the Post-IPO Share Scheme during the six months ended 30 June 2024:

| | | | | | | Number of Class A Shares underlying restricted share units | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name and Category of grantee | Date of grant | Vesting period | Purchase price | Performance target | Outstanding as of 1 January 2024 | Granted between 1 January 2024 to 30 June 2024 | Vested between 1 January 2024 to 30 June 2024 | Cancelled between 1 January 2024 to 30 June 2024 | Lapsed between 1 January 2024 to 30 June 2024 | Outstanding as of 30 June 2024 | Closing price per Class A Share immediately before the date of grant | Fair value of each restricted share units at the date of grant(1) | Weighted average closing price per Class A Share before the date of vest |
| Employees | 1 December 2023 | 48 months | Nil | - | 3,296,947 | - | - | - | - | 3,296,947 | HK$33.0 | HK$33.0 | N/A |
| Employees | 1 January 2024 | 47 – 48 months | Nil | - | - | 914,599 | - | - | 341,232 | 572,367 | HK$28.10 | HK$28.10 | N/A |
| **Total** | | | | | **3,296,947** | **914,599** | **-** | **-** | **341,232** | **3,870,314** | | | |

Note:

(1) Determined by reference to the market price of the Company's Class A Shares at the date of grant.

The following table shows detail of movements of options granted under the Post-IPO Share Scheme during the six months ended 30 June 2024:

| Name and Category of grantee | Date of grant | Option period | Vesting period[1] | Exercise price | Performance target | Number of Class A Shares underlying options: Outstanding as of 1 January 2024 | Granted between 1 January 2024 to 30 June 2024 | Exercised between 1 January 2024 to 30 June 2024 | Cancelled between 1 January 2024 to 30 June 2024 | Lapsed between 1 January 2024 to 30 June 2024 | Outstanding as of 30 June 2024 | Closing price per Class A Share immediately before the date of grant | Fair value of each option at the date of grant[2] | Weighted average closing price per Class A Share before the date of exercise |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Employees | 1 December 2023 | 10 years | 48 months | HK$33.0 | - | 5,659,361 | - | - | 198,330 | 198,330 | 5,262,701 | HK$33.0 | HK$33.0 | N/A |
| **Total** | | | | | | **5,659,361** | **-** | **-** | **198,330** | **198,330** | **5,262,701** | | | |

Notes:

(1) The exercise period of the options granted under the Post-IPO Share Scheme shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Post-IPO Share Scheme.

(2) Determined by reference to the market price of the Company's Class A Shares at the date of grant.

## Second Post-IPO Share Scheme (Existing Shares)

On 25 June 2024, the Company announced the Second Post-IPO Share Scheme (Existing Shares). The total number of Shares which may be granted under the Second Post-IPO Share Scheme (Existing Shares) is 33,000,000 Class A Shares which shall consist of existing Class A Shares only. The principal terms of the Second Post-IPO Share Scheme are set in the announcement of the Company dated 25 June 2024.

The awards to be granted under the Second Post-IPO Share Scheme (Existing Shares) are funded by existing Shares only as referred to under Rule 17.01(1)(b) of the Listing Rules. The Second Post-IPO Share Scheme (Existing Shares) constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

### *Outstanding Awards Granted under the Second Post-IPO Share Scheme (Existing Shares)*

From the adoption date of the Second Post-IPO Share Scheme (Existing Shares) to 30 June 2024, being the end of the Reporting Period, 60,000 options were granted under the Second Post-IPO Share Scheme (Existing Shares).

During the Reporting Period, the Shares that may be issued in respect of all the options, restricted shares, restricted share units and awards granted under the 2019 Share Incentive Plan, the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares) represented approximately 0.1% of the weighted average number of Class A Shares of the Company for the six months ended 30 June 2024.

# Other Information

## CHANGES IN THE INFORMATION OF THE DIRECTORS

In July 2024, Mr. Feng Wei, an independent non-executive Director, resigned as the chief financial officer of NIO Inc., a company listed on the New York Stock Exchange (stock symbol: NIO), the Main Board of the Stock Exchange (stock code: 9866) and the Singapore Exchange (stock symbol: NIO), for personal and family reasons.

Save for the information disclosed herein, the Company is not aware of any changes in the information of Directors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period from the date of the annual report of the Company for the financial year ended 31 December 2023 to the date of this interim report.

## INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2024.

## USE OF NET PROCEEDS

### Use of Proceeds from the Global Offering

The net proceeds (the "Net Proceeds") received by our Company from the Global Offering (including partial exercise of the over-allotment option), after deduction of the underwriting commission and other expenses payable by us in connection with the Global Offering, were approximately HK$1,273.3 million.

As of the Latest Practicable Date, there was no change in the intended use of Net Proceeds as previously disclosed in the Prospectus. Our Group will utilise the Net Proceeds in accordance with the intended purposes as set out in the Prospectus. Please refer to "Future Plans and Use of Proceeds" in the Prospectus for details.

