CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
中國永達汽車服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：03669

2024 ANNUAL REPORT

鸿蒙智行
HUAWEI
YONDA YONGDA AUTO

Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-chairman)*
Mr. WANG Zhigao *(Vice-chairman)*
Mr. XU Yue *(Vice-chairman, President and Chief Executive Officer)*
Ms. CHEN Yi *(Vice-president)*
Mr. TANG Liang *(Vice-president)*

Independent Non-executive Directors
Ms. ZHU Anna Dezhen
Mr. LYU Wei
Mr. MU Binrui

CORPORATE HEADQUARTER

299 Ruijin Nan Road, Huangpu District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5708, 57/F, The Center
99 Queen's Road Central
Central
Hong Kong

REGISTERED OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

LEGAL ADVISERS TO HONG KONG LAW

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central, Hong Kong

JOINT COMPANY SECRETARIES

Ms. ZHANG Hong
Ms. SO Ka Man *(HKFCG(PE), FCG)*

AUTHORIZED REPRESENTATIVES

Mr. XU Yue
Ms. SO Ka Man

AUDIT AND COMPLIANCE COMMITTEE

Ms. ZHU Anna Dezhen *(Chairlady)*
Mr. LYU Wei
Mr. MU Binrui

REMUNERATION COMMITTEE

Ms. ZHU Anna Dezhen *(Chairman)*
Mr. WANG Zhigao
Mr. LYU Wei

NOMINATION COMMITTEE

Mr. CHEUNG Tak On *(Chairman)*
Mr. LYU Wei
Mr. MU Binrui

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

STOCK CODE

03669

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE

www.ydauto.com.cn

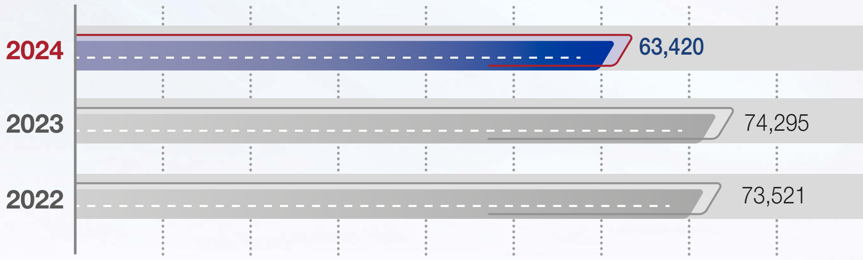
Financial Highlights

New vehicles sales volume (Note 1)

Sales volume of new vehicles (units)

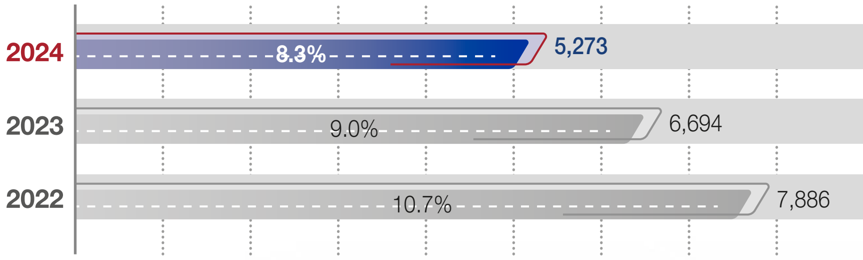
Revenue (Note 2)

RMB million



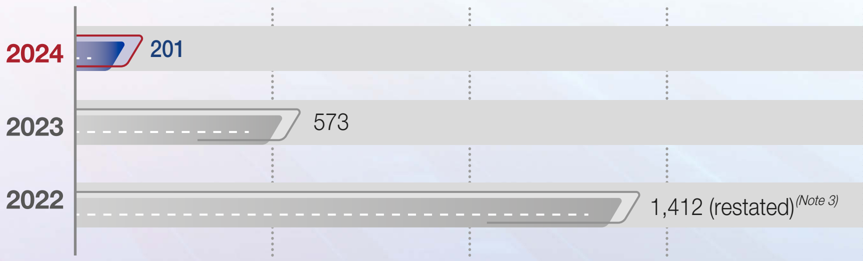
Gross profit and gross profit margin (Note 2)

RMB million



Profit attributable to owners of the Company

RMB million



Notes:

1. Sales of new vehicles include direct sales of independent new energy brands.
2. The historical comparative figures of revenue, gross profit and gross profit margin have been restated. Details are set out in the notes to the consolidated financial statements of this annual report.
3. For details of the restatement, please refer to note 2 to the Consolidated Financial Statements in the annual report for the year ended December 31, 2023.

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") and the management of China Yongda Automobiles Services Holdings Limited (the "Company"), I am pleased to present the 2024 Annual Report of the Company and its subsidiaries (collectively referred to as the "Group", "we" or "us").

According to the data from the CPCA, in 2024, the retail sales of passenger vehicles reached 22.894 million units, representing a year-on-year increase of 5.5%. Among them, the sales volume of luxury brands vehicles was 5.544 million units, representing a year-on-year increase of 9.4%, and the sales volume of new vehicles of new energy brands was 10.899 million units, representing a year-on-year increase of 40.7%, with a market penetration rate of nearly 50%. According to the statistics of the China Automobile Dealers Association (中國汽車流通協會), the transaction volume of pre-owned vehicles in China reached 19.614 million units in 2024, representing a year-on-year increase of 6.5%.

In 2024, our revenue and gross profit amounted to RMB63,420 million and RMB5,273 million, respectively, representing a decrease of 14.6% and 21.2% as compared to the corresponding period of 2023, respectively. As a result of the decrease in gross profit from new vehicle sales and related services, our net profit and net profit attributable to owners of the Company excluding the goodwill impairment amounted to RMB206 million and RMB241 million, representing a decrease of 67.2% and 60.7% compared with the corresponding period of 2023, respectively.

KEY OPERATING RESULTS AND MANAGEMENT PERFORMANCE DURING THE REPORTING PERIOD

In 2024, the sales volume of new vehicles was 171,236 units, representing a year-on-year decrease of 11.7% compared with the corresponding period of 2023. The revenue from new vehicle sales and related services amounted to RMB49,455 million, and the gross profit margin of new vehicle sales and related services was 1.74%.

In 2024, revenue from our after-sales service business was RMB9,748 million, in line with the corresponding period of 2023; the gross profit margin of our after-sales service was 42.16%, and the absorption rate of retail services improved to 79.2%.

In 2024, our pre-owned vehicles transaction volume was 74,969 units, representing a year-on-year decrease of 19.4%, and the revenue from pre-owned vehicles distribution amounted to RMB3,778 million, representing a year-on-year decrease of 28.4%; and the gross profit margin from distribution was 5.59%.

In 2024,the sales volume of our independent new energy brands vehicles reached 18,485 units, representing a year-on-year increase of 0.6%, the percentage of sales volume of independent new energy brands increased by 1.3 percentage points; of which 11,085 units were sold under the dealership model and 7,400 units were sold under the direct sales model.

In 2024, our inventory balance amounted to RMB4,150 million, representing a decrease of 4.9% over the end of 2023, and our inventory turnover days remained at a relatively healthy level of 25.8 days. In 2024, our net cash from operating activities was RMB1,518 million, and our net gearing ratio as of December 31, 2024 was 10.2%, representing a decrease of 2.0 percentage points over the end of 2023.

In 2024, China's automobile industry faced profound changes, accelerated new energy transformation, intensified market competition and differentiated consumer demand, the Group adhered to its strategic focus and optimized its business structure against the trend, maintained a stable operation, healthy cash flow and asset-liability structure, and laid a solid foundation for future development.

FUTURE DEVELOPMENT STRATEGIES

In the face of more intense competition in the automobile market in 2025, we expect that the challenges and difficulties currently faced by the entire industry will continue for a certain period, and the entire industry will also continue to carry out survival of the fittest and integration. We will adopt a more focused, integrated and stable business strategy, in particular:

I. CREATE THE LEADING PATTERN OF COORDINATED DEVELOPMENT OF "NEW ENERGY" AND "LUXURY VEHICLES"

The Company will focus on the dual-track strategy of"New Energy + Luxury Vehicles", accelerate the transformation to a leading new energy vehicle distributor. The new energy business will concentrate the resources to leading intelligent brands such as HIMA, and realize rapid network expansion through conversion of existing assets, increase sales volume relying on the existing customer retention base. It is expected that by 2026, the sales volume of new energy vehicles will account for 50%. As to luxury vehicle sector, we will focus on optimizing the network structure of BMW and Porsche, improve the operation efficiency and profitability quality. It is expected that by 2026, the sales volume of luxury vehicles will account for 40%. Meanwhile, we will continue to strengthen our after-sales service and pre-owned vehicle business. By improving customer retention rates to consolidate our development foundation, realize the coordinated development of two business sectors, and consolidate our leading position in the industry.

II. REALIZE FORWARD-LOOKING LAYOUT OF NEW BUSINESSES OF "BATTERY RECYCLING" AND "INTELLIGENT ROBOTS"

We will continue to lay out our business in the field of "battery recycling industry", build a health management platform of new energy battery with the development of the four segments of battery inspection, maintenance, insurance and repair as the fulcrum, and form the development and growth of the battery recycling industry.

In addition, we will also continue to incubate and develop the intelligent robot business, accelerate the cultivation of the future "human-vehicle-robot" new industry, and explore the implementation of intelligent humanoid robots in the future sales, leasing, repair and maintenance channels and other scenarios. Through systematic construction and service rendering, we aim to become a leading intelligent robot technology service enterprise in China.

III. SEEK NEW BREAKTHROUGHS IN AI EMPOWERMENT TO QUALITY AND EFFICIENCY IMPROVEMENT

We will follow the trend closely, accelerate the pace of digitalization and intelligent transformation, and fully embrace AI technology. We have set up a specialized AI department, explore and study the extensive application of AI in business, management and services through innovative AI technology applications, to enhance the effectiveness of operation and management, and to avoid business risks while improving customer experience. We will use AI to inject new vitality into our development and promote the realization of innovative breakthroughs in multiple fields.

IV. STRICT COST CONTROL TO ENSURE CASH FLOW SAFETY

We will further streamline our organizations and institutions, flatten our management mode and optimize personnel efficiency, exercise stringent control over our costs and expenses in the areas of site leasing, marketing and administration, to effectively reduce our sales and management expenses. We will continue to exert the advantages of the "Shared Platform" for users, finance and human resources to achieve constant enhancement of corporate efficiency and effective cost reduction.

We will strongly safeguard the Group's cash flow, continue to optimize our financing channels and structures and manage our capital coordination, strengthen capital forecasting and utilization analysis, accelerate the turnover of inventories, expedite the collection of accounts receivable, maintain effective cash reserves, and ensure the Group's healthy and stable operating cash flow with stringent management and control strategies.

V. TALENT RESERVE AND CULTIVATION CONTRIBUTE TO STABILITY AND PROGRESS

With the development of the automobile industry entering the era of "new four modernizations", the speed-up turnover of personnel in the industry, coupling with our overall industry transformation and development needs, we will also simultaneously strengthen talent cultivation and reserves in the fields of new energy, pre-owned vehicles, digitization and artificial intelligence, which will help us achieve rapid business transformation and deployment. Meanwhile, we will further optimize assessment and incentive mechanism, promote the position evaluation and survival-of-the-fittest, and create a comprehensive crossover management talent and professional technical talent echelon that is more in line with future trends and more enterprising, so as to ensure our long-term sustainable development.

Against the backdrop of new reforms in China's automobile industry, the traditional dealer network will continue to play an important role as the most loyal partner of OEM brands due to its value in brand communication and aftermarket service capabilities after survival of the fittest. We will also insist on optimizing and refining key luxury brands, fully embrace new energy leading brands, and ensure corporate profitability and health cash flow. In the future, we will also actively participate in and continue to respond to the national "low-carbon" strategy and strive to fulfill our ESG-related corporate social responsibilities, create long-term sustainability capability, so as to achieve breakthrough against the market and steady growth. We are confident that we can go through the current market downturn, reward our shareholders and investors with more sound performance. Meanwhile, we will maintain dividend distribution and repurchase policies in the future to continuously improve the returns to shareholders of the Company.

CHEUNG Tak On
Chairman

March 28, 2025

Management Discussion & Analysis

MARKET REVIEW

According to the data from the China Passenger Cars Association (the "**CPCA**"), in 2024, the overall retail sales of the passenger vehicles market in China reached 22.894 million units, representing a year-on-year increase of 5.5%. Among them, the cumulative sales volume of luxury passenger vehicles for the year reached 5.544 million units, representing a year-on-year increase of 9.4%, among which luxury new energy vehicles continued to maintain high growth. In general, the competition in the passenger vehicle market in China has further intensified in 2024 despite of the recovery in market demand, the sales targets set by various brands were still relatively high, leading to a persistent oversupply. In the second half of the year, major automobile enterprises began to take the initiative to adjust sales targets, adjust the prices of new vehicles and shorten the rebate period for dealers. Through the above adjustments, the overall market pressure has been reduced, and sales quality has stabilized.

The new energy vehicle market continued to maintain a strong momentum in 2024. According to the data from the CPCA, the retail sales of new energy vehicles in China reached 10.899 million units in 2024, representing a year-on-year increase of 40.7%, with a market penetration rate of nearly 50%, indicating that new energy vehicles have dominated the China's automobile market. BYD continued to lead the market, with annual sales exceeding 4 million units, firmly ranking first in the industry. In addition, independent new energy brands such as Li Auto, AITO, ZEEKR, NIO and Xpeng performed well, and achieved significant year-on-year growth attributable to the launch of new models. The Xiaomi brand achieved delivery of over 130,000 units within eight months since its launch, with an average steady monthly delivery of over 20,000 units.

The pre-owned vehicle market also showed a steady growth trend in 2024. According to the data from the China Automobile Dealers Association (中國汽車流通協會), the transaction volume of pre-owned vehicles in China reached 19.614 million units in 2024, representing a year-on-year increase of 6.5%. The continuous growth of domestic vehicle ownership and further optimization of government policies on the distribution of pre-owned vehicles, such as the simplification of transfer procedures and the abolition of restrictions on relocation, provided strong impetus for the pre-owned vehicle market. However, due to the continued impact of the price war in the new vehicle market, the overall profitability of the pre-owned vehicle market was still suppressed to a certain extent.

According to the statistics of the Traffic Management Bureau of the Ministry of Public Security of the PRC (中國公安部交通管理局), as at the end of December 2024, the motor vehicle ownership in China reached 450 million units, of which 350 million units were automobiles, and the new energy vehicle ownership exceeded 30 million units, accounting for 8.9% of the total number of automobiles, of which 22.09 million units were purely electric vehicles, accounting for 70.3% of the total number of new energy vehicles. The continuous growth of domestic motor vehicle ownership has brought tremendous development opportunities to the automobile aftermarket, especially in the fields of vehicle repair, maintenance and parts replacement, and the market size has further expanded. It is expected that in the coming years, with the continuous increase in the new energy vehicle ownership, the structure of the automobile aftermarket will be further optimized, and the demand for after-sales services related to new energy vehicles will significantly increase.