# Other Information

As of 30 June 2024, our Group had utilised the Net Proceeds as set out in the table below:

| Description | Percentage to the Net Proceeds | Allocation of the Net Proceeds *(HK$ in millions)* | Unutilised amount as of 31 December 2023 *(HK$ in millions)* | Utilised amount between 1 January 2024 to 30 June 2024 *(HK$ in millions)* | Unutilised amount as of 30 June 2024 *(HK$ in millions)* | Expected timeline for utilising for the unutilised Net Proceeds |
|---|---|---|---|---|---|---|
| Enhancement of our supply chain capability | 35.0% | 445.6 | 317.4 | 161.3 | 156.1 | 31 December 2025 |
| Research and development to advance our data analytics technologies and further enhance our operating efficiency | 20.0% | 254.7 | 227.7 | 29.8 | 197.9 | 31 December 2025 |
| Expanding our store network and franchisee base | 15.0% | 191.0 | 110.3 | 94.7 | 15.6 | 31 December 2025 |
| Fund investment related to automotive services for NEV owners as well as investment in tools and equipment related to these services | 20.0% | 254.7 | 219.8 | 42.0 | 177.8 | 31 December 2025 |
| Working capital and general corporate purposes | 10.0% | 127.3 | 108.9 | 14.8 | 94.1 | 31 December 2025 |
| **Total** | **100.0%** | **1,273.3** | **984.1** | **342.6** | **641.5** | |

# Other Information

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. We have adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and regularly reviews its compliance with the Corporate Governance Code with effective from the Listing Date.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the board and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman of the Board and chief executive officer and Mr. Chen Min currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

To the best of our knowledge, save for code provision C.2.1 of the Corporate Governance Code, we have complied with all applicable code provisions of the Corporate Governance Code for the six months ended 30 June 2024 and up to the Latest Practicable Date.

## COMPLIANCE WITH THE MODEL CODE

Our Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of the Directors, we confirm that all Directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2024 and up to the Latest Practicable Date.

Our Company's senior management and employees, who are likely to be in possession of inside information of our Company, are also subject to the Model Code for securities transactions. For the six months ended 30 June 2024 and up to the date of this interim report, we did not detect any incident of non-compliance with the Model Code by our Company's relevant senior management and employees.

# Other Information

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 14 March 2024, the Board resolved to repurchase Class A Shares in the open market from time to time up to HK$1.0 billion in value, pursuant to the general mandate (the "Share Repurchase Mandate") granted to the Directors, approved and/or subsequently refreshed or renewed by the Shareholders at the general meeting. During the period from 18 March 2024 to 22 April 2024, the Company has repurchased 12,286,900 Class A Shares on the Stock Exchange at an aggregate consideration of approximately HK$204 million under the Share Repurchase Mandate. All shares repurchased were subsequently cancelled on 3 June 2024. Upon cancellation of such Class A Shares, Chen Min, as a WVR Beneficiary, simultaneously converted 1,030,720 Class B Shares to Class A Shares on a one-to-one ratio as required by the Listing Rules.

Particulars of the Class A Shares repurchased are as follows:

| Date | Number of Class A Shares repurchased | Purchase Price Per Class A Share | | Aggregate consideration (before expenses) |
|---|---|---|---|---|
| | | Highest | Lowest | |
| | | *(HK$)* | *(HK$)* | *(HK$ in millions)* |
| March 2024 | 3,297,200 | 15.30 | 12.96 | 46.2 |
| April 2024 | 8,989,700 | 18.78 | 14.70 | 158.0 |
| **Total** | **12,286,900** | | | **204.2** |

On 25 June 2024, the Company announced the Second Post-IPO Share Scheme (Existing Shares), which is funded by the existing Class A Shares only. During the period from 19 July 2024 to the Latest Practicable Date, the trustee entrusted by the Company purchased an aggregate of 2,903,600 Class A Shares on the Stock Exchange at total consideration of approximately HK$50.53 million (excluding brokerage and other fees) pursuant to the terms and conditions of the Second Post-IPO Share Scheme (Existing Shares). Further details are set out in the voluntary announcements dated 25 June 2024 and 23 July 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the six months ended 30 June 2024 and up to the Latest Practicable Date. As of 30 June 2024, the Company did not hold any treasury Shares.

# Other Information

## CORPORATE GOVERNANCE COMMITTEE

The Company has established the Corporate Governance Committee (comprising three independent non-executive Directors, namely Mr. Feng Wei (chairperson), Ms. Yan Huiping and Mr. Wang Jingbo) with written terms of reference in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code. The primary duties of the Corporate Governance Committee, among others, are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the WVR structure of the Company.

The Corporate Governance Committee's major work during the six months ended 30 June 2024 includes:

(i) reviewing and monitoring the training and continuous professional development of Directors and senior management (in particular, Chapter 8A of the Listing Rules and knowledge in relation to risks relating to the WVR structure);

(ii) reviewed the written confirmation provided by the WVR Beneficiary that they have been members of the Company's Board of Directors throughout the six months ended 30 June 2024 and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial period, and they have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

(iii) reviewing and monitoring the management of conflicts of interests between the Company, its subsidiaries and/or the Shareholders on one hand and any WVR Beneficiary on the other;

(iv) reviewing and monitoring all risks related to the WVR structure;

(v) reviewing the implementation and effectiveness of Shareholder communication policy; and

(vi) reporting on the work of the Corporate Governance Committee covering all areas of its terms of reference.

## AUDIT COMMITTEE

The Audit Committee (comprising three independent non-executive Directors, namely Ms. Yan Huiping (chairperson), Mr. Feng Wei and Mr. Wang Jingbo), after the discussion with the Auditor, has reviewed this interim report and our Group's unaudited consolidated interim financial statements for the six months ended 30 June 2024. The Audit Committee has reviewed the accounting principles and practices adopted by our Company and discussed matters in respect of risk management and internal control of our Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by our Company.

Our Group's unaudited consolidated interim financial information for the six months ended 30 June 2024 have been prepared in accordance with IFRS.

## AUDITOR'S PROCEDURES PERFORMED

The figures in respect of the Group's interim condensed financial information for the six months ended 30 June 2024 as set out in this interim report have been reviewed by the Company's Auditor, Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As of 30 June 2024, the Directors were not aware of any circumstances giving rise to the disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## SIGNIFICANT EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2024

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the Latest Practicable Date.

# Independent Review Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

**To the board of directors of TUHU Car Inc.**
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 45 to 71, which comprises the condensed consolidated statement of financial position of TUHU Car Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board (the "IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Ernst & Young**
*Certified Public Accountants*
Hong Kong
23 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
|---|---|---|---|
| Revenue | 5 | **7,126,161** | 6,521,629 |
| Cost of revenue | | **(5,280,396)** | (4,943,520) |
| Gross profit | | **1,845,765** | 1,578,109 |
| Other income and gains, net | | **21,042** | 83,223 |
| Operations and support expenses | | **(283,086)** | (272,020) |
| Research and development expenses | | **(302,041)** | (297,957) |
| Selling and marketing expenses | | **(908,125)** | (841,540) |
| General and administrative expenses | | **(186,081)** | (185,454) |
| Fair value changes on financial assets at fair value through profit or loss | | **24,410** | 2,370 |
| Operating profit | | **211,884** | 66,731 |
| Finance income | 6 | **90,443** | 61,640 |
| Finance costs | 6 | **(8,635)** | (9,479) |
| Fair value changes of convertible redeemable preferred shares | | **–** | (47,161) |
| Share of profits and losses of joint ventures and associates | | **(4,582)** | (1,595) |
| PROFIT BEFORE TAX | 7 | **289,110** | 70,136 |
| Income tax expense | 8 | **(4,778)** | (10,649) |
| PROFIT FOR THE PERIOD | | **284,332** | 59,487 |
| Attributable to: | | | |
| Owners of the parent | | **285,549** | 60,264 |
| Non-controlling interests | | **(1,217)** | (777) |
| | | **284,332** | 59,487 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| Basic (RMB) | 10 | **0.4** | 0.4 |
| Diluted (RMB) | 10 | **0.3** | 0.1 |

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| PROFIT FOR THE PERIOD | **284,332** | 59,487 |
| OTHER COMPREHENSIVE INCOME | | |
| Other comprehensive loss that will be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of the financial statements of the subsidiaries of the Company | **(51,885)** | (351,738) |
| Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods: | | |
| Equity investments designated at fair value through other comprehensive income/(loss): | | |
| Changes in fair value | **(37,622)** | 84,054 |
| Exchange differences on translation of the financial statements of the Company | **74,597** | (389,834) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | **(14,910)** | (657,518) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | **269,422** | (598,031) |
| Attributable to: | | |
| Owners of the parent | **270,639** | (597,254) |
| Non-controlling interests | **(1,217)** | (777) |
| | **269,422** | (598,031) |

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

| | Notes | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 11 | **1,002,436** | 899,188 |
| Right-of-use assets | | **460,799** | 466,946 |
| Goodwill | | **20,323** | 20,323 |
| Other intangible assets | | **56,093** | 57,804 |
| Long-term treasury investments | | **1,531,370** | 1,065,260 |
| Financial investments at fair value through profit or loss | | **177,508** | 191,043 |
| Investments in joint ventures and associates | | **383,312** | 362,612 |
| Equity investments designated at fair value through other comprehensive income | | **320,626** | 356,240 |
| Restricted cash | | **92,799** | 7,799 |
| Other non-current assets | | **30,487** | 66,189 |
| Total non-current assets | | **4,075,753** | 3,493,404 |
| **CURRENT ASSETS** | | | |
| Inventories | 12 | **1,637,213** | 1,799,796 |
| Trade receivables | 13 | **206,042** | 218,179 |
| Prepayments, other receivables and other assets | | **424,332** | 496,100 |
| Short-term treasury investments | | **3,011,079** | 1,587,126 |
| Restricted cash | | **1,068,909** | 1,454,795 |
| Cash and cash equivalents | | **1,355,581** | 2,715,285 |
| Total current assets | | **7,703,156** | 8,271,281 |

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

| | Notes | 30 June 2024 RMB'000 (Unaudited) | 31 December 2023 RMB'000 (Audited) |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | 14 | 3,825,927 | 3,886,756 |
| Other payables and accruals | | 1,594,774 | 1,719,505 |
| Contract liabilities | | 745,638 | 742,667 |
| Interest-bearing borrowings | | 1,007 | 1,009 |
| Tax payable | | 120,523 | 120,096 |
| Lease liabilities | | 147,600 | 132,320 |
| Total current liabilities | | 6,435,469 | 6,602,353 |
| **NET CURRENT ASSETS** | | 1,267,687 | 1,668,928 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 5,343,440 | 5,162,332 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing borrowings | | 7,000 | 7,500 |
| Contract liabilities | | 57,599 | 58,777 |
| Lease liabilities | | 221,784 | 223,840 |
| Deferred tax liabilities | | 7,391 | 7,391 |
| Other non-current liabilities | | 433,683 | 406,505 |
| Total non-current liabilities | | 727,457 | 704,013 |
| **Net assets** | | 4,615,983 | 4,458,319 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 15 | 116 | 118 |
| Reserves | | 4,618,737 | 4,459,854 |
| | | 4,618,853 | 4,459,972 |
| Non-controlling interests | | (2,870) | (1,653) |
| **Total equity** | | 4,615,983 | 4,458,319 |