At the policy level, in 2024, the Chinese government continued to promote the policy of replacement of automobiles to further facilitate the upgrading of automobile consumption. In accordance with the Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Replacement (《推動大規模設備更新和消費品以舊換新行動方案》) issued by the State Council, local governments successively issued specific implementation rules, which, together with subsidies at the national level, have further stimulated automobile consumption. These policies not only promoted new vehicle sales, but also drive the activity of the pre-owned vehicle market.

BUSINESS REVIEW

In 2024, our revenue amounted to RMB63,420 million, representing a decrease of 14.6% as compared to 2023. In 2024, our gross profit amounted to RMB5,273 million, representing a decrease of RMB1,421 million or 21.2% compared with 2023, among which the gross profit from the sales of new vehicles and related services decreased by RMB1,204 million or 58.3% year-on-year.

In 2024, the selling expenses, administrative expenses and finance costs totaled RMB5,187 million, representing a year-on-year decrease of RMB1,032 million or 16.6%.

As a result of the decrease in gross profit from new vehicle sales and related services for the year, as well as the recognition of non-cash goodwill impairment of RMB40.45 million by the Group, our net profit and net profit attributable to the owners of the Company for 2024 amounted to RMB165 million and RMB201 million, representing a decrease of RMB420 million and RMB372 million, or a decrease of 71.8% and 64.9%, compared with that for the corresponding period in 2023, respectively.

Excluding the impact of goodwill impairment on non-operating items, our adjusted net profit and net profit attributable to the owners of the Company in 2024 amounted to RMB206 million and RMB241 million, respectively.

In 2024, we continued to implement strict control over the pace of our inventory purchases and sales and the amount of capital expended. As of December 31, 2024, our inventory balance amounted to RMB4,150 million, representing a decrease of 4.9% compared with the end of 2023. We maintained a relatively healthy inventory turnover of 25.8 days. In 2024, our net cash from operating activities was RMB1,518 million, and our net gearing ratio as of December 31, 2024 was 10.2%, representing a decrease of 2.0 percentage points compared with the end of 2023.

Set forth below is a summary of our business development in 2024:

New Vehicle Sales Business

The sales volume of new vehicles in 2024 was 171,236 units, representing a year-on-year decrease of 11.7%. The revenue from new vehicle sales and related services for the year amounted to RMB49,455 million, representing a year-on-year decrease of 16.0%. In the second half of 2024, the gross profit margin from new vehicle sales and related services was 1.83%, representing an increase of 0.19 percentage points compared with the first half of 2024. Last year, the new vehicle sales of our independent new energy brands accounted for more than 10% of the total sales, and the gross profit margin of new vehicles was significantly better than that of traditional fuel vehicle brands.

In 2024, we maintained a healthy turnover for new vehicles of 25.2 days. As the terminal prices in the automobile market are more volatile at that time, various brand enterprises implemented the pre-warning mechanism for the correlation between new vehicle sales rhythm and inventory funds through digital system, and dynamically analyzed, benchmarked and evaluated business data such as new vehicle funds and inventory on a weekly basis, which further facilitated the improvement of new vehicle turnover efficiency.

New Energy Vehicle Business

In 2024, many leading new energy brands achieved considerable growth in business scale. The industry has given birth to many popular models with long-term influence, such as Xiaomi SU7 and AITO M9. Other leading new brands such as ZEEKR and NIO also performed well. Benefiting from the layout and adjustment of relevant brand outlets in the early stage, we have also successfully undertaken the high-growth sales service needs and after-sales service needs for corresponding products, which helped us to undertake the sales of new energy brands in a high quality manner and the rapid growth of the after-sales business.

In terms of network layout, we also further focused on our outlet layout direction at the independent new energy brand end based on the direction of market development. We expanded the outlet layout for leading new energy brands with strong competitiveness and high visibility in product intelligence. Meanwhile, we made further reductions and adjustments to the outlets with low efficiency of single store, especially the outlets with monthly sales of less than 50 units and monthly after-sales production value of less than RMB1 million.

Finally, in terms of sales, the sales volume of all our independent new energy brands reached 18,485 units for the year, of which 11,085 units were sold under the distribution model and 7,400 units were sold under the direct sales model. With the launch of high-value models such as AITO M9 and STELATO S9, the average selling price of new vehicles in 2024 increased to RMB283,000 from RMB243,000 in 2023. Meanwhile, due to the long-term popularity of some best-sellers of leading brands, as of December 2024, while maintaining high sales, all of our major operating brands have order depth of more than one month, laying the foundation for sustained business growth in 2025.

In terms of after-sales, in 2024, the after-sales business of independent new energy vehicle brands continued to maintain rapid growth momentum. In 2024, the repair revenue amounted to RMB310.05 million, representing a year-on-year increase of 95.2%, and the average vehicle yield amounted to RMB3,114, representing a year-on-year increase of 27.1%. The retention number of after-sales customers of independent new energy brands reached 57,400 as at the end of 2024, representing an increase of over 32,000 or 134.3% as compared to the end of 2023, and the increase in after-sales customers exceeded the total new vehicle sales volume for the year. At present, the number of after-sales customers of our independent new energy brands is growing at an average rate of 11% per month, which is faster than the growth rate of new vehicle sales customers. With continuous increase of brand outlets with high customer retention, the after-sales business of independent new energy brands will further improve rapidly.

After-sales Business

The revenue from our repair and maintenance related services was RMB9,467 million in 2024, representing an increase of 0.1% compared with the corresponding period in 2023 and an increase of 3.4% in the second half of the year compared with the first half of the year. Excluding the factors of shutdown and transfer of enterprises, the revenue from our repair and maintenance related services of continuing operating enterprises increased by 2.5% in 2024 compared with 2023. In 2024, the gross profit margin of our repair and maintenance related services was 40.45%, in line with that of the corresponding period in 2023. In 2024, the absorption rate of retail services was 79.2%, representing an increase of 12.5 percentage points compared with the corresponding period in 2023.

In terms of user operations, we continued to maintain a high penetration of sticky products and extended the solicitation cycle for maintenance services according to changes in vehicle usage habits, in order to enhance our user lifecycle management capabilities and effectiveness. Meanwhile, we actively conducted after-sales business marketing to users beyond our management through cross industry channels such as cooperating with insurance companies. As of the end of 2024, the number of users under our management achieved sustained growth through the above measures.

In terms of the electrical and mechanical maintenance business, we continued to increase the proportion of high-margin maintenance business, and strengthened the workshop cost and settlement control to promote the improvement of profitability. The gross profit margin of electrical and mechanical maintenance business in 2024 was improved year-on-year as compared with that in 2023.

We continued to deepen the quality improvement of our insurance business. In terms of new insurance business, we continued to increase the amount of third party insurance coverage and the enrollment rate of additional insurance such as medicines not covered by medical insurance. We achieved a year-on-year increase in single unit premium for new vehicles in 2024. In terms of the insurance renewal, we strengthened process control to achieve the increase in the number and size of insurance renewal while effectively controlling the marketing cost.

In terms of accident vehicle business, we insisted on continuously improving the quality of our accident vehicle business operations through all-staff marketing of accident claims, vehicle related insurance products and the application of digital management tools. In the second half of 2024, the number of our repair & paint units increased year-on-year compared with the first half of the year. At the same time, we actively carried out cooperation with insurance companies such as “maintenance instead of replacement” to cope with the impact of the tightening of claims and loss assessment policies of insurance companies.

In terms of inventory control, we adjusted our procurement strategy in a timely manner based on the our business scale and inventories, and strictly controlled use of prepayments and the procurement of non-recurring spare parts and supplies, which resulted in a year-on-year decrease of 8.0% in the amount of spare parts and supplies in stock as at the end of 2024 as compared with that as at the end of 2023.

Pre-owned Vehicle Business

Yongda Pre-owned Vehicles always adopted the business strategy of “stable operation, efficient turnover, strict risk control and transformation and development”, proactively resolved the corresponding systemic risks brought by the rapid downturn of new vehicle market to the pre-owned vehicle business, and actively responded to the opportunities and challenges of the new energy pre-owned business scenario. We made positive progress in consolidating inventories, business innovation, efficiency optimization and other aspects. In 2024, our new-to-pre-owned ratio was 43.8%, and the pre-owned vehicles transaction volume was 74,969 units, representing a year-on-year decrease of 19.4%, of which the distribution volume was 36,488 units, and the revenue from distribution amounted to RMB3,778 million, representing a year-on-year decrease of 28.4%; the gross profit from distribution amounted to RMB211 million; the average distribution revenue per unit was RMB104,000, and the gross profit margin from distribution was 5.59%. Despite the adverse market environment with severe fluctuations, we have maintained a steady increase in the new-to-pre-owned ratio, as well as a healthy and efficient inventory turnover, which has ensured business scale and profitability.

In the second half of the year, we actively utilized various subsidies to carry out replacement business, and formed strategic cooperation with local scrapping institutions in combination with the national scrapping subsidy policies so as to ensure new vehicle sales with a stable and high replacement rate. The proportion of retail sales maintained steady growth, and the profitability was improved through derivative businesses such as finance, insurance and extended insurance. Through strict turnover and capital management, the scale of inventory was increased healthily. In the second half of the year, our new-to-pre-owned ratio was 45.4%, representing an increase of 3.3 percentage points compared with the first half of the year. The pre-owned vehicles transaction volume in the second half of the year was 39,733 units, representing an increase of 12.8% compared with the first half of the year, of which the distribution volume was 19,463 units, representing an increase of 14.3% compared with the first half of the year; the gross profit margin from distribution was 5.57%, basically remain unchanged compared with the first half of the year.

We continued to deepen the “2+1” new retail business model of pre-owned vehicles, and achieved the digital and platform-based business layout with online and offline integration. We continued to strengthen digital operation capabilities by actively building a marketing matrix that combines official websites, new media and vertical media to promote online transactions. We established a regionally centralized pre-owned vehicles renovation center to scale up the operation and standardize the procedures, significantly improve renovation and turnover efficiency and shorten the cycle from vehicle collection and marketing. In October, we successfully launched the “Yongda Official Certified New Energy Pre-owned Vehicle Brand” to strengthen the layout of new energy pre-owned vehicles. In combination with the further coordination and optimization and survival of the fittest by testing, auction, logistics, certification and other suppliers, we created a domestic leading pre-owned vehicle circulation system. By virtue of the pre-owned vehicle retail business, in addition to increasing the scale of profits, we expanded the size of customer retention and enhanced the customer stickiness.

Besides, we actively explored and captured incremental opportunities in the existing market, and innovated business models, including 1) cooperating with many new energy vehicle brands on bulk vehicle sources to help manufacturers carry out subscription, leasing and sale, vehicle disposal and stabilize residual values, as well as to bring stable and high-quality retail vehicle sources to our own channels; 2) accelerating the deployment of new channels for new energy pre-owned vehicles, and cooperating with a number of new energy manufacturers on new channels for pre-owned vehicle replacement and retailing; 3) implementing centralized pricing and disposal models of pre-owned vehicles, and exploring open, market-oriented and platform-based operations; 4) actively promoting the export of pre-owned vehicles to realize a diversified sales strategy.

Changes of Outlets

In 2024, we continued to optimize the brand structure and regional deployment of existing outlets through different methods. For outlets with strong brand power but poor regional location, adjusting the location of outlets would be conductive to improving the sales volume and efficiency of a single outlet, particularly for some new energy brands; for outlets with weak brand power but good regional location, we adopted brand replacement, especially for some traditional brands; and for outlets with weak brand power and small scale, we closed them down to avoid operation risks. Last year, we closed and transferred a total of 18 4S dealerships and 4 showrooms through these three methods.

In terms of new openings, we opened 12 new outlets in 2024, including 2 BMW, 2 Xiaomi, 2 HIMA, 2 Xpeng, 1 Smart, 2 ZEEKR after-sales service centers and 1 NIO after-sales service center. In addition, we have also newly obtained authorizations from many new energy brands, primarily including HIMA authorization and several new energy after-sales maintenance authorizations.

As at December 31, 2024, we operated a total of 221 outlets. Set out below are the details and changes of our opened outlets as of December 31, 2024:

	Outlets opened as of December 31, 2023	Outlets opened as of December 31, 2024	Changes of outlets
4S dealerships of luxury and ultra-luxury brands	133	129	-4
City showrooms of luxury brands	19	16	-3
Sub-total of luxury and ultra-luxury brands outlets	**152**	**145**	**-7**
4S dealerships of mid-to-high-end brands	29	27	-2
City showrooms of mid-to-high-end brands	2	1	-1
Sub-total of mid-to-high-end brands outlets	**31**	**28**	**-3**
4S dealerships of independent new energy brands	32	29	-3
Authorized maintenance centers of independent new energy brands	3	6	+3
Sub-total of independent new energy brands outlets	**35**	**35**	**0**
Outlets of Yongda Pre-owned Vehicle Malls	**13**	**13**	**0**
Total outlets	**231**	**221**	**-10**

Continuous Improvement in Management

In 2024, in the face of continuous evolvement and fierce competition in the automobile market, the Company has always adhered to the core principles of "efficiency improvement" and "stability growth", proactively responded to market challenges, and continued to promote management improvement and business optimization. In spite of the complex and changing market environment, the Company has guaranteed the stability and sustainability of overall operations through a series of innovative measures and refined management.

Network Optimization and Asset Efficiency Improvement

In 2024, the Company continued to speed up the closure and transformation of unprofitable enterprises, and further optimized the brand network structure. We focused on the leading traditional luxury brands and independent new energy brands with potential, and continuously improved their operation and management efficiency. For outlets with small scale and weak profitability, the Company accelerated the closure and transformation, concentrating resources on core areas and high-quality outlets. Besides, we cooperated closely with brands to promote the diversified utilization of existing showrooms and after-sales properties, thereby further reducing operating costs and improving asset utilization efficiency.

In terms of regional layout, the Company continued to focus on first- and second-tier cities and provincial capital cities. These regions are not only the core markets for automobile consumption, but also the main driving forces for the growth of new energy vehicles and luxury vehicles. By optimizing regional layout, the Company has further consolidated its competitive advantage in key markets.

Cash Flow and Financial Indicator Management

In 2024, the Company further strengthened cash flow management to ensure timely recovery of receivables and efficient turnover of inventories. By optimizing the receivables management process, the Company did not only reduce the amount of receivables, but also significantly shortened the collection cycle and improved the efficiency of capital use. In terms of inventory management, the Company has strengthened the integration and coordination of resources under the brand, and ensured that the inventory turnover efficiency was maintained at a higher level in the industry.