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 15) | Share premium* RMB'000 | Capital reserve* RMB'000 | Share-based payment reserve* RMB'000 | Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 | Exchange fluctuation reserve* RMB'000 | Accumulated losses* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 31 December 2023 (audited) | 118 | 16,991,133 | 122,821 | 772,319 | (59,762) | (1,272,804) | (12,093,853) | 4,459,972 | (1,653) | 4,458,319 |
| Profit for the period | - | - | - | - | - | - | 285,549 | 285,549 | (1,217) | 284,332 |
| Other comprehensive income/(loss) for the period: | | | | | | | | | | |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax | - | - | - | - | (37,622) | - | - | (37,622) | - | (37,622) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 22,712 | - | 22,712 | - | 22,712 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (37,622) | 22,712 | 285,549 | 270,639 | (1,217) | 269,422 |
| Share-based payments | - | - | - | 73,832 | - | - | - | 73,832 | - | 73,832 |
| Repurchase and cancellation of shares | (2) | (185,588) | - | - | - | - | - | (185,590) | - | (185,590) |
| Exercise of share-based payments | -** | 34,705 | - | (34,705) | - | - | - | - | - | - |
| At 30 June 2024 (unaudited) | 116 | 16,840,250 | 122,821 | 811,446 | (97,384) | (1,250,092) | (11,808,304) | 4,618,853 | (2,870) | 4,615,983 |

* These reserve accounts comprise the consolidated reserves of RMB4,618,737,000 in the interim condensed consolidated statements of financial position as at 30 June 2024.

** Denotes less than RMB1,000.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 15) | Capital reserve* RMB'000 | Share-based payment reserve* RMB'000 | Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 | Exchange fluctuation reserve* RMB'000 | Accumulated losses* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 31 December 2022 (audited) | 21 | 128,094 | 570,690 | (121,487) | (737,289) | (18,796,788) | (18,956,759) | 195 | (18,956,564) |
| Profit for the period | – | – | – | – | – | 60,264 | 60,264 | (777) | 59,487 |
| Other comprehensive income/(loss) for the period: | | | | | | | | | |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax | – | – | – | 84,054 | – | – | 84,054 | – | 84,054 |
| Exchange differences on translation of foreign operations | – | – | – | – | (741,572) | – | (741,572) | – | (741,572) |
| Total comprehensive income/(loss) for the period | – | – | – | 84,054 | (741,572) | 60,264 | (597,254) | (777) | (598,031) |
| Share-based payments | – | – | 95,413 | – | – | – | 95,413 | – | 95,413 |
| Acquisition of a subsidiary | – | – | – | – | – | – | – | 7,779 | 7,779 |
| At 30 June 2023 (unaudited) | 21 | 128,094 | 666,103 | (37,433) | (1,478,861) | (18,736,524) | (19,458,600) | 7,197 | (19,451,403) |

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

| | Notes | Six months ended 30 June 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | 7 | **289,110** | 70,136 |
| Adjustments for: | | | |
| Finance income | 6 | **(90,443)** | (61,640) |
| Finance costs | 6 | **8,635** | 9,479 |
| Dividend income | | **–** | (1,778) |
| Share of profits and losses of joint ventures and associates | | **4,582** | 1,595 |
| Fair value changes of convertible redeemable preferred shares | | **–** | 47,161 |
| Fair value changes of financial assets at fair value through profit or loss | | **(24,410)** | (122) |
| Share-based payment expenses | | **73,832** | 95,413 |
| Loss on disposal of property, plant and equipment | | **360** | 406 |
| Foreign exchange differences | | **(881)** | (21,533) |
| Depreciation of property, plant and equipment | | **77,734** | 79,001 |
| Depreciation of right-of-use assets | | **88,247** | 97,951 |
| Amortisation of other intangible assets | | **2,504** | 2,337 |
| (Reversal of impairment)/impairment losses on trade receivables and other receivables | 7 | **(4,491)** | 10,356 |
| Write-down of inventories | 7 | **772** | 23,993 |
| Termination of leases | | **284** | (533) |
| | | **425,835** | 352,222 |
| Decrease in inventories | | **161,811** | 99,769 |
| Decrease/(increase) in trade receivables | | **15,835** | (34,711) |
| Decrease in prepayments, other receivables and other assets | | **90,195** | 35,812 |
| Decrease in other non-current assets | | **3,908** | 717 |
| Decrease in restricted cash | | **143,867** | 160,402 |
| (Decrease)/increase in trade and bills payables | | **(60,829)** | 41,077 |
| (Decrease)/increase in other payables and accruals | | **(86,542)** | 29,009 |
| Increase in contract liabilities | | **1,793** | 16,025 |
| Increase in other non-current liabilities | | **27,178** | 16,078 |
| Cash generated from operations | | **723,051** | 716,400 |
| Income tax paid | | **(4,351)** | (1,569) |
| Net cash flows from operating activities | | **718,700** | 714,831 |

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Dividends received from a joint venture | **4** | 5,241 |
| Dividends received from financial investments at fair value through profit or loss | **–** | 1,778 |
| Purchase of items of property, plant and equipment | **(186,540)** | (165,207) |
| Proceeds from disposal of items of property, plant and equipment | **92** | – |
| Purchase of other intangible assets | **(277)** | (2,009) |
| Purchase of financial investments at fair value through profit or loss | **(1,473)** | (15,801) |
| Proceeds from disposal of financial investments at fair value through profit or loss | **1,208** | 40,575 |
| Purchase of treasury investments | **(4,382,970)** | (324,599) |
| Proceeds from treasury investments | **2,552,488** | 198,222 |
| Acquisition of a subsidiary | **–** | 31,111 |
| Purchase of shareholdings in a joint venture | **(10,436)** | (100,000) |
| Repayment of loans to related parties | **–** | 736 |
| Repayment of loans to equity investees and others | **456** | 18,680 |
| Interest received | **46,032** | 44,109 |
| Net cash flows used in investing activities | **(1,981,416)** | (267,164) |

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Principal portion of lease payments | **(69,159)** | (87,592) |
| Interest portion of lease payments | **(8,496)** | (9,453) |
| Decrease in deposits of leases | **2,827** | 952 |
| Interest paid | **(140)** | (81) |
| Repayments of interest-bearing borrowings | **(500)** | – |
| Purchase of non-controlling interest | **(1,147)** | – |
| Repurchase and cancellation of ordinary shares | **(185,590)** | – |
| Increase in restricted cash | **–** | (289,588) |
| Decrease in restricted cash | **156,665** | 377,945 |
| Net cash flows used in financing activities | **(105,540)** | (7,817) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | **(1,368,256)** | 439,850 |
| Cash and cash equivalents at beginning of period | **2,715,285** | 2,686,353 |
| Effect of foreign exchange rate changes, net | **8,552** | 67,641 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **1,355,581** | 3,193,844 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | |
| Cash at banks and on hand | **1,055,548** | 1,589,716 |
| Time deposits with original maturities within three months | **300,033** | 1,604,128 |
| **CASH AND CASH EQUIVALENTS AS STATED IN THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** | **1,355,581** | 3,193,844 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 1. CORPORATE INFORMATION

TUHU Car Inc. (the "Company") was incorporated in the Cayman Islands on 8 July 2019. The registered office of the Company is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively referred to as the "Group") primarily provide automotive products and services to consumers through its online interfaces, including "Tuhu Automotive Service" APP, its website and Weixin mini program in the People's Republic of China (hereafter, the "PRC").

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") issued by IASB for the first time for the current period's financial information.

| | |
|---|---|
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current* (the "2020 Amendments") |
| Amendments to IAS 1 | *Non-current Liabilities with Covenants* (the "2022 Amendments") |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements* |

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

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Upon initial application of the amendments, the Group, as a seller-lessee, established an accounting policy that the leaseback liabilities are initially measured using the present value of expected lease payments at the commencement date for sale and leaseback transactions with variable lease payments that do not depend on an index or a rate. The Group applied the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions occurring after 1 January 2019. After the initial recognition, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the expected lease payments. Any differences between the payments made for the lease and the lease payments that reduce the carrying amount of lease liabilities are recognised in profit or loss.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 4. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during the period, and the Group's total assets as at 30 June 2024 were derived from one single operating segment.

### Geographical information

As the Group generates majority of its revenues and the non-current assets in the PRC during the period, no further geographical segments are presented.

Segment assets exclude deferred tax assets, tax recoverable, financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

### Information about major customers

The Group has a large number of customers, and no single customer accounted for more than 10% of the Group's total revenue during the period.

## 5. REVENUE

An analysis of revenue is as follows:

### Disaggregated revenue information

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| *Revenue from contracts with customers:* | | |
| Automotive products and services | **6,643,280** | 6,058,798 |
| Advertising, franchise and other services | | |
| Franchise services | **378,265** | 356,528 |
| Advertising services | **48,045** | 39,418 |
| Others | **56,571** | 66,885 |
| Total | **7,126,161** | 6,521,629 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 5. REVENUE (CONTINUED)

### Disaggregated revenue information (Continued)

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| *Timing of revenue recognition* | | |
| Services transferred over time: | | |
| Advertising, franchise and other services | | |
| Franchise services | **378,265** | 356,528 |
| Advertising services | **48,045** | 39,418 |
| Others | **3,677** | 3,840 |
| At a point in time: | | |
| Automotive products and services | **6,643,280** | 6,058,798 |
| Advertising, franchise and other services | | |
| Others | **52,894** | 63,045 |
| Total | **7,126,161** | 6,521,629 |

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Automotive products and services | **442,724** | 288,368 |
| Advertising, franchise and other services | **114,636** | 176,084 |
| Total | **557,360** | 464,452 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 6. FINANCE INCOME/(COSTS)

An analysis of finance income/(costs) is as follows:

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Finance income** | | |
| Interest income | **90,443** | 61,640 |
| **Finance costs** | | |
| Interest on bank loans | **(139)** | (26) |
| Interest on lease liabilities | **(8,496)** | (9,453) |
| | **(8,635)** | (9,479) |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Cost of revenue* | **5,112,765** | 4,733,594 |
| Depreciation of property, plant and equipment | **77,734** | 79,001 |
| Depreciation of right-of-use assets | **88,247** | 97,951 |
| Amortisation of other intangible assets | **2,504** | 2,337 |
| Fair value changes of convertible redeemable preferred shares | **–** | 47,161 |
| Lease payments not included in the measurement of lease liabilities | **14,665** | 26,086 |
| Employee benefit expenses (including directors' remuneration): | | |
| Wages, salaries and allowances | **680,061** | 704,012 |
| Pension scheme contributions | **53,190** | 62,547 |
| Share-based payment expenses | **73,832** | 72,150 |
| Share-based payment expenses of consultants | **–** | 23,263 |
| Foreign exchange differences, net | **(881)** | (21,533) |
| (Reversal of impairment)/impairment losses on trade receivables and other receivables | **(4,491)** | 10,356 |
| Write-down of inventories | **772** | 23,993 |
| Advertising and promotion related expenses | **471,006** | 372,833 |
| Shipping expenses | **192,872** | 196,945 |
| Listing expenses | **–** | 11,984 |
| Finance income | **(90,443)** | (61,640) |
| Interest on bank loans, overdrafts and other loans | **139** | 26 |
| Interest on lease liabilities | **8,496** | 9,453 |