In terms of core financial indicators, the Company continued to maintain a healthy and sound financial position that current assets could cover liabilities and net assets could cover long-term assets. These key indicators were maintained at good levels, providing a solid financial foundation for the Company to cope with market fluctuations.

Cost Reduction, Efficiency Improvement and Shared Management

In 2024, the Company continued to deepen the work of cost reduction and expense control, especially conducted refined management in terms of labor costs and marketing and administrative expenses. We dynamically adjusted production expenses closely related to performance to ensure that every single expenditure could create value for the Company. In addition, the Company has accelerated the promotion of shared management models of business, finance and human resources, which further improved management efficiency and reduced operating costs.

Taking advantage of digital tools, the Company has achieved real-time monitoring and dynamic adjustment of various expenditures, ensuring that the goal of quality and efficiency improvement of operations could be achieved.

Digital Marketing and New Media Private Domain Campus Development

In 2024, the Company made significant progress in digital marketing. We continued to maintain our leading position in the industry on the Douyin platform, and actively explored new platforms such as video account and Xiaohongshu, further expanding our brand influence. With the activation of the KOS account support policy, the Company has increased its investment in various media channels, which has significantly boosted the total number of leads on new media platforms. In 2024, the total number of leads for the Company's new media platforms increased by 65% year-on-year, maintaining the momentum of rapid growth.

In addition, the major brands for which the Company acted as an agent (including the new energy brands) ranked among the top in terms of the number of followers on platforms such as Douyin in China, further consolidating our leading position in digital marketing.

Innovative Business Exploration

In 2024, the Company actively promoted innovation and reform in its business model. In the face of the rapid growth of the new energy vehicle market, we increased our investment in new energy brands and launched a number of innovative services, such as battery leasing, battery testing and innovative protection services, which further improved the user experience. Meanwhile, the Company actively explored new business models such as beauty washing and refurbishment, to adapt to market changes and new consumer demands.

Driven by innovation and reform, the Company not only maintained steady growth in its traditional business, but also made breakthroughs in emerging business areas.

In 2024, despite the complex and volatile market environment, the Company ensured the stability and sustainability of its overall operation through refined management, digital transformation and innovation. In the future, the Company will continue to uphold the core principles of "efficiency improvement" and "stability growth" to proactively respond to market challenges and promote sustainable business growth and management improvement.

FINANCIAL REVIEW

Revenue

Revenue was RMB63,420.2 million for the twelve months ended December 31, 2024, representing a 14.6% decrease from RMB74,295.5 million for the twelve months ended December 31, 2023. The decrease in revenue was mainly due to the year-on-year decrease in sales volume and average selling price of new and pre-owned vehicles. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the years indicated:

	2024			2023		
	Amount *(RMB'000)*	Sales Volume *(Unit)*	Average Selling Price *(RMB'000)*	Amount *(RMB'000)*	Sales Volume *(Unit)*	Average Selling Price *(RMB'000)*
Revenue from sales of new vehicles						
Luxury and ultra-luxury brands	**38,216,735**	**113,817**	**336**	48,273,891	130,512	370
Mid- to high-end brands	**5,166,049**	**38,934**	**133**	6,528,541	45,057	145
Independent new energy brands (distribution model)	**3,023,856**	**11,085**	**273**	1,636,247	8,981	182
Sub-total	**46,406,640**	**163,836**	**283**	56,438,679	184,550	306
Commission income related to new vehicle sales	**2,370,695**			1,398,715		
Others	**677,697**			1,041,631		
Sub-total revenue from sales of new vehicles and related services	**49,455,032**			58,879,025		
Sales of pre-owned vehicles	**3,777,640**	**36,488**	**104**	5,277,148	44,590	118
Brokerage income related to sales of pre-owned vehicles	**32,431**			43,967		
Sub-total revenue from sales of pre-owned vehicles and related services	**3,810,071**			5,321,115		
Repair and maintenance related services	**9,467,135**			9,457,275		
Commission income	**280,967**			301,293		
Sub-total revenue from after-sales services	**9,748,102**			9,758,568		
Automobile operating lease services	**465,965**			474,826		
Less: inter-segment eliminations	**(58,942)**			(138,036)		
Total	**63,420,228**			74,295,498		

Note: The comparative figures in revenue, cost of sales and services, and other income and other gains and losses for the twelve months ended December 31, 2023 have been restated in order to conform with the current presentation format.

The distribution sales volume of new vehicles of the passenger vehicle sales and services segment was 163,836 units for the twelve months ended December 31, 2024, representing a 11.2% decrease from 184,550 units for the twelve months ended December 31, 2023.

Among them, the distribution sales volume of luxury and ultra-luxury brand new vehicles was 113,817 units for the twelve months ended December 31, 2024, representing a 12.8% decrease from 130,512 units for the twelve months ended December 31, 2023; and the distribution sales volume of independent new energy brand new vehicles was 11,085 units for the twelve months ended December 31, 2024, representing a 23.4% increase from 8,981 units for the twelve months ended December 31, 2023.

Revenue from the sales of new vehicles of the passenger vehicle sales and services segment was RMB46,406.6 million for the twelve months ended December 31, 2024, representing a 17.8% decrease from RMB56,438.7 million for the twelve months ended December 31, 2023.

Among them, revenue from the sales of luxury and ultra-luxury brand new vehicles was RMB38,216.7 million for the twelve months ended December 31, 2024, representing a 20.8% decrease from RMB48,273.9 million for the twelve months ended December 31, 2023; and revenue from the sales of independent new energy brand new vehicles was RMB3,023.9 million for the twelve months ended December 31, 2024, representing an 84.8% increase from RMB1,636.2 million for the twelve months ended December 31, 2023.

Commission income related to the sales of new vehicles of the passenger vehicle sales and services segment was RMB2,370.7 million for the twelve months ended December 31, 2024, representing a 69.5% increase from RMB1,398.7 million for the twelve months ended December 31, 2023.

The sales volume of direct agency sales of independent new energy brand vehicles was 7,400 units for the twelve months ended December 31, 2024, representing a 21.2% decrease from 9,395 units for the twelve months ended December 31, 2023.

Other revenue related to new vehicles of the passenger vehicle sales and services segment was RMB677.7 million for the twelve months ended December 31, 2024, representing a 34.9% decrease from RMB1,041.6 million for the twelve months ended December 31, 2023.

Total revenue from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB49,455.0 million for the twelve months ended December 31, 2024, representing a 16.0% decrease from RMB58,879.0 million for the twelve months ended December 31, 2023.

The distribution volume of pre-owned vehicles was 36,488 units for the twelve months ended December 31, 2024, representing a 18.2% decrease from 44,590 units for the twelve months ended December 31, 2023.

Revenue from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB3,777.6 million for the twelve months ended December 31, 2024, representing a 28.4% decrease from RMB5,277.1 million for the twelve months ended December 31, 2023.

Brokerage income from sales of pre-owned vehicles of the passenger vehicle sales and services segment was RMB32.4 million for the twelve months ended December 31, 2024, representing a 26.2% decrease from RMB44.0 million for the twelve months ended December 31, 2023.

Revenue from after-sales services for the passenger vehicle sales and services segment was RMB9,748.1 million for the twelve months ended December 31, 2024, basically unchanged from RMB9,758.6 million for the twelve months ended December 31, 2023.

Among them, the revenue from repair and maintenance related services was RMB9,467.1 million for the twelve months ended December 31, 2024, representing a 0.1% increase from RMB9,457.3 million for the twelve months ended December 31, 2023; and the commission income was RMB281.0 million for the twelve months ended December 31, 2024, representing a 6.7% decrease from RMB301.3 million for the twelve months ended December 31, 2023.

Revenue from the automobile operating lease services segment was RMB466.0 million for the twelve months ended December 31, 2024, representing a 1.9% decrease from RMB474.8 million for the twelve months ended December 31, 2023.

Cost of Sales and Services

Cost of sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB48,595.1 million for the twelve months ended December 31, 2024, representing a 14.5% decrease from RMB56,814.9 million for the twelve months ended December 31, 2023.

Cost of sales of pre-owned vehicles and related services was RMB3,566.5 million for the twelve months ended December 31, 2024, representing a 27.7% decrease from RMB4,933.6 million for the twelve months ended December 31, 2023.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB5,638.0 million for the twelve months ended December 31, 2024, representing a 0.5% increase from RMB5,611.6 million for the twelve months ended December 31, 2023.

Cost of services for the automobile operating lease services segment was RMB395.1 million for the twelve months ended December 31, 2024, representing a 7.8% increase from RMB366.4 million for the twelve months ended December 31, 2023.

As a result of the foregoing, cost of sales and services was RMB58,146.8 million for the twelve months ended December 31, 2024, representing a 14.0% decrease from RMB67,601.1 million for the twelve months ended December 31, 2023.

Gross Profit and Gross Profit Margin

Gross profit from sales of new vehicles and related services of the passenger vehicle sales and services segment was RMB859.9 million for the twelve months ended December 31, 2024, representing a 58.3% decrease from RMB2,064.2 million for the twelve months ended December 31, 2023.

Gross profit margin for sales of new vehicles and related services decreased to 1.74% for the twelve months ended December 31, 2024 from 3.51% for the twelve months ended December 31, 2023.

Gross profit from sales of pre-owned vehicles and related services of the passenger vehicle sales and services segment was RMB243.6 million for the twelve months ended December 31, 2024, representing a 37.1% decrease from RMB387.5 million for the twelve months ended December 31, 2023.

Gross profit margin for distribution of pre-owned vehicles of the passenger vehicle sales and services segment decreased to 5.59% for the twelve months ended December 31, 2024 from 6.51% for the twelve months ended December 31, 2023.

Gross profit from after-sales services for the passenger vehicle sales and services segment was RMB4,110.1 million for the twelve months ended December 31, 2024, representing a 0.9% decrease from RMB4,147.0 million for the twelve months ended December 31, 2023.

Gross profit margin for repair and maintenance was 40.45% for the twelve months ended December 31, 2024, basically unchanged from 40.66% for the twelve months ended December 31, 2023.

Gross profit from the automobile operating lease services segment was RMB70.9 million for the twelve months ended December 31, 2024, representing a 34.6% decrease from RMB108.4 million for the twelve months ended December 31, 2023.

Gross profit margin for the automobile operating lease services segment decreased to 15.21% for the twelve months ended December 31, 2024 from 22.83% for the twelve months ended December 31, 2023.

As a result of the foregoing, gross profit was RMB5,273.5 million for the twelve months ended December 31, 2024, representing a 21.2% decrease from RMB6,694.4 million for the twelve months ended December 31, 2023.

Gross profit margin was 8.32% for the twelve months ended December 31, 2024, representing a decrease of 0.69 percentage points from the gross profit margin of 9.01% for the twelve months ended December 31, 2023. The decrease in gross margin was mainly due to the decline in gross profit margin of new vehicles as a result of the decline in new vehicle prices.

Other Income, Other Gains and Losses

Other income, other gains and losses were net gains of RMB21.3 million for the twelve months ended December 31, 2024, representing an 86.5% decrease from RMB158.5 million for the twelve months ended December 31, 2023.

Distribution and Selling Expenses and Administrative Expenses

Distribution and selling expenses and administrative expenses were RMB4,889.0 million for the twelve months ended December 31, 2024, representing a 17.0% decrease from RMB5,891.4 million for the twelve months ended December 31, 2023.

The ratio of distribution, selling and administrative expenses over revenue was 7.71% for the twelve months ended December 31, 2024, representing a decrease of 0.22 percentage points from 7.93% for the twelve months ended December 31, 2023.

Operating Profit

As a result of the foregoing, operating profit was RMB405.8 million for the twelve months ended December 31, 2024, representing a 57.8% decrease from RMB961.5 million for the twelve months ended December 31, 2023.

Finance Costs

Finance costs were RMB297.6 million for the twelve months ended December 31, 2024, representing a 9.1% decrease from RMB327.4 million for the twelve months ended December 31, 2023.

The percentage of the finance costs to revenue for the twelve months ended December 31, 2024 was 0.47%, basically unchanged from the percentage of the finance costs to revenue of 0.44% for the twelve months ended December 31, 2023.

Profit before Tax

As a result of the foregoing, profit before tax was RMB208.6 million for the twelve months ended December 31, 2024, representing a 71.8% decrease from RMB740.3 million for the twelve months ended December 31, 2023.

Income Tax Expense

Income tax expense was RMB43.2 million for the twelve months ended December 31, 2024, representing a 72.1% decrease from RMB154.6 million for the twelve months ended December 31, 2023.

Profit

As a result of the foregoing, the profit was RMB165.4 million for the twelve months ended December 31 2024, representing a 71.8% decrease from RMB585.8 million for the twelve months ended December 31, 2023.

Profit Attributable to the Owners of the Company

As a result of the foregoing, the profit attributable to the owners of the Company was RMB200.8 million for the twelve months ended December 31, 2024, representing a 64.9% decrease from RMB572.6 million for the twelve months ended December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, issuance of bonds, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

For the twelve months ended December 31, 2024, our net cash generated from operating activities was RMB1,518.4 million, which included cash generated from non-cash items such as profit before tax and depreciation and amortization of RMB1,686.5 million, cash generated before working capital changes of RMB89.1 million and the payment of income tax of RMB257.3 million. For the twelve months ended December 31, 2023, our net cash generated from operating activities was RMB1,832.2 million, which mainly included cash generated from non-cash items such as profit before tax and depreciation and amortization of RMB2,166.8 million, cash generated from working capital changes of RMB164.3 million and the payment of income tax of RMB498.9 million.

For the twelve months ended December 31, 2024, our net cash used in investing activities was RMB256.6 million, which mainly included the amounts for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,211.9 million, which was partially offset by the proceeds of RMB718.8 million from the disposal of property, plant and equipment, intangible assets and right-to-use assets, the proceeds of RMB42.4 million from the disposal of financial assets at fair value through profit or loss, the proceeds of RMB157.1 million from the disposal of subsidiaries.

For the twelve months ended December 31, 2023, our net cash used in investing activities was RMB538.4 million, which mainly included the amounts for purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB1,418.3 million, which was partially offset by the proceeds of RMB474.7 million from the disposal of property, plant and equipment, intangible assets and right-to-use assets, the net proceeds of RMB227.6 million from the disposal and purchase of financial assets at fair value through profit or loss, the proceeds of RMB114.3 million from the disposal of subsidiaries and dividends of RMB66.9 million received from joint ventures and associates.

For the twelve months ended December 31, 2024, our net cash used in financing activities was RMB2,005.2 million, which mainly included the net repayment of borrowings of RMB1,046.5 million, the payment of dividends to shareholders of the Company of RMB214.1 million, the payment of dividends to minority shareholders of subsidiaries of RMB34.9 million, the payment of interest of RMB299.1 million, the repayments of lease liabilities of RMB318.4 million and the payment for repurchase of shares of the Company of RMB72.1 million.

For the twelve months ended December 31, 2023, our net cash used in financing activities was RMB1,278.6 million, which mainly included the payment of dividends to shareholders of the Company of RMB782.4 million, the payment of dividends to minority shareholders of subsidiaries of RMB64.9 million, the payment of interest of RMB349.1 million, the repayments of lease liabilities of RMB237.0 million and the payment for repurchase of shares of RMB99.0 million.

Inventories

Our inventories mainly include passenger vehicles and spare parts and accessories.

Our inventories balance was RMB4,149.9 million as of December 31, 2024, representing a 4.9% decrease from RMB4,363.2 million as of December 31, 2023. The following table sets forth our average inventory turnover days for the years indicated:

	2024	2023
Average inventory turnover days	**25.8**	23.0

Capital Expenditures and Investment

Our capital expenditures primarily included expenditures on purchase of property, plant and equipment, right-of-use assets and intangible assets, which were partially offset by the proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets. For the twelve months ended December 31, 2024, our total capital expenditures were RMB493.1 million. The following table sets forth a breakdown of our capital expenditures for the year indicated:

	2024 *(RMB million)*
Expenditures on purchase of property, plant and equipment – test-drive automobiles and vehicles for operating lease purposes	**716.3**
Expenditures on purchase of property, plant and equipment and right-of-use assets – primarily used for establishing and upgrading automobile sales and service outlets	**428.7**
Expenditures on purchase of intangible assets (vehicle licences and softwares)	**66.9**
Proceeds from the disposal of property, plant and equipment, intangible assets and right-of-use assets (mainly test-drive automobiles and vehicles for operating lease purposes)	**(718.8)**
Total	**493.1**

Borrowings

We obtained borrowings (consisting of bank loans and other borrowings from designated automobile finance companies of automobile manufacturers) to fund our working capital and network expansion. As of December 31, 2024, the outstanding amount of our borrowings amounted to RMB2,914.1 million, representing a 26.4% decrease from RMB3,960.6 million as of December 31, 2023. The following table sets forth the maturity profile of our borrowings as of December 31, 2024:

	As of December 31, 2024 *(RMB million)*
Within one year	**1,565.9**
One to two years	**424.2**
Two to five years	**924.0**
Total	**2,914.1**

As of December 31, 2024, our net gearing ratio (being net liabilities divided by total equity) was 10.3% (as of December 31, 2023: 12.2%). Net liabilities represent borrowings minus cash and cash equivalents and time deposits.

As of December 31, 2024, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2024 consisted of (i) inventories of RMB633.0 million; (ii) property, plant and equipment of RMB56.1 million; (iii) land use rights of RMB64.0 million; and (iv) equity interests of the subsidiaries of RMB508.6 million.

Contingent Liabilities

As of December 31, 2024, the Group provided guarantees of RMB173 million to Shanghai Yongda Finance Leasing Co., Ltd. in respect of its borrowing principal balance on normal commercial terms and on several basis in proportion to the Group's shareholding in Shanghai Yongda Finance Leasing Co., Ltd., save for which we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were floating rate borrowings that are linked to the loan prime rate (LPR). Increases in interest rates could result in an increase in our cost of borrowing, which in turn could adversely affect our finance costs, profit and our financial condition.

Substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. As of December 31, 2024, we had no financial borrowings that were denominated in foreign currencies.

DEVELOPMENT OUTLOOK AND STRATEGIES

The future of China's automotive industry has slowly unfolded, showing a challenging but transformative picture. It will also bring about accelerated differentiation and reshaping of dealers, but dealer channels will continue to play an important role as the most loyal partner of the OEM brands due to their value in brand communication and after-market service capabilities.

We will continue to follow the market trend, make comprehensive efforts to strengthen and expand the key new energy brands, focus on optimizing and refining the luxury pillar brands, continue to ensure the stability of after-sales business, continue to develop and upgrade the pre-owned vehicles business, and push forward the improvement of the structure of the main business and profitability enhancement; we will also develop battery recycling and intelligent robot industries, study the AI technology to improve quality and efficiency, continue to do a good job in various types of cost-cutting and cost-control work to ensure a healthy level of operating cash flow, and seek breakthroughs against the trend while ensuring overall stable operations.

Create Two Camps to Realize the Leading Pattern of Coordinated Development of "New Energy" and "Luxury Vehicles".

As the competitive pattern of the automotive market becomes clearer, we will focus on optimizing and adjusting the structure of our brand agency network to consolidate our position as a leading distributor of leading domestic automotive brands by building two camps: new energy and traditional luxury vehicles:

We will allocate resources and make precise efforts to expand and strengthen our new energy business, maintain our first-mover advantage, focus on key new energy brands such as HIMA, which are leading in domestic intelligence and have good sales and profitability performance, and realize rapid expansion of key new energy brand outlets through the conversion of existing assets, as well as rapidly increase the sales contribution by utilizing the customer retention base to realize a breakthrough in the profit contribution of new energy. It is expected that by 2026, the sales of new energy vehicles will account for 50% of the Group's overall new vehicle sales.

We will also continue to optimize and refine our traditional luxury brand business represented by two major brands, BMW and Porsche. We will optimize our network structure, seek a balance between volume and profitability, and continuously improve the efficiency of turnover and the quality of operations, so as to consolidate our leading position. It is expected that by 2026, the sales of luxury vehicles will account for approximately 40% of the Group's overall new vehicle sales.

Meanwhile, we will also maintain the long-term steady development of our after-sales maintenance business, as well as the development and upgrading of our pre-owned vehicle business. By continuously improving customer retention rates and creating steady growth in user scale to consolidate our customer base, we will ensure the coordinated development and leading position of the two major business camps.

Actively Embrace New Businesses and Realize Forward-Looking Layout of "Battery Recycling" and "Intelligent Robots"

We will continue to lay out our business in the field of "battery recycling industry", build a new energy battery health management platform with the development of the four industries of battery inspection, maintenance, insurance and repair as the fulcrum, and form the development and growth of the battery recycling industry.

In addition, we will continue to incubate and develop the intelligent robot business, accelerate the cultivation of the future “human-vehicle-robot” new industry, and explore the implementation of intelligent humanoid robots in the future sales, leasing, repair and maintenance channels and scenarios. Through systematic construction and service provision, we aim to become a leading intelligent robot technology service enterprise in China.

Digital Intelligence Empowers Improvement of Quality and Efficiency

Against the backdrop of a greater boom in big data and AI technology, we will also follow the trend, accelerate the pace of digitalization and intelligent transformation, and fully embrace AI technology. We have set up a specialized department for AI application research to explore and study the extensive application of AI in business, management and services through innovative AI technology applications, to enhance the effectiveness of operation and management, and to avoid business risks while improving customer experience. We use AI to inject new vitality into our development and promote the realization of innovative breakthroughs in multiple fields.

Focus on Promoting Cost Reduction, Cost Control and Cash Flow Control Measures

We will continue to implement various cost and expense control measures, further streamline our organization, and optimize personnel efficiency. Meanwhile, we will continue to exercise stringent control over our costs and expenses in the areas of site leasing, marketing and administration, and enhance our assessment and evaluation system to effectively reduce our sales and management expenses.

The “Shared Platform” for users, finance and human resources that we have constructed has also achieved phased results. By utilizing the “Shared Platform” to centralize resources, we will continue to achieve continuous improvement in corporate efficiency and effective reduction in costs.

We will strongly safeguard the Group’s cash flow, continue to optimize our financing channels and structures and manage our capital coordination, strengthen capital forecasting and utilization analysis, accelerate the turnover of inventories, expedite the collection of various accounts receivable, maintain effective cash reserves, and ensure the Group’s healthy and stable operating cash flow with strict management and control strategies.

Talent Reserve and Cultivation Contribute to Stability and Progress

With the development of the automobile industry entering the era of “new four modernizations”, we will also simultaneously strengthen talent cultivation and reserves in the fields of new energy, pre-owned vehicles, digitization and artificial intelligence, which will help us achieve rapid business transformation and deployment. Meanwhile, we will further optimize assessment and incentive mechanism, promote the position evaluation and survival-of-the-fittest, and create a comprehensive cross-border management talent and professional technical talent team that is more in line with future trends and more enterprising, so as to ensure our long-term sustainable development.

In the future, we will actively participate in and continue to respond to the national “low-carbon” strategy and strive to fulfill our ESG-related corporate social responsibilities. We are confident that we can survive the current market transition period, adopt more proactive dividend and repurchase policies, reward our shareholders and investors with more stable performance, and achieve sustainable and healthy development.

Directors and Senior Management

DIRECTORS

Executive Directors

CHEUNG Tak On (張德安), aged 58, is our Chairman and was appointed as our executive Director on January 18, 2012 and he is currently the rotating chairman of the Shanghai Entrepreneur Association. Mr. Cheung has extensive experience in the passenger vehicle dealership sector and is responsible for setting the strategic vision, direction and goals of our Group and he participates in our Group's strategic and key operational decision-making processes. Mr. Cheung was brought up in the PRC. From November 1999 to February 2005 and from November 2005 to September 2018, Mr. Cheung has been the chairman of Shanghai Yongda Holding (Group) Limited (上海永達控股(集團)有限公司) ("Yongda Holding"), where he has been mainly responsible for overseeing its overall development and formulating corporate and business strategies. Mr. Cheung obtained an adult higher education training certificate in economic law jointly granted by The Open University of China (中央廣播電視大學) and China University of Political Science and Law (中國政法大學) in 1996 and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2001. Mr. Cheung also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from September 1999 to December 2001, and the China CEO Program jointly offered by Cheung Kong Graduate School of Business (長江商學院), Columbia Business School, IMD and London Business School in 2011. Mr. Cheung completed the course of China CEO Global Research Proposal (《中國CEO全球研修計劃》) organized by Overseas Education Collage of Shanghai Jiao Tong University (上海交通大學) in 2014. Mr. Cheung started to course of the Entrepreneur Scholar Program and PhD in Global Management of Tsinghua University-University of Minnesota sponsored by the School of Economics and Management of Tsinghua University in 2018.

CAI Yingjie (蔡英傑), aged 57, is our Vice-chairman and was appointed as our executive Director on January 18, 2012. Mr. Cai was re-designated from our President to Chief Executive Officer on March 23, 2015 and has ceased to act as the Chief Executive Officer due to work re-allocation and adjustment of the management team of the Company on December 21, 2021. Mr. Cai is responsible for overseeing our operations and investment, managing our relationships with automobile manufacturers and exploring new business opportunities for our Group. Mr. Cai is also the chairman or a director of several of our subsidiaries. From November 1998 to December 2011, and since September 2018, he was the director of Shanghai Yongda Group Company Limited ("Yongda CLS") and its general manager from November 1999 to December 2011. Before joining the Group, Mr. Cai worked in Shanghai Shenbao Automobiles Factory (上海申寶汽車廠) (later known as Shanghai Shenbao Automobiles Co., Ltd. (上海申寶汽車有限公司)), where he was responsible for automobiles inspection and management of the fleet of automobiles. Mr. Cai received the Executive Management Education Certificate from the Chinese Enterprise CEO Program at Cheung Kong Graduate School of Business in 2016 and graduated from Nanjing Army Command College (南京陸軍指揮學院) with an adult higher education bachelor diploma in law in 2002.

WANG Zhigao (王志高), aged 56, is our Vice-chairman, he served as our non-executive Director from January 2012 to March 2015, and was re-designated to executive Director on March 23, 2015. Mr. Wang is responsible for managing our strategies and remuneration and work in relation to professional institutions and guiding the financial management and legal affairs of our Group. Mr. Wang served as a director of Yongda Holding since January 2005. Mr. Wang served as a director of Yongda CLS since December 2003. Mr. Wang is also currently a director of several of our subsidiaries. Before joining the Group, Mr. Wang was a lawyer at Shanghai Xin Cheng Law Firm (上海信誠律師事務所) and Shanghai Jin Shi Law Firm (上海金石律師事務所). And from August 1992 to December 1996, he was a lecturer at East China University of Political Science and Law (華東政法大學). Mr. Wang graduated from East China University of Politics and Law with a bachelor's degree in economic law in 1992 and a master's degree in law in 1999. Mr. Wang also received a master's degree in business administration from China Europe International Business School (中歐國際工商學 院) in 2007.

XU Yue (徐悅), aged 49, was appointed as our executive Director on March 23, 2015, as our Vice-chairman on March 25, 2020 and as our Chief Executive Officer on December 21, 2021. Mr. Xu has served as our President from March 2015 to February 2016, and was re-appointed as our President on September 12, 2016. He is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group. Mr. Xu is also currently the chairman of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("Yongda Automobile Group"), which is an indirect wholly-owned subsidiary of the Company, and the chairman or a director of several of our subsidiaries. Mr. Xu joined our Group in 1999 and has more than 20 years of experience in the passenger vehicle dealership sector. He was the executive vice-president of the Company from January 2012 to March 2015 and the assistant to the chief executive officer of Yongda Holding from January 2009 to December 2011. From June 2004 to January 2009, Mr. Xu was the deputy general manager of Yongda CLS and the general manager of Shanghai Baozen Automobile Sales and Services Co. Ltd. (上海寶誠汽車銷售服務有限公司) ("Shanghai Baozen"). Between February 2002 and March 2004, Mr. Xu was the secretary to the chief executive officer of Yongda Holding, where he was mainly responsible for assisting the chief executive officer with daily administration. From November 2000 to February 2002, Mr. Xu was the general manager of Shanghai Yongda International Trading, Ltd. (上海永達國際貿易有限公司), where he was mainly responsible for the import of passenger vehicles. Between October 1999 and November 2000, Mr. Xu was the assistant to the general manager of Shanghai Yongda Automobile Pudong Sales and Services Co., Ltd. (上海永達汽車浦東銷售服務有限公司). Mr. Xu received a bachelor diploma in practical English and a secondary college diploma in international business and finance management from Shanghai Normal University (上海師範大學) in June 1997, and a master of science degree in business administration (leadership studies) from Madonna University, Michigan in December 2005. Mr. Xu also completed the Senior Seminar on MSBA Shanghai Program organized by Shanghai Institute of International Finance (上海國際金融學院), School of Business, Madonna University, Michigan and International Financial Center Association (國際金融中心協會) from October 2003 to July 2005. In 2015, Mr. Xu obtained a master's degree in Business Administration at China Europe International Business School (中歐國際工商學院).