* The amount of cost of revenue as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets, write-down of inventories, employee benefit expenses, short-term lease expenses and shipping expenses.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Company and the Group's subsidiary incorporated in the Cayman Islands and the BVI are not subject to any income tax.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Certain PRC subsidiaries were accredited as high and new-tech enterprises by the relevant authorities, therefore, the preferential income tax rate of 15% was applied. Except for this, the PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries.

| | For the six months ended 30 June | |
|---|---|---|
| | **2024**<br>***RMB'000***<br>**(Unaudited)** | 2023<br>*RMB'000*<br>(Unaudited) |
| Current income tax | **4,778** | 10,649 |
| Tax charge for the period | **4,778** | 10,649 |

## 9. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the six months ended 30 June 2024 and 2023.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

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

The calculation of the basic profit per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of basic and diluted earnings per share is based on:

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings** | | |
| Profit attributable to ordinary equity holders of the parent | **285,549** | 60,264 |
| Fair value changes on convertible redeemable preferred shares | **–** | 47,161 |
| Adjusted profit attributable to ordinary equity holders of the parent | **285,549** | 107,425 |

| | For the six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **Number of shares** | |
| **Shares** | | |
| Weighted average number of ordinary shares in issue (thousand) during the period used in the basic earnings per share calculation | **813,848** | 144,151 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Number of ordinary shares resulting from conversion of convertible redeemable preferred shares (thousand) | **–** | 615,501 |
| Share options and restricted share units (thousand) | **26,480** | – |
| Number of ordinary shares used to calculate diluted earnings per share (thousand) | **840,328** | 759,652 |
| Basic earnings per share (RMB) | **0.4** | 0.4 |
| Diluted earnings per share (RMB) | **0.3** | 0.1 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

The Group has two categories of dilutive potential ordinary shares, which are convertible redeemable preferred shares and share options. For the six months ended 30 June 2023, diluted earnings per share was calculated by considering that the share options were excluded from the diluted weighted average number of ordinary shares calculation as they could not be exercised until the Company completes its IPO and such contingent events had not taken place. For the six months ended 30 June 2024, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the share options and restricted share units, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB182,390,000 (30 June 2023: RMB191,730,000).

Assets with a net book value of RMB452,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB4,355,000).

## 12. INVENTORIES

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Commodities | **1,637,213** | 1,799,796 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 13. TRADE RECEIVABLES

An ageing analysis of the Group's trade receivables, based on the transaction date and net of loss allowance, as at the end of the reporting period is as follows:

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Within 1 month | **118,636** | 184,535 |
| 2 to 3 months | **54,522** | 19,586 |
| 4 to 6 months | **19,331** | 11,561 |
| 7 to 12 months | **13,553** | 2,497 |
| Total | **206,042** | 218,179 |

## 14. TRADE AND BILLS PAYABLES

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade payables | **694,194** | 965,351 |
| Bills payable | **3,131,733** | 2,921,405 |
| Total | **3,825,927** | 3,886,756 |

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

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Within 3 months | **2,694,582** | 2,914,437 |
| 3 to 6 months | **1,123,044** | 963,231 |
| 6 to 12 months | **2,611** | 2,164 |
| Over 1 year | **5,691** | 6,924 |
| Total | **3,825,927** | 3,886,756 |

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on 30-day to 90-day terms. Bills payables generally have a longer payment term of 3 to 6 months.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 15. SHARE CAPITAL

| | 30 June 2024 *RMB'000* (Unaudited) | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Issued and fully paid: | | |
| Class A ordinary shares | **106** | 108 |
| Class B ordinary shares | **10** | 10 |
| Total | **116** | 118 |

The movements in share capital are as follows:

| | Notes | Number of shares in issue: Class A ordinary shares | Class B ordinary shares | Total | Share capital *RMB'000* |
|---|---|---|---|---|---|
| At 1 January 2023 | | 75,201,140 | 68,949,580 | 144,150,720 | 21 |
| Issue of shares from initial public offering | (a) | 42,444,800 | – | 42,444,800 | 6 |
| Conversion of Preferred Shares to ordinary shares | (b) | 615,500,770 | – | 615,500,770 | 88 |
| Exercise of the over-allotment option | (c) | 4,521,000 | – | 4,521,000 | 1 |
| Grant of restricted shares | (d) | 12,275,149 | – | 12,275,149 | 2 |
| At 31 December 2023, and 1 January 2024 | | **749,942,859** | **68,949,580** | **818,892,439** | **118** |
| Exercise of share-based payments | (e) | **3,044,416** | **–** | **3,044,416** | **–** |
| Cancellation of shares repurchased | (f) | **(12,286,900)** | **–** | **(12,286,900)** | **(2)** |
| Conversion of Class B ordinary shares to Class A due to the share cancellation | (f) | **1,030,720** | **(1,030,720)** | **–** | **–** |
| At 30 June 2024 | | **741,731,095** | **67,918,860** | **809,649,955** | **116** |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 15. SHARE CAPITAL (CONTINUED)

Notes:

(a) On 26 September 2023, the Company successfully completed the IPO on The Stock Exchange of Hong Kong Limited. The Company issued 42,444,800 Class A ordinary shares at the offering price of HK$28.00 per share.