Directors and Senior Management

CHEN Yi (陳昳), aged 52, was appointed as our executive Director on March 23, 2015 and was responsible for the operation and management of the automobile finance business and related management of our Group. Ms. Chen was re-appointed as our Vice-president on September 12, 2016 and since February 2016, Ms. Chen has been a director of Yongda Automobile Group. From March 2014 to February 2016, Ms. Chen was the vice-president of our Company and the general manager of the finance innovation department. She has over 20 years of experience in the banking and financial industry. Prior to joining us, Ms. Chen was the senior assistant to the president of the Transportation Finance Division and the director of Eastern China Automobile Business Division of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司) (Shanghai Stock Exchange ("SSE") stock code: 600016 and Hong Kong Stock Exchange stock code: 01988) ("CMBC") from April 2013 to January 2014. From February 2004 to April 2013, Ms. Chen held several managerial positions in CMBC, including the senior customer manager of the Shanghai Anting branch of CMBC, the general manager of the Industrial and Commercial Enterprises Finance Division Two of CMBC, the general manager of the automobile finance department and the branch manager of the Shanghai Jiading branch of CMBC and the branch manager of the Shanghai Gubei branch of CMBC. From July 1995 to February 2004, she worked at the Credit Card Division, Personal Banking Division and Customer Service Division of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SSE stock code: 601328 and SEHK stock code: 03328). Ms. Chen obtained a professional diploma in International Finance from the Shanghai Institute of Finance (上海金融學院), formerly known as the Shanghai Higher Institute of Finance (上海金融高等學院) in 1995 and a bachelor's degree in currency and banking from Shanghai Jiao Tong University (上海交通大學) in 2000. She also obtained a master's degree in Executive Master of Business Administration from Shanghai Advanced Institute of Finance (上海高級金融學院) of Shanghai Jiao Tong University in 2014 and completed her DBA study in Global Financial Business Administration of Shanghai Advanced Institute of Finance in 2020.

TANG Liang (唐亮), aged 47, was appointed as our Vice-president since September 12, 2016 and was appointed as our executive Director since December 21, 2021. He is responsible for assisting the President of the Group in work execution related to the operation and management of the automobile sales service business. Mr. Tang is currently also a director of Yongda Automobile Group. Mr. Tang was the assistant to our President of the Group from March 2015 to February 2016. Mr. Tang joined us on May 4, 2010 and served as the deputy general manager and the general manager of Shanghai Baozen and the vice director of Baozen Business Division. Mr. Tang has over 20 years of working experience in the automobile industry. Prior to joining us, Mr. Tang worked at SGM Automobile Manufacturing Department (上海通用汽車製造部) from April 2004 to the end of 2008, during which period he held a number of managerial positions in respect of engineering and production, and later served as the assistant to the vice-president of SGM Automobile Marketing (上海通用汽車營銷) from the end of 2008 until he joined our Group. Mr. Tang graduated from the Material Science and Engineering Institute of Shanghai Jiao Tong University (上海交通大學) in 2001 with a bachelor's degree in material science and engineering, and obtained a master's degree in the same major in 2004. Mr. Tang received a master's degree in Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in September 2016.

Independent Non-executive Directors

ZHU Anna Dezhen (朱德貞), aged 67, was appointed as our independent non-executive Director on May 8, 2015, and is currently the chairman of the board of Xiamen De Yi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司), where she is mainly responsible for operation and management of investment. Ms. Zhu has also served as a non-executive director of Fuyao Glass Industry Group Co., Ltd. (SSE stock code: 600660 and SEHK stock code: 03606) since November 2011. Ms. Zhu has over 30 years of extensive experience in financial analysis, market analysis, investment management and general corporate management. Before joining Xiamen De Yi Equity Investment Management Co., Ltd., Ms. Zhu was a senior manager of China National Offshore Oil Corporation, where she was mainly responsible for analysis of crude oil market, from October 1982 to September 1988. From March 1992 to June 1993, Ms. Zhu was an analyst at The Bank of New York Company, Inc., where she was mainly responsible for systems analysis. From June 1993 to September 1999, Ms. Zhu was the vice chairman of business of JP Morgan Investment Bank of the United States, where she was mainly responsible for establishing the financial model. Ms. Zhu was a manager of Strategic Planning of Micron Technology, Inc. (New York Stock Exchange stock code: MU), where she was mainly responsible for strategic planning, from May 2000 to October 2001; the chief operating officer of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司), from October 2001 to June 2003; and the president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), where she was mainly responsible for operations management, from June 2003 to May 2008. From May 2008 to December 2010, Ms. Zhu was the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, where she was mainly responsible for the operation and management of investment. From December 2010 to June 2016, Ms. Zhu was the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. Ms. Zhu has served as an independent director of Hunan TV & Broadcast Intermediary Co. Ltd. (SZSE stock code: 000917) from August 2016 to December 2019, and as an independent director of Bright Dairy & Food Co., Ltd. (SSE stock code: 600597) from April 2015 to June 2022. In the area of professional qualification, Ms. Zhu is a director of the Chinese Economists 50 Forum, a director of Heren Charitable Foundation and a director of the Western Returned Scholars Association. Ms. Zhu received a bachelor's degree in literature from Xiamen University in 1982, a bachelor's degree in economics from College of Saint Elizabeth in 1990 and a master's degree in business administration from Pace University in 1992. Ms. Zhu obtained a doctor's degree in economics from Xiamen University in 2013.

LYU Wei (呂巍), aged 60, was appointed as our independent non-executive Director on January 18, 2012. Mr. Lyu is currently a professor of Management Department of Antai College of Economics and Management (安泰經濟與管理學院) at Shanghai Jiao Tong University (上海交通大學). From November 2014 to May 2015, Mr. Lyu was the head of preparatory group of the Faculty of the Cultural and Creative Industry of University of Southern California and Shanghai Jiao Tong University (上海交通大學美國南加州大學文化創意產業學院). From 2003 to November 2014, Mr. Lyu was the Associate Dean of the Antai College of Economics and Management at Shanghai Jiao Tong University. Between February 1997 and March 2003, Mr. Lyu was an assistant to the Dean of the School of Management of Fudan University (復旦大學) and a professor in its Department of Marketing from November 2001 to March 2003. From 1996 to 1997, Mr. Lyu was a visiting scholar at the Sloan School of Management of Massachusetts Institute of Technology. From 1994 to 1996, Mr. Lyu was a visiting scholar at the University of Southern California.

Mr. Lyu's academic qualifications and extensive experiences have led to his appointments in a number of listed companies:

Companies	Positions	Duration
Zhejiang Yiming Food Co., Ltd. (浙江一鳴食品股份有限公司) (SSE stock code: 605179)	Independent Director	June 2023 – present
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司) (SSE stock code: 600895)	Independent Director	June 2021 – present
Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd. (上海外高橋集團股份有限公司) (SSE stock code: 600648)	Independent Director	May 2021 – present
Shanghai Guangdian Electric Group Co., Ltd. (上海廣電電氣(集團)股份有限公司) (SSE stock code: 601616)	Director	May 2020 – present
Whirlpool (China) Co., Ltd. (惠而浦(中國)股份有限公司) (SSE stock code: 600983)	Director	June 2017 – May 2021
Shandong Wohua Pharmaceutical Co., Ltd. (山東沃華醫藥科技股份有限公司) (SZSE stock code: 002107)	Independent Director	January 2016 – January 2022
Foshan Electrical and Lighting Co Ltd (佛山電器照明股份有限公司) (SZSE stock code: 000541)	Independent Director	December 2015 – August 2020
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. (上海陸家嘴金融貿易開發區股份有限公司) (SSE stock code: 600663)	Independent Director	May 2015 – April 2021
LUOLAI LIFESTYLE TECHNOLOGY CO.,LTD. (羅萊生活科技股份有限公司) (formerly known as Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司)) (SZSE stock code: 002293)	Independent Director	November 2007 – October 2013 and January 2017 – June 2023
China Minsheng Financial Holding Corporation Limited (中國民生金融控股有限公司) (formerly known as China Seven Star Holdings Limited (中國七星控股有限公司) and China Seven Star Shopping Limited (中國七星購物有限公司)) (SEHK stock code: 245)	Independent Non-executive Director	June 2005 – July 2019

Mr. Lyu graduated with a bachelor's degree in management science from Fudan University (復旦大學) in 1986 before obtaining his master's degree in economics in 1989 and doctorate in economics in 1996 at the same university.

MU Binrui (牟斌瑞), aged 68, has been appointed as an independent non-executive Director of the Company with effect from 1 January 2019. Mr. Mu has over 35 years of extensive experience in the banking industry. Before joining the Company, Mr. Mu joined Bank of China in 1980, and was transferred to the headquarters of Bank of Communications in 1992, where he held the positions of deputy director, director and deputy general manager of the international business department as well as the deputy general manager of the corporate affairs department, respectively, during 1992 to 2004. Mr. Mu was appointed as general manager of the credit management department of the headquarters of Bank of Communications in 2004, and subsequently the deputy chief credit officer and general manager of the credit management department of Bank of Communications in 2013. Mr. Mu was awarded State Council Special Allowance by the People's Republic of China in February 2013, and retired in October 2016. From January 2017 to March 2018, Mr. Mu held the position of an independent non-executive director of Huabang Technology Holdings Limited (previously known as Huabang Financial Holdings Limited and Goldenmars Technology Holdings Limited) (stock code: 3638), a company listed on the main board of the Stock Exchange. Since September 2018, Mr. Mu has been an independent non-executive director of China Bohai Bank Co., Ltd. (stock code: 9668), a company listed on the main board of the Stock Exchange since July 2020. Since November 2021, Mr. Mu has served as an independent director of Shanghai Voicecomm Information Technology Co., Ltd. (上海聲通信息科技有限公司) (a non-listed company). Mr. Mu graduated from Renmin University of China with a bachelor's degree in finance in 1987, and obtained the title of Senior Economist in 1997.

SENIOR MANAGEMENT

Our senior management team, in addition to our Directors listed above, is as follows:

YE Ming (葉明), aged 47, was our Vice-president from January 2012 to February 2016 and was re-appointed as our Vice-president since September 12, 2016. He is responsible for our Group's enterprise management, network management, administration and other areas. Mr. Ye is also currently a director of several of our subsidiaries. From January 2009 to December 2011, Mr. Ye simultaneously held the offices of the assistant to chief executive officer of Yongda Holding and the deputy general manager of Yongda CLS. Mr. Ye held a number of managerial positions at Yongda CLS between 2003 and 2008, including the director of the business development department and assistant to the general manager. In 2002, Mr. Ye held the office of assistant to the general manager of Shanghai Yongda Automobile Rental Company (永達汽車租賃有限公司). Mr. Ye received a bachelor's degree in law from Shanghai University (上海大學) in 2001 and a master's degree of EMBA from Fudan University in 2018.

DONG Ying (董穎), aged 55, was our Vice-president from January 2012 to February 2016 and has been reappointed as our Vice-president since September 12, 2016. Mr. Dong joined our Group in November 2011 and has been responsible for our financial management. Mr. Dong has 30 years of experience in corporate finance, accounting, auditing, risk management and internal control. Mr. Dong was the deputy head of financial control center of Yongda Holding between November 2011 and December 2011. Prior to joining us, Mr. Dong was the financial controller of a company whose shares are listed in Hong Kong from 2006 to 2011. Mr. Dong worked at PricewaterhouseCoopers Zhong Tian Limited Company CPAs (普華永道中天會計師事務所有限公司) from 2003 to 2006 as a senior manager in its risk management and internal control service department and from 1994 to 2003 as a junior auditor and later as a senior manager in its audit department. He is a member of the Chinese Institute of Certified Public Accountants and the Institute of Chartered Accountants in Australia, and a Certified Public Accountant in California, America. Mr. Dong obtained a bachelor's degree in fine chemical engineering and a secondary diploma in international corporate management from East China University of Science and Technology (華東理工大學) in July 1993.

WEI Dong (衛東), aged 55, was our Vice-president from January 2012 to February 2016 and has been reappointed as our Vice-president since September 12, 2016. He is responsible for the operation and management of pre-owned vehicle business. Mr. Wei is also currently a director of several of our subsidiaries. Mr. Wei has 20 years of experience in sales management. From January 2008 to December 2011, Mr. Wei was the deputy general manager of Yongda CLS. From November 2004 to December 2008, Mr. Wei was the general manager of Shanghai Yongda Automobile Trade Center Co., Ltd. (上海永達汽車貿易中心有限公司). From April 2002 to October 2004, he was the deputy general manager of Shanghai Number One Yongda Automobile Trading Co., Ltd. (上海一百永達汽車貿易有限公司). Between April 2000 and March 2002, he was the deputy general manager of the Songjiang store of the Shanghai Number One Department Store Co., Ltd. (上海第一百貨松江店有限公司). From October 1989 to July 1998, Mr. Wei was a salesman, deputy secretary and secretary of the Youth League Committee at the Shanghai Number One Department Store Co., Ltd. (上海市第一百貨商店股份有限公司). Mr. Wei obtained an adult higher education bachelor's diploma in business administration from Shanghai Second Polytechnic University (上海市第二工業大學) in 2002.

ZHANG Hong (張虹), aged 41, was re-designated as our Vice-president on March 25, 2020 and re-appointed as our joint company secretary on March 20, 2018. She is responsible for comprehensive affairs management, legal risk management and control, staff education and training and other areas of our Group, and participating in human resources management and the preparation of the interim reports and annual reports of the Company, and the organization of and preparation for the board meetings, board committee meetings and shareholders' meetings. Ms. Zhang joined us in July 2006 and has nearly 18 years of experience in automobile sales and service industry. She has held a number of positions in the Group, such as the assistant to the president, the assistant director, the deputy director and the executive director of the legal department of the Group, and served as our joint company secretary from June 30, 2015 to February 29, 2016. Ms. Zhang graduated from the department of economic laws of East China University of Political Science and Law (華東政法大學) with a bachelor's degree in Laws in June 2006 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in November 2024.

TAO Wei (陶衛), aged 45, was appointed as the intern assistant to our President on November 29, 2019, responsible for assisting the President of the Group in operation and management of automobile sales service business, and assisting the management of Baozen Business Division. Mr. Tao was promoted from front-line sales consultant to sales manager, and was the manager of the BMW, Audi, Jaguar Land Rover and other 4S brand stores since joining the Group in 2001, and accumulated rich work experience. Mr. Tao worked as the general manager of Shanghai Baozen Store of Yongda Automobile Group and Shanghai Baozen Shenjiang Automobile Sales and Service Co., Ltd. (上海寶誠申江汽車銷售服務有限公司) from October 2017, the assistant to president of Yongda Automobile Group from March 2014 to October 2017 and the general manager of Shanghai Yongda Aocheng Automobile Sales and Service Co., Ltd. (上海永達奧誠汽車銷售服務有限公司) of Yongda Automobile Group from May 2012 to March 2014. Mr. Tao joined us in November 2001 and he has held a number of managerial positions in the Group, such as sales manager and general manager of the Taiyuan Baozen Store, sales manager and deputy sales manager of the Chinese brand and Audi brand and sales consultant of the Shanghai Volkswagen Brand. Mr. Tao graduated from Shanghai Jiao Tong University (上海交通大學) with a major in automotive construction in 2001 and obtained a degree of Master of Business Administration at Fudan University (復旦大學) in 2020.