(b) Upon completion of the IPO, each issued Preferred Share was converted into one Class A ordinary share by re-designation and reclassification of every Preferred Share in issue as a Class A ordinary share on a one for one basis pursuant to the shareholder's resolution approved on 7 September 2023. As a result, the financial liabilities for Preferred Shares were derecognised and recorded as share capital and share premium.

(c) On 25 October 2023, 4,521,000 over-allotment ordinary shares of par value of US$0.00002 each were issued at a price of HK$28.00 per share. The proceeds of US$90 (equivalent to approximately RMB1,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately US$16,181,000 (equivalent to approximately RMB116,153,000) before listing expenses were credited to the share premium account.

(d) On 26 September 2023, 12,275,149 Class A ordinary shares of par value of US$0.00002 each were granted to Mr. Chen Min as restricted shares pursuant to the 2019 Share Incentive Plan.

(e) From 1 January 2024 to 30 June 2024, the subscription rights attaching to 3,044,416 share options were exercised at the subscription price of US$0.00002 per share, resulting in the issue of 3,044,416 shares for a total cash consideration of RMB435.

(f) On 3 June 2024, a total of 12,286,900 Class A ordinary shares which were repurchased during 18 March 2024 to 22 April 2024 were cancelled. Upon cancellation of the shares repurchased, the weighted voting rights ("WVR") beneficiaries of the Company, simultaneously reduced their WVR in the Company proportionately by way of converting their class B ordinary shares into class A ordinary shares on a one-to-one ratio pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of shares carrying WVR of the Company shall not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules.

## 16. COMMITMENTS

The Group had the following contractual commitments at the end the reporting period:

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Property, plant and equipment | **120,191** | 208,831 |

The Group's purchase commitments are primarily relevant to the construction of new automated warehouses and are all scheduled to be paid within one to two years.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17. RELATED PARTY TRANSACTIONS

### (1) Significant related party transactions

The Group had the following material transactions carried out with related parties during the period:

| | Notes | For the six months ended 30 June 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
|---|---|---|---|
| **Sales of products and services to related parties** | | | |
| Associates of the Group | (i) | **65,398** | 78,808 |
| A joint venture of the Group | (i) | **387** | 1,250 |
| **Purchases of products and services from related parties** | | | |
| Associates of the Group | (ii) | **17,812** | 16,225 |
| A joint venture of the Group | (ii) | **622** | 2,020 |
| One of the Company's shareholders | (iii) | **62,927** | 62,198 |
| **Repayment from related parties** | | | |
| Associates of the Group | (iv) | **–** | 736 |
| **Dividend from related parties** | | | |
| A joint venture of the Group | (v) | **4** | 5,241 |

Notes:

(i) The sales to related parties were made according to the terms and prices agreed in the contracts.

(ii) The purchases from related parties were made according to the terms and prices agreed in the contracts. The purchases from the associates as well as a joint venture of the Group mainly comprise purchase of auto products and the installation services.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17. RELATED PARTY TRANSACTIONS (CONTINUED)

### (1) Significant related party transactions (Continued)

(iii) One of the Company's shareholders represents Tencent Holdings Limited and its affiliates. The purchase from Tencent Holdings Limited and its affiliates were made according to the terms and prices agreed in the contracts and purchases mainly comprises:

(a) advertising services amounting to RMB25,697,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB27,571,000);

(b) payment processing fees amounting to RMB26,803,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB23,139,000);

(c) cloud services amounting to RMB10,427,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB11,488,000).

(iv) The loans of RMB736,000 had been repaid during the six months ended 30 June 2023.

(v) The Group received dividends of RMB4,000 from a joint venture during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB5,241,000).

### (2) Outstanding balance with related parties

*Amounts due from related parties:*

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade related: | | |
| Associates of the Group | **5,662** | 5,500 |
| A joint venture of the Group | **342** | 597 |
| One of the Company's shareholders | **469** | 907 |
| Total | **6,473** | 7,004 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17. RELATED PARTY TRANSACTIONS (CONTINUED)

### (2) Outstanding balance with related parties (Continued)

*Amounts due to related parties:*

| | **30 June 2024** ***RMB'000*** **(Unaudited)** | 31 December 2023 *RMB'000* (Audited) |
|---|---|---|
| Trade related: | | |
| Associates of the Group | **12,846** | 14,420 |
| A joint venture of the Group | **635** | 830 |
| Total | **13,481** | 15,250 |

### (3) Compensation of key management personnel of the Group

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2024** ***RMB'000*** **(Unaudited)** | 2023 *RMB'000* (Unaudited) |
| Salaries, allowances and benefits in kind | **3,669** | 3,840 |
| Share-based payment expenses | **29,540** | 33,720 |
| Pension scheme contributions | **194** | 260 |
| Total | **33,403** | 37,820 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

| | **Carrying amounts** | | **Fair values** | |
|---|---|---|---|---|
| | **30 June 2024** | 31 December 2023 | **30 June 2024** | 31 December 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) |
| **Financial assets** | | | | |
| Financial investments at fair value through profit or loss | **177,508** | 191,043 | **177,508** | 191,043 |
| Equity investments designated at fair value through other comprehensive income | **320,626** | 356,240 | **320,626** | 356,240 |
| Short-term treasury investments – Fair value through profit or loss | **1,938,812** | 1,232,991 | **1,938,812** | 1,232,991 |