SONG Jiamin (宋佳敏), aged 45, was appointed as the intern assistant to our President on November 29, 2019, responsible for assisting the President of the Group in operation and management of automobile sales service business, and assisting in management in the work relating to Baozen Business Division. Mr. Song currently serves as the general manager of Shanghai Baozen Yuexin Automobile Sales and Service Co., Ltd. (上海寶誠悦鑫汽車銷售服務有限公司) and the director of the northern area of Baozen Business Division since 2018. Mr. Song joined us in 2003 and has over 20 years of working experience in the automotive industry. He successively served as the general manager of Nantong Baozen Automobile Sales and Service Co., Ltd. (南通寶誠汽車銷售服務有限公司), Wuxi Baozen Automobile Sales and Service Co., Ltd. (無錫寶誠汽車銷售服務有限公司) and Beijing Baozen Baiwang Automotive Sales & Service Co., Ltd. (北京寶誠百旺汽車銷售服務有限公司). Mr. Song served as the marketing chief officer and assistant general manager of Shanghai Baozen Zhonghuan Automobile Sales and Service Co., Ltd. (上海寶誠中環汽車銷售服務有限公司) from October 2007 to June 2013, and the assistant director of the marketing center of Yongda Automobile Group from June 2003 to October 2007. Mr. Song graduated from Shanghai Tongji University (上海同濟大學) with a major in mechanical manufacturing and automation in 2003 and obtained a degree of Master of Business Administration at China Europe International Business School (中歐國際工商學院) in 2021.

SUN Tianya (孫天涯), aged 36, was appointed as the intern assistant to our President on February 27, 2023, responsible for the operation and management of the new energy vehicle sales and service business of our Group, and participates in digital transformation and user operation works of the Group. Mr. Sun joined us in June 2015 and has over 10 years of working experience in the automotive industry. Since April 2021, he has been serving as the general manager of Shanghai Yongda New Energy Automobile Group Co., Ltd. (上海永達新能源汽車集團有限公司), where he is responsible for daily operation and management. From June 2016 to April 2021, he successively served as the general manager of Wuxi Yongda Zhipeng Automobile Sales Service Co., Ltd. (無錫永達之鵬汽車銷售服務有限公司) and Nanjing Yongda Zhipeng Automobile Sales Service Co., Ltd. (南京永達之鵬汽車銷售服務有限公司). From June 2015 to June 2016, he served as the assistant to general manager of Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. (無錫永達東方汽車銷售服務有限公司). From February 2012 to June 2015, he worked in Porsche (China) Motors Ltd. (保時捷(中國)汽車銷售有限公司) as a sales planning specialist. Mr. Sun graduated from Purdue University in December 2011 with a bachelor's degree in marketing management.

Report of Directors

PRINCIPAL ACTIVITIES

We are a leading passenger vehicle retailer and comprehensive service provider in China focusing on luxury and ultra-luxury brands and owns strong luxury and ultra-luxury products portfolio. We operate 4S dealerships by way of distribution and agent agreement for many automobile brands, mainly including luxury and ultra-luxury brands such as BMW/MINI, Mercedes-Benz, Audi, Porsche, Jaguar/Land Rover, Bentley, Volvo, Cadillac, Lincoln and Lexus, mid-to-high-end brands such as Buick, Volkswagen, and independent new energy automobile brands such as IM, HIMA,, Xiaopeng and smart.

The principal activities of the Group are as follows:

(i) sale of automobiles;

(ii) provision of after-sales services;

(iii) provision of automobile operating lease services; and

(iv) distribution of automobile insurance products, automobile financial products and suppliers' vehicles.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the Consolidated Financial Statements on pages 133 to 267 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on May 30, 2025 (Friday) (the "AGM") for the distribution of a final dividend of RMB0.069 per share for the year ended December 31, 2024. The final dividend is expected to be paid on or around June 30, 2025 (Monday) to the Shareholders whose names are listed on the register of members of the Company on June 11, 2025 (Wednesday). On the basis of the total issued share capital of 1,891,908,013 Shares as of February 28, 2025, and deducting 15,742,500 Shares repurchased and expected to be cancelled by June 5, 2025 (Thursday), it is estimated that the aggregate amount of final dividend would be approximately RMB130 million. The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of Shareholders to the final dividend. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM. There is no arrangement that a shareholder has waived or agreed to waive any dividend.

SHARE CAPITAL

Details of the issued shares of the Company during the year are set out in note 29 to the Consolidated Financial Statements.

DEBENTURES ISSUED

No debentures were issued by the Company during the year ended December 31, 2024.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 137 to 138 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company has distributable reserves of RMB3,199 million in total available for distribution, of which RMB130 million has been proposed as final dividend payment for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 268 of this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group during the year are set out in note 31 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2024, the Company does not have any property held for development and/or sale or investment with any percentage ratio (as defined in Article 14.04(9)) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") exceeding 5%. Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the Consolidated Financial Statements.

CONTINGENT LIABILITIES

Save as disclosed on page 231 of this annual report, the Company did not have any material contingent liabilities as at December 31, 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of our Directors, the Company has maintained the amount of public float as required under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles of Association") and Laws of the Cayman Islands (the jurisdiction where the Company was incorporated), and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the shares of the Company. If Shareholders are unsure about the taxation implications of the purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the shares of the Company, they should consult an expert.

BUSINESS REVIEW

Overview and performance of the Year

A review of the business of the Group and analysis of the Group's performance using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 8 to 25 of this annual report.

Environmental Policies and Performance

The Group is committed to the rational use of resources and energy, energy conservation and emissions reduction, and actively addressing climate changes. Regarding the rational use of resources, the Group has always attached importance to improving energy use efficiency and strictly abides by the *Environmental Protection Law of the People' Republic of China, the Law of the People's Republic of China on Conserving Energy*, and other laws and regulations, has always advocated low-carbon operations and incorporates minimizing resource utilization into daily operations and management, and has set long-term targets for the use of power and water. Regarding emissions reduction, the Group strictly complies with the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Integrated Wastewater Discharge Standard*, and other relevant environmental laws and regulations, and has designed a scientific discharge system to mitigate the impact of the pollutants generated during our operations on the environment. Regarding addressing climate changes, the Group attaches great importance to effectively addressing climate changes throughout its operations. The Group strictly follows the government's guidelines on dealing with extreme weather and develops emergency plans and countermeasures based on the actual situations of the Group to minimise the impact of climate changes on daily operations and personal safety.

The Group is mainly engaged in automobile sales and services, which is not an energy-intensive industry and has a limited impact on the environment. However, the Group appreciates the importance of understanding the Group's environmental impact and thrives to take action to reduce its footprint and raise environmental awareness. The Group has been encouraging the recycling of used parts of repair and maintenance tools and oil and liquid products, and strengthening the utilization of waste materials to raise the environmental awareness of our employees. The Group has also been working on reducing its energy use, consumption and wastage by actively promoting recycling concept, using less paper and saving electric power and use of water and taking certain resource-saving measures during its operations. Going forward, the Group will continue to develop sustainable policies and designs to reduce its environmental impact not only internally within its offices but also externally in the regions it operates in.

Compliance with Relevant Laws and Regulations

On intellectual property protection — the Group's passenger vehicle sales business is subject to the *Administrative Measures on Automobile Sales* (the "Measures"). The Group, an "automobile dealer" as classified under the Measures, has taken particular care to comply with the supplier's requirements relating to the intellectual property rights associated with its brand, such as trademarks, labels and store, and has also adhered to the relevant regulations of local municipal and commercial development authorities.

On product quality and customer protection — the Group's passenger vehicle sales business and automobile rental business is subject to the *Product Quality Law of People's Republic of China and the Customer Protection Law of People's Republic of China*. The Group adopted measures to keep products for sale and rental in good quality, and monitored the labeling of products, making sure not to forge or falsely use another manufacturer's authentication marks. In relation to customer protection, the Group has been observing the provisions of the *Customer Protection Law* and other relevant laws and regulations regarding personal safety and protection of property, providing consumers with true information in relation to goods and services, ensuring that the actual quality of goods and services is consistent with the relevant advertisements, product descriptions or samples.

Our privacy protection — with China introducing the *Personal Information Protection Law* in 2022, the Group acted strictly in accordance with the relevant regulations. It established the *Management Measures for Strengthening Prevention of Customer Information Risks* to regulate the relevant processes. The Group also conducted group-wide training, requiring employees to clearly explain the usage and purpose of information when collecting from customers and obtain the customers authorization, follow the corresponding application and approval procedures when using customers' information, and sign a customer information confidentiality agreement when cooperating with third parties, to ensure secured customers' information management and protection of customers' privacy.

Our action against bribery and corruption — the Group holds a "zero tolerance" attitude towards bribery and corruption and strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China,* the *Interim Provisions on the Prohibition of Commercial Bribery*, and other relevant laws and regulations. The Group established the internal *Management Regulations on Integrity of Management Personnel* as a criterion for regulating employee behavior, adopted the *Anti-Corruption Policy* to promote and support anti-corruption laws and regulations, and established a *Whistleblowing Policy* for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the audit and compliance committee of the Company ("Audit and Compliance Committee") about possible improprieties in any matter related to the Group. In addition, the Group established the integrity contracting system – all employees, commissioned managers and senior executives of the Group must sign the "Commitment on Integrity and Self-discipline", and commit to jointly stopping commercial bribery to safeguard the brand image and long-term interests of the Group.

On labor protection — the Group has been committed in complying with the requirements of the *Labor Law of People's Republic of China,* the *Law of People's Republic of China on Employment Contracts* and the *Social Insurance Law of People's Republic of China* in order to safeguard all employee rights and interests. All employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and are entitled to annual pension. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group has also made contributions to a defined contribution mandatory provident fund for all employees in Hong Kong. No forfeited contribution under this fund is available to reduce the contribution payable in future years. Further, the Group has been committed to complying with relevant laws and regulations on work and occupational safety of employees of the Group. The Company believes that all of our facilities and operations are in material compliance with the relevant labor and safety laws and regulations.

On taxation — the Group is subject to various taxation. Details of such taxes and compliance of the Group with such applicable tax laws are set out in notes 8 and 30 to Consolidated Financial Statements in this annual report.

On corporate compliance — the Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (the "SFO") and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code").

Key Relationships with Stakeholders

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

With respect to human resources management, the Group has been devoting continuous efforts in three aspects, namely, talent introduction, talent training and performance appraisal. A description of the Group's policies on human resources management is set out in the Management Discussion and Analysis section on page 25 of this annual report.

With respect to customer retention management, the Group has been committed in providing personalized, comprehensive, innovative and convenient services with high quality to our customers. Adhering to the concept of enhancing customer experience, the Group has provided services and e-commerce platforms to improve customers' satisfaction and attract new customers to visit the Group's outlets.

The Group has been successful in establishing a strong cooperation relationship with automobile manufacturers and has been entering into stable agreements including dealership and authorization agreements with them. In order to maintain a strong cooperation relationship, the Group will continue to focus on promoting win-win philosophy and encouraging experience, resources and knowledge sharing with the manufacturers. The Group also aims to further strengthen their communications with the manufacturers by engaging them through business negotiations, business meetings, visits, gatherings, relationship-building events and project cooperation.

The Group recognizes the importance to protect the interests of Shareholders and the importance of having an effective communication with them. The Group believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback it receives from the Shareholders. This has been done through annual general meetings, extraordinary general meetings, corporate communications, interim and annual reports and results announcements.

Key Risks and Uncertainties

Risk of fluctuations in financial conditions and operating results of automobile manufacturers

The Group, being a passenger vehicle retail services provider operating 4S dealerships and providing after-sale and other comprehensive services, relies on and is subject to significant influence from automobile manufacturers. If there are fluctuations in the financial conditions and operating results of the automobile manufacturers, the manufacturers may not, among other things, enter into or renew dealership and authorization agreements on terms that are reasonable or acceptable to the Group. Or if there are labor disputes involving automobile manufacturers, it could result in an interruption in the delivery of new passenger vehicles to the outlets, shortage of new passenger vehicles and may significantly increase the labor costs as a result of negotiations to resolve the labor disputes. Or if, the Group open up more outlets to the extent possible in response to the demand from the automobile manufacturers to increase sales outlets, this could result in a certain degree of risk in terms of investment returns. All of these factors could in turn impose a downward pressure on the Group's margins which could reduce and affect the Group's revenue and profitability as well as its financial conditions and operating results. In order to manage the Group's exposure to the aforementioned risk, the Group will continue to maintain and further develop the diversity of its brand portfolio by strengthening the communication between the Group and automobile manufacturers.

Risk of damage to brand recognition

Although the Group has successfully established the Group's "永達 (Yongda)" brand and registered it with the Trademark Office of State Administration for Industry and Commerce in 2005, the Group may have difficulties in maintaining brand recognition if there are, among other things, a deterioration in service quality and dealership management, a decline in premium in value attributed to the Group's business compared to that of the competitors, and unauthorized use and infringement of the Group's brand, trademarks and other related intellectual property rights. In such event, the Group may not be able to effectively compete for customers and new authorizations from automobile manufacturers to open outlets and the Group's business, financial condition, results of operations and growth aspects may be materially and adversely affected. In order to maintain and ensure there is adequate protection for the Group's brand, trademarks and other related intellectual property rights, the Group will continue to develop goodwill for the Group's name (including its brand name, logos etc.), monitor for infringers, develop and establish policies and strategies for all the Group's intellectual property including all trademarks and brand names.

Risk of amendments to government policies, vehicle consumption policies, fiscal policies and other legal risks

The PRC Government's policies on passenger vehicle purchases and ownership and the PRC Government's measures on automobile sales implemented from time to time may materially affect the Group's business because of their influence on the automobile industry and consumer behaviors. Changes in the fiscal regimes in the PRC, such as the introduction of new taxes and increases in tax rates, may affect the profitability of the Company. The PRC Government's speeding up the promotion and application of new energy vehicles may also bring an impact on the automobile industry. In addition, as consumers are increasingly aware of product safety relating to product quality and the quality of vehicle repair and maintenance, it is possible that the Group may face product quality related legal disputes.

On the other hand, passenger vehicle sales may be affected by quotas or other measures imposed by local governments to control the number of passengers vehicles in the cities where the Group's network are located. These policies may lead to changes in local economic conditions, the competitive environment and ability of potential customers to purchase passenger vehicles and may have an impact on the Group's business, financial condition, results of operations and growth prospect.

In order to minimize the impact of the aforementioned risks, the Group has started launching the sale of new energy vehicles and aims to strengthen its communication with the local governments and regulators in relation to possible amendments to relevant policies.

Market Risks

The Group is exposed to various types of market risks, including currency risk, interest rate risk, credit risk and liquidity risk. Details of such risks are set out in note 41 to the Consolidated Financial Statements in this annual report.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed in this annual report, for the year ended December 31, 2024, the Company did not hold any significant investments or conduct any major acquisitions or disposals of subsidiaries, associates and joint ventures. Save as disclosed in this annual report, during the year ended December 31, 2024 and up to the date of this annual report, the Company has no plans to make significant investments or purchase capital assets in the future.

PROSPECTS

A description of the future development in the Company's business is provided in the Chairman's Statement and the Management Discussion and Analysis on pages 4 to 7 and pages 8 to 25 respectively of this annual report.

OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Directors are not aware of any circumstances which would give rise to a disclosure obligation under Rules 13.20 to 13.22 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period need to be brought to the attention of the Shareholders.

DIRECTORS

The Directors during the year and up to the date of this annual report are:

Executive Directors
Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-chairman)*
Mr. WANG Zhigao *(Vice-chairman)*
Mr. XU Yue *(Vice-chairman, President and Chief Executive Officer)*
Ms. CHEN Yi *(Vice-president)*
Mr. TANG Liang *(Vice-president)*

Independent Non-executive Directors
Ms. ZHU Anna Dezhen
Mr. LYU Wei
Mr. MU Binrui

In accordance with article 104(1) of the Articles of Association, one-third of the Directors will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with article 99(3) of the Articles of Association, any Director appointed by the board of Directors to fill a casual vacancy or as an addition to the existing board of Directors will hold office until the first annual general meeting of the Company after his appointment and be eligible for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 26 to 33 of this annual report. Save as disclosed in this annual report, there are no other changes in the information of Directors and chief executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for a term of three years commencing from their respective effective date of appointment, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective effective date of appointment. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended December 31, 2024, the Company did not receive any notification from any of the independent non-executive Directors about any subsequent change of circumstances which may affect his/her independence. The Company considers that the independent non-executive Directors have been independent from the date of their appointments to December 31, 2024 and remain so as of the date of this annual report.

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

As at December 31, 2024, the interests and short positions of the Directors and chief executives 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 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 taken 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:

(A) **Long positions in the Company's shares ("Shares")**

Name of Director	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On(1)	Founder of a discretionary trust	405,509,500	21.434
	Interest of controlled corporation	167,080,000	8.831
	Beneficial owner	9,303,000	0.492
Mr. CAI Yingjie(2)	Interest of controlled corporation	45,788,000	2.420
	Beneficial owner	674,500	0.036
Mr. WANG Zhigao(3)	Interest of controlled corporation	8,660,000	0.458
	Beneficial owner	910,500	0.048
Mr. XU Yue(4)	Beneficial owner	3,158,000	0.167
	Interest of spouse	2,350,000	0.124
Ms. CHEN Yi	Beneficial owner	537,000	0.028
Mr. TANG Liang	Beneficial owner	1,005,000	0.053

Notes:

(1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited acts as its trustee and the beneficiaries of which are Mr. CHEUNG Tak On and certain of his family members (the "**Family Trust**"). Palace Wonder Company Limited (柏麗萬得有限公司) ("**Palace Wonder**") is wholly-owned by Regency Valley Company Limited (麗晶萬利有限公司) ("**Regency Valley**"), which is in turn wholly-owned by HSBC International Trustee Limited, as the trustee of the Family Trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.

(ii) Asset Link Investment Limited ("**Asset Link**") is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 167,080,000 Shares held by Asset Link.

(iii) Mr. CHEUNG Tak On also holds 9,303,000 Shares as beneficial owner.

(2) Mr. CAI Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited (“**Ample Glory**”) and he is deemed to be interested in the 45,788,000 Shares held by Ample Glory. He also holds 674,500 Shares as beneficial owner.

(3) Mr. WANG Zhigao holds 100% of the issued share capital of Golden Rock Global Investment Company Limited (“**Golden Rock**”) and he is deemed to be interested in the 8,660,000 Shares held by Golden Rock. He also holds 910,500 Shares as beneficial owner.

(4) Mr. XU Yue holds 3,158,000 Shares as beneficial owner. In addition, he is deemed to be interested in the 2,350,000 Shares held by his spouse, Ms. ZHANG Yanyu.

(B) Long positions in underlying Shares

Name of Director	Capacity	Number of underlying Shares in respect of the share options granted	Approximate Percentage of Shareholding (%)
Mr. XU Yue	Beneficial owner	7,200,000	0.381
Ms. CHEN Yi	Beneficial owner	864,000	0.046
Mr. TANG Liang	Beneficial owner	3,825,000	0.202

Save as disclosed above, as at December 31, 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were 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 December 31, 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 as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares	Approximate Percentage of Shareholding (%)
Palace Wonder(1)	Beneficial owner	405,509,500	21.434
Regency Valley(1)	Interest of controlled corporation	405,509,500	21.434
HSBC International Trustee Limited(1)	Trustee	405,509,500	21.434
Asset Link(2)	Beneficial owner	167,080,000	8.831
FIL Limited(3)	Interest of controlled corporation	192,526,188	10.176
Pandanus Partners L.P.(3)	Interest of controlled corporation	192,526,188	10.176
Pandanus Associates Inc.(3)	Interest of controlled corporation	192,526,188	10.176
Brown Brothers Harriman & Co.(4)	Approved lending agent	140,129,370	7.407
FIDELITY FUNDS	Beneficial owner	165,729,470	8.760

Notes:

(1) Palace Wonder is wholly-owned by Regency Valley, which is in turn wholly-owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiaries of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 405,509,500 Shares held by Palace Wonder.

(2) Asset Link is wholly-owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 167,080,000 Shares held by Asset Link.

(3) 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. FIL Limited was deemed to be interested in these 192,526,188 Shares through a series of its subsidiaries.

(4) Brown Brothers Harriman & Co. held 140,129,370 Shares in the capacity of approved lending agent, all of which were lending pool.

Save as disclosed above, as at December 31, 2024, the Directors and the chief executives of the Company were 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Our History and Reorganization — Onshore Reorganization" in our prospectus dated June 29, 2012 and save for their respective interests in the Group, none of the Directors and controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2024.

We have received an annual written confirmation from our controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, in respect of the compliance with the provisions of the deed of non-competition entered into between the Company and the controlling Shareholders (the "Deed of Non-competition").

The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition in respect of the financial year ended December 31, 2024 based on the information and confirmation provided by or obtained from the controlling Shareholders, and were satisfied that the controlling Shareholders, including Mr. CHEUNG Tak On and Asset Link, have duly complied with the Deed of Non-competition.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 44 to the Consolidated Financial Statements, the following transactions constitute connected transactions or continuing connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. Except as disclosed below, other related party transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with the Listing Rules in respect of the connected transactions and continuing connected transactions below. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

2023 New Properties Leasing Agreement

On December 29, 2023, the Company entered into a new properties leasing agreement, as the lessee, with Yongda Holding, as the lessor (the "2023 New Properties Leasing Agreement") whereby Yongda Holding and its relevant subsidiaries ("Yongda Holding Group") agreed to lease certain properties to the Group for a term of three years commencing on January 1, 2024 and ending on December 31, 2026. The Directors were of the view that it was beneficial for the Group to enter into the 2023 New Properties Leasing Agreement, through which the Group is able to continue to use the land and properties to avoid any disruption to operations due to relocation and also save the relocation costs. For details of the 2023 New Properties Leasing Agreement, please refer to the announcement of the Company dated December 29, 2023.

After taking into consideration of, among others, the estimated maximum annual rent not exceeding RMB45 million, the annual caps of the right-of-use asset recognized under the 2023 New Properties Leasing Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are RMB125,684,000, RMB125,684,000 and RMB125,684,000, respectively. The rental payable under the 2023 New Properties Leasing Agreement shall be calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar properties in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties and shall be no less favorable than that can be offered by an independent third party. As one or more of the applicable percentage ratios for the annual caps under the 2023 New Properties Leasing Agreement for the three years ending December 31, 2026 are more than 0.1% but less than 5%, the continuing connected transactions contemplated under the 2023 New Properties Leasing Agreement are exempt from the circular (including independent financial advice) and shareholders' approval requirements but subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules. The leased properties under the 2023 New Properties Leasing Agreement are mainly used for the Group's 4S dealerships, city showrooms, repair and maintenance service centers and offices.

As Yongda Holding is a majority-controlled company held by an immediate relative and a family member of Mr. CHUNG Tak On, being the Controlling Shareholder and a Director of the Company, Yongda Holding is a connected person of the Company and the transactions contemplated under the 2023 New Properties Leasing Agreement would therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Deloitte Touche Tohmatsu has confirmed in its letter to the Board that, with respect to the Group's continuing connected transactions: (i) nothing has come to its attention that causes it to believe that the continuing connected transactions have not been approved by the Board; (ii) nothing has come to its attention that causes it to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) with respect to the aggregate amount of the continuing connected transactions under the 2023 New Properties Leasing Agreement, nothing has come to its attention that causes it to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

The Directors of the Company, including independent non-executive Directors, have reviewed and confirmed that the above continuing connected transactions were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; (iii) according to the relevant agreement (including the pricing principle and guidelines set out therein) governing them on terms that are fair and reasonable and in the interests the Shareholders as a whole; and (iv) the Company has complied with the pricing guidelines and has adopted internal control measures when determining the prices and terms of the transactions conducted during the year mentioned above.

For the work carried out by the management of the Company to confirm: (a) whether the relevant transaction has been carried out in accordance with the pricing policy or mechanism under the framework agreement; and (b) whether the internal control procedures of the Company are sufficiently effective to ensure that the relevant transaction is carried out properly, please refer to "Risk Management and Internal Controls" on pages 71 to 73 of this annual report.

Save for disclosed above, during the year, the Group have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Saved as disclosed in "Connected and Continuing Connected Transactions" section above, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of our Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2024 or at the end of the year ended December 31, 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the "Connected and Continuing Connected Transactions" section above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year and up to the date of this annual report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify and hold harmless out of the assets of the Company, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Director (including alternate Directors or person serves at the request of the Company as a Director) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative in which judgment is given in his favour, or in which he is acquitted, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Director. The Company has arranged appropriate directors' liability insurance coverage for the Directors during the year ended December 31, 2024. Except for aforementioned directors' liability insurance, at no time during the year and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or associated companies.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2024, the Group had 13,654 employees (including employees in all regions of the Group). The remuneration of the employees includes salaries and allowances. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group offers competitive remuneration packages to the Directors, and the Board is delegated by the Shareholders at general meeting to fixed the Directors' remuneration. The emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Details of the Directors' remuneration during the year are set out in note 10 to the Consolidated Financial Statements. No loans, quasi-loans or other dealings in favor of Directors, their controlled bodies corporate and their connected entities at any time during the year ended December 31, 2024. No consideration was provided to or received by third parties for making available the services of a person as a Director or in any other capacity while as a Director during the year ended December 31, 2024.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**2013 Share Option Scheme**") pursuant to Chapter 17 of the Listing Rules on October 10, 2013, which was terminated on June 1, 2023. No further share option has been or will be granted under the 2013 Share Option Scheme since its termination, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2013 Share Option Scheme. For further details of the termination of the 2013 Share Option Scheme, please refer to the announcement of the Company dated March 24, 2023 and the circular of the Company dated April 26, 2023.

The Company has adopted a new share option scheme pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons ("**Eligible Person(s)**") for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Eligible Persons include (a) any Director of the Company or employee of the Group (including persons who are granted share options under the Share Option Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Persons to the grant of any share options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from June 1, 2023, after which period no further share option shall be granted. Therefore, as at the date of this annual report, the remaining life of the Share Option Scheme was approximately eight years and two months.

Under the Share Option Scheme, the Board shall be entitled to determine the grant of share options and the number of share options to be granted to the relevant grantees taking into account such factors as the Board may consider appropriate. The Company shall not make any further grant of share options which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Option Scheme and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at June 1, 2023, excluding the share awards and/or share options lapsed under the share schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (the "**Share Incentive Schemes**"). The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Option Scheme and the Listing Rules.

No share option shall be granted to any Eligible Person if, at the relevant time of grant, the number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any share options or awards lapsed in accordance with any share scheme(s) of the Company) to the relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time. Any grant or further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting of the Company.

The exercise price of share options is determined by the Board and shall be at least the highest of (i) the closing price of the Company's Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Company's Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a Share.

The vesting period is determined at the Company's discretion and is set out in the offer letters to the grantees. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of a grant. An share option must be held by the grantee for at least 12 months before the share option can be exercised, unless a shorter vesting period is granted at the discretion of the Board and/or the remuneration committee of the Company (the "**Remuneration Committee**") as deemed appropriate under circumstances prescribed by the Share Option Scheme. The Board shall specify in an offer letter a date by which a grantee must accept an offer, being a date no later than 28 days after the date on which the share option is offered or the date on which the conditions for the offer are satisfied, if any. No payment shall be made upon acceptance of the offer.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Option Scheme, was 194,502,551 as at January 1, 2024, and 179,502,551 as at December 31, 2024. No option shall be granted to any service provider under the Share Option Scheme, and thus there is no service provider sublimit under the Share Option Scheme. As at the date of this annual report, the number of Shares available for issue under the Share Option Scheme amounted to 198,477,551 Shares, representing approximately 10.49% of the total number of issued Shares.

Details of movements during the year ended December 31, 2024 in the share options granted under the 2013 Share Option Scheme are as follows:

Category and name of grantee	Number of Share Options						Date of grant of share options	Vesting period of share options[1]	Exercise period of share options	Exercise price of share options	Closing price of the Company's Shares immediately before the grant date of share options	Weighted average closing price of the Company's Shares	
	As at January 1, 2024	Granted during the year	Cancelled during the year	Exercised during the year	Lapsed during the year	As at December 31, 2024				*HK$ per share*	*HK$ per share*	Immediately before the exercise dates *HK$ per share*	At dates of share options exercise *HK$ per share*
Executive Director													
XU Yue	1,000,000	–	–	–	–	1,000,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
CHEN Yi	264,000	–	–	–	–	264,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
TANG Liang	825,000	–	–	–	–	825,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–
Other employees in aggregate	1,886,000	–	–	–	165,000	1,721,000	March 17, 2022	Three years from the date of grant of share options	March 17, 2022 to March 16, 2027	8.220	8.370	–	–

Note:

(1) The vesting of share options granted under the 2013 Share Option Scheme would be subject to the performance criteria to be satisfied by the grantees as determined by the Board and/or the Remuneration Committee and specified in the respective offer letters, which may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).