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2024 (unaudited):

| | Fair value measurement categorized into | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) *RMB'000* | Significant observable inputs (Level 2) *RMB'000* | Significant unobservable inputs (Level 3) *RMB'000* | Total *RMB'000* |
| Financial investments at fair value through profit or loss | – | – | 177,508 | 177,508 |
| Equity investments designated at fair value through other comprehensive income | 320,626 | – | – | 320,626 |
| Short-term treasury investments – fair value through profit or loss | – | 1,938,812 | – | 1,938,812 |
| Total | 320,626 | 1,938,812 | 177,508 | 2,436,946 |

As at 31 December 2023 (audited):

| | Fair value measurement categorized into | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) *RMB'000* | Significant observable inputs (Level 2) *RMB'000* | Significant unobservable inputs (Level 3) *RMB'000* | Total *RMB'000* |
| Financial investments at fair value through profit or loss | – | – | 191,043 | 191,043 |
| Equity investments designated at fair value through other comprehensive income | 356,240 | – | – | 356,240 |
| Short-term treasury investments – fair value through profit or loss | – | 1,232,991 | – | 1,232,991 |
| Total | 356,240 | 1,232,991 | 191,043 | 1,780,274 |

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

The following table is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

| Description | Unobservable inputs | Range of inputs | | Relationship of unobservable inputs to fair values |
|---|---|---|---|---|
| | | 30 June 2024 | 31 December 2023 | |
| Financial investments at fair value through profit or loss | Expected Volatility | 30.76%-48.20% | 30.68%-48.73% | The higher the expected volatility, the lower the fair value |
| | DLOM | 5.32%-22.11% | 7.65%-21.73% | The higher the DLOM, the lower the fair value |
| | Risk free rate | 1.45%-1.98% | 2.08%-2.40% | The higher the risk-free rate, the higher the fair value |

If the fair values of the financial investment at fair value through profit or loss held by the Group had been 10% higher/lower, the profit/(loss) before tax for the six months ended 30 June 2024 and the year ended 31 December 2023 would have been approximately RMB17,750,800 lower/higher, and RMB19,104,000 lower/higher, respectively.

## 19. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated subsequent events after the period ended 30 June 2024 and noted no significant subsequent events.

## 20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 23 August 2024.

# Definitions

| | |
|---|---|
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the audit committee of the Board |
| "Auditor" | Ernst & Young, an independent auditor of the Company |
| "Board" | the board of Directors of the Company |
| "China" or "PRC" | the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Province of the PRC |
| "Class A Share(s)" | Class A ordinary share(s) in the share capital of the Company with a par value of US$0.00002 each, conferring a holder of a Class A Share one vote per share on any resolution tabled at the Company's general meetings |
| "Class B Share(s)" | Class B ordinary share(s) in the share capital of the Company with a par value of US$0.00002 each, conferring weighted voting rights in that Company such that a holder of a Class B Share is entitled to ten votes per share on any resolution tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share |
| "Company", "the Company" or "our Company" | TUHU Car Inc., an exempted company with limited liability incorporated in the Cayman Islands on 8 July 2019 |
| "Corporate Governance Code" | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| "Corporate Governance Committee" | the corporate governance committee of the Board |
| "Director(s)" | director(s) of the Company |
| "Equity Incentive Schemes" | collectively, the 2019 Share Incentive Plan, the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares) |
| "Global Offering" | the global offering of the Class A Shares |
| "Group", "the Group" or "the Group" | the Company and its subsidiaries from time to time |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |

# Definitions

| | |
|---|---|
| "IFRS" | International Financial Reporting Standards, as issued by the International Accounting Standards Board |
| "Latest Practicable Date" | 14 September 2024, being the latest practicable date prior to the finalization and publication of this interim report |
| "Listing" | the listing of the Class A Shares on the Main Board of the Stock Exchange |
| "Listing Date" | 26 September 2023 |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| "NEV" | new energy vehicle |
| "Nomination Committee" | the nomination committee of the Board |
| "Post-IPO Share Scheme" | the post-IPO share scheme conditionally approved and adopted by the Company on 7 September 2023 |
| "Prospectus" | the prospectus issued by the Company dated 14 September 2023 |
| "Qipeilong" | an auto part trading platform the Company built to serve the customers' diversified, long-tail automotive product demand, especially demand arise from the walk-in customers |
| "Remuneration Committee" | the remuneration committee of the Board |
| "Renminbi" or "RMB" | Renminbi, the lawful currency of the PRC |
| "Reserved Matters" | those matters with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the articles of association of the Company, being: (i) any amendment to the memorandum of articles of the Company or articles of association of the Company, including the variation of the rights attached to any class of Shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Auditor; and (iv) the voluntary liquidation or winding-up of the Company |
| "Second Post-IPO Share Scheme (Existing Shares)" | the second post-IPO share scheme (existing shares) announced by the Company on 25 June 2024 |

# Definitions

| | |
|---|---|
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | the Class A Shares and Class B Shares in the share capital of the Company |
| "Shareholder(s)" | shareholder(s) of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary" or "subsidiaries" | has the meaning ascribed thereto under the Listing Rules |
| "US$" | United States dollars, the lawful currency of the United States |
| "WVR Beneficiary" | has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen Min, being the ultimate holder of the Class B Shares, entitling him to weighted voting rights |
| "WVR structure" | has the meaning ascribed to it under the Listing Rules |
| "2019 Share Incentive Plan" | the share incentive plan approved and adopted by the Company on 31 October 2019 |
| "%" | per cent |

途虎养车
TUHU Car Inc.