Details of movements during the year ended December 31, 2024 in the share options granted under the Share Option Scheme are as follows:

Category and name of grantee	Number of Share Options As at January 1, 2024	Granted during the year [2]	Cancelled during the year	Exercised during the year	Lapsed during the year	As at December 31, 2024	Date of grant of share options	Vesting period of share options[1]	Exercise period of share options	Exercise price of share options *HK$ per share*	Closing price of the Company's Shares immediately before the grant date of share options *HK$ per share*	Weighted average closing price of the Company's Shares immediately Immediately before the exercise dates *HK$ per share*	At dates of share options exercise *HK$ per share*
Executive Director													
XU Yue	–	6,200,000	–	–	–	6,200,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	–	–
CHEN Yi	–	600,000	–	–	–	600,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	–	–
TANG Liang	–	3,000,000	–	–	–	3,000,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	–	–
Other employees in aggregate [3]	–	5,200,000	–	–	400,000	4,800,000	March 28, 2024	50% to be vested on or after March 28, 2025, and 50% to be vested on or after March 28, 2026	No later than the last day of the 10-year period after March 28, 2024 and as specified in the offer letter	2.336	2.06	–	–

Notes:

(1) The vesting of share options granted is subject to the performance criteria to be satisfied by the grantees as specified in the respective offer letters of the share options, which comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results).

(2) The average fair value of the share options granted on March 28, 2024 was RMB0.7814 per Share at the date of grant. For the fair value and the accounting standard and policy adopted, please refer to note 34 to the Consolidated Financial Statements in this annual report.

(3) Employee participants include employees of the Group.

AMENDED EMPLOYEE PRE-IPO INCENTIVE SCHEME

The Company's employee pre-IPO incentive scheme (the "**Employee Pre-IPO Incentive Scheme**"), the details of which are set out in the paragraph headed "Employee Pre-IPO Incentive Scheme" in Appendix IV to the Company's prospectus dated June 29, 2012, was conditionally approved and adopted by a resolution of the Directors on April 3, 2012. The purpose of the Employee Pre-IPO Incentive Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time. Any employees, Directors (other than independent non-executive Directors) and members of the senior management of the Company, but excluding (a) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (b) any other person that the Board may determine from time to time, may participate in this scheme. The Company adopted the Employee Pre-IPO Incentive Scheme mainly to provide incentive or reward with its existing Shares to the employees, directors and members of senior management of the Group for their contribution to, and continuing efforts to promote the interest of, the Group.

The Remuneration Committee has full power and authority to (a) propose, select or determine which beneficiary is entitled to an award; (b) determine the amount of the award for each selected beneficiary; and (c) make the relevant award to the beneficiaries under the Employee Pre-IPO Incentive Scheme. Only the dividend payments on the Shares held by BOCI Trustee (Hong Kong) Limited ("BOCI HK Trustee") via special purpose vehicle under the Employee Pre-IPO Incentive Scheme (the "Scheme Shares") will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme. The BOCI HK Trustee, as the trustee holding unvested Shares of the Employee Pre-IPO Incentive Scheme, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Under the Pre-IPO Employee Incentive Scheme, the total number of Shares underlying the restricted Shares to be granted from time to time must not, in any event, exceed 5% of the number of the Shares in issue on such date without the Board's prior approval. There is no maximum entitlement of each participant under the Employee Pre-IPO Incentive Scheme.

Subject to the terms of the Employee Pre-IPO Incentive Scheme and the specific terms and conditions applicable to each grant of the award, the restricted Shares awarded shall be subject to a vesting period as determined by the Board or the Remuneration Committee, and to the satisfaction of performance and/or other conditions to be determined by the Board or the Remuneration Committee as specified in the notice of grant of award under the Employee Pre-IPO Incentive Scheme. There is no consideration for application or acceptance of the award granted nor purchase price of restricted Shares awarded.

Unless terminated earlier by a resolution of the Board made in accordance with the terms of the trust deed, the Employee Pre-IPO Incentive Scheme has a term of 80 years from the listing date of the Company. Therefore, as at the date of this annual report, the remaining life of the Employee Pre-IPO Incentive Scheme was approximately 67 years and three months. On termination of the Employee Pre-IPO Incentive Scheme, BOCI HK Trustee will transfer the Scheme Shares to Shanghai Yongda Holding (Group) Limited ("Yongda Holding"), unless the board of directors of Yongda Holding requests the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of directors of Yongda Holding satisfies the reasonable requirements for the time being of BOCI HK Trustee, the articles of association of the Company and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

On August 30, 2013, the Board resolved to amend the Employee Pre-IPO Incentive Scheme (the "Amended Scheme") to the effect that, in addition to the previously allowed cash awards, awards of restricted share awards could be granted to eligible persons pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) and members of the senior management of the Group, but excluding (i) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (ii) any other person that the Board may determine from time to time. For further details of the amendments to the Employee Pre-IPO Incentive Scheme, please refer to the announcement of the Company dated August 30, 2013.

On June 18, 2020, the Board resolved to amend the Amended Scheme (the "2020 Amended Scheme") to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited. The 2020 Amended Scheme is funded purely by existing Shares of the Company. As at the date of this annual report, the number of Shares available for issue under the 2020 Amended Scheme amounted to 30,629,205 Shares, representing approximately 1.62% of the total number of issued Shares.

Details of movements during the year ended December 31, 2024 in the restricted Shares granted under the 2020 Amended Scheme are as follows:

	Number of awards of the restricted Shares									Closing price of the Company's shares	Weighted average closing price of the Company's shares	
Category and name of grantee	As at January 1, 2024	Granted during the year [1]	Vested during the year	Cancelled during the year	Lapsed during the year	As at December 31, 2024	Date of grant of the awards	Vesting period of the awards[2]	Purchase price of restrict Shares *HK$ per share*	immediately before the grant date of the awards *HK$ per share*	Immediately before the vesting dates *HK$ per share*	At dates of awards vested *HK$ per share*
Grantees in aggregate[3]	–	550,000	(550,000)	–	–	–	June 28, 2024	Vested at the date of grant	0	1.68	1.68	1.72
	–	100,000	(100,000)	–	–	–	October 22, 2024	Vested at the date of grant	0	1.7	1.7	1.66

Notes:

(1) The average fair value of awards of the restricted Shares granted on June 28, 2024 and October 22, 2024 was RMB1.57 per Share and RMB1.66 per Share at the date of grant, respectively. For the fair value of awards granted at the date of grant and the accounting standard and policy adopted, please refer to note 34 to the Consolidated Financial Statements in this annual report.

(2) The restricted Shares awarded were subject to the satisfaction of performance and/or other conditions, such as attainment or performance of milestones by any member of the Group, the grantee or any group of grantees, to be determined by the Board or the Remuneration Committee as specified in the notice of grant of awards.

(3) None of these grantees are Directors.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on June 1, 2022, which was amended pursuant to Chapter 17 of the Listing Rules on June 1, 2023 (the "Amendment Date"). The specific objectives of the Share Award Scheme are (i) to recognize the contributions by certain participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The eligible participants (the "Eligible Participants") of the Share Award Scheme include (a) any Director of the Company or employee of the Group (including persons who are granted awards (the "Award(s)") under the Share Award Scheme as an inducement to enter into employment contracts with the Group); and (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company. The basis of eligibility of any of the above classes of Eligible Participants to the grant of any awards shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

Unless terminated earlier by the Board pursuant to the provisions of the Share Award Scheme, the Share Award Scheme shall be valid and effective for ten years commencing from June 1, 2022 (the "Trust Period"), being the date on which the Share Award Scheme was adopted, after which period no further Awards will be granted under the Share Award Scheme. Therefore, as at the date of this annual report, the remaining life of the Share Award Scheme was approximately seven years and two months.

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than those being excluded pursuant to the provisions of the Share Award Scheme) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"). Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Group, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Subject to the provisions of the Share Award Scheme, the Board may grant such number of Awards to any Selected Participant at such consideration and on and subject to such terms and conditions as it may in its absolute discretion determine. The consideration shall be determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Company's Share price in recent years and the actual situation of the Company. Except for such consideration which shall be paid in such manner and on or before such deadline(s) as prescribed in the grant notice by the Selected Participant who accepts the Award (the "Awardee") to the Company where applicable, no other purchase price shall be paid for the Awards.

The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the grant notice, unless a shorter vesting period is granted at the discretion of the Board and/or the Remuneration Committee as deemed appropriated under circumstances prescribed by the Share Award Scheme. Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Awardee and all requirements applicable to such Awardee as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Awardee pursuant to the provision of the Share Award Scheme shall vest in such Awardee in accordance with the vesting schedule as set out in the grant notice. In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 business days prior to the vesting date, the Awards which would have otherwise vested in such Selected Participant shall automatically lapse.

The Company shall not make any further grant of Awards which will results in the aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme after the Amendment Date and all other share schemes existing at such time of the Company to exceed 194,502,551 Shares, being 10% of the total number of Shares in issue as at the Amendment Date, excluding the share awards and/or share options lapsed under the Share Incentive Schemes. The Company may seek the approval of its Shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Award Scheme and the Listing Rules.

The maximum number of share options and awards available for grant under the Share Incentive Schemes, including the Share Award Scheme, was 194,502,551 as at January 1, 2024, and 179,502,551 as at December 31, 2024. No Award shall be granted to any service provider under the Share Award Scheme, and thus there is no service provider sublimit under the Share Award Scheme. As at the date of this annual report, the number of Shares available for issue under the Share Award Scheme amounted to 198,477,551 Shares, representing approximately 10.49% of the total number of issued Shares.

The maximum number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding share options or awards lapsed in accordance with any share scheme(s) of the Company) to a Selected Participant in the 12-month period up to and including the date of grant of the relevant Awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the Shareholders in a general meeting of the Company. The approval of independent non-executive Directors (excluding any independent non-executive Directors who is a proposed Selected Participant) is required for each grant of Awards to a Director, chief executive, or a substantial Shareholder or any of their respective associates. Where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company or any of their associates would result in the total number of Shares issued and to be issued in respect of all awards granted under any share award scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any awards lapsed in accordance with respective award share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules. Where any grant of Awards to a substantial Shareholder or an independent non-executive Director, or their respective associates would result in the total number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting in compliance with the requirements of Rule 17.04 of the Listing Rules.

Details of movements during the year ended December 31, 2024 in the Shares awarded under the Share Award Scheme are as follows:

	Number of Awards										Weighted average closing price of the Company's Shares	
Category and name of grantee	As at January 1, 2024	Granted during the year [1]	Vested during the year	Cancelled during the year	Lapsed during the year	As at December 31, 2024	Date of grant of the awards	Vesting period of the awards[2]	Purchase price of the award Shares *HK$ per share*	Closing price of the Company's Shares immediately before the grant date of the awards *HK$ per share*	Immediately before the vesting dates *HK$ per share*	At dates of awards vested *HK$ per share*
Employees in aggregate	5,660,000	–	–	(5,660,000)	–	–	March 28, 2023	Vested on March 29, 2024	2.765	5.00	–	–

Notes:

(1) The fair value of the Awards granted at the date of grant is not applicable as no Award was granted under the Share Award Scheme are during the year ended December 31, 2024.

(2) The vesting of the Awards shall be subject to the performance criteria to be satisfied by the Selected Participant as determined by the Board and/or the Remuneration Committee from time to time. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Selected Participants.

Save as disclosed above, during the year ended December 31, 2024, there was (i) no Director, chief executive or substantial shareholder of the Company or their respective associates, or other employees with options and awards granted or to be granted, (ii) no participant with options and awards granted and to be granted in any 12-month period exceeding 1% of the Shares of the Company in issue (excluding treasury shares, if any), and (iii) no related entity participant and service provider with options and awards granted, and no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares of the Company in issue (excluding treasury shares, if any), under the share schemes of the Company and shall be disclosed in this annual report.

The number of Shares that may be issued in respect of options and awards granted under the 2013 Share Option Scheme, the Share Option Scheme and the Share Award Scheme during the year ended December 31, 2024 divided by the weighted average number of Shares in issue (excluding treasury shares, if any) for the year ended December 31, 2024 was 0.79%.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2024.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 35.4% and 62.0%. The percentage of the total sales attributable to the Group's five largest customers was below 30% of the total sales in the Group.

To the best knowledge of our Directors, none of our Directors or any of their close associates or any Shareholders (which to the best knowledge of our Directors owned more than 5% of number of the Company's issued shares) had a material interest in our five largest suppliers or customers.

CHARITABLE DONATIONS

The donations by the Group for the year ended December 31, 2024 amounted to RMB5,000,000.

BREACH OF LOAN AGREEMENT

During the year ended December 31, 2024, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

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

During the year ended December 31, 2024, the Company repurchased a total of 44,206,500 ordinary shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration of approximately HK$77,120,461.45. Particulars of the repurchases are as follows:

Month/Year	Number of Shares Repurchased	Price Paid per Share Highest *(HK$)*	Lowest *(HK$)*	Aggregate Consideration *(HK$)*
January 2024	3,550,000	2.34	2.10	7,941,245.10
April 2024	5,374,000	2.20	1.90	10,754,003.90
May 2024	2,590,000	2.10	1.94	5,240,476.20
June 2024	12,201,000	2.00	1.57	20,842,124.55
July 2024	15,500,000	1.72	1.51	24,572,600.00
September 2024	2,000,000	1.33	1.28	2,614,000.00
October 2024	2,000,000	1.72	1.58	3,294,800.00
November 2024	991,500	1.92	1.86	1,861,211.70
Total	**44,206,500**			**77,120,461.45**

A total of 3,550,000 share repurchased from January 16, 2024 to January 22, 2024 and a total of 35,665,000 shares repurchased from April 11, 2024 to July 30, 2024 were cancelled on February 22, 2024 and August 20, 2024, respectively. The repurchase of the Company's shares during the year ended December 31, 2024 was effected by the Directors pursuant to the general mandates granted to the Directors at the annual general meetings dated June 1, 2023 and June 5, 2024, with a view to benefiting the Company and the Shareholders by enhancing the net asset value per share and/or earnings per share. As at the date of this annual report, a total of 15,742,500 shares repurchased from September 9, 2024 to January 24, 2025 are pending cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (or sold treasury shares, if any) during the year ended December 31, 2024. As at December 31, 2024 and as at the date of this annual report, the Company did not hold any treasury shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 of the Listing Rules and has complied with the code provisions in the CG Code during the reporting period.

AUDITOR

The Consolidated Financial Statements of the Group for the year ended December 31, 2024 have been audited by Deloitte Touche Tohmatsu, certified public accountants.

Deloitte Touche Tohmatsu shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

RECORD DATE OF AGM

Shareholders whose names appear on the register of members of the Company at the close of business on May 27, 2025 (Tuesday) (the "Record Date") will be entitled to attend the AGM to be held on May 30, 2025 (Friday). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS FOR THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed from June 6, 2025 (Friday) to June 11, 2025 (Wednesday), both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 5, 2025 (Thursday).

By order of the Board
Cheung Tak On
Chairman of the Board

The PRC, March 28, 2025

Corporate Governance Report

The Board of the Company is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2024.

CORPORATE CULTURE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. All Directors are committed to acting with integrity, led by example, and promoting the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the CG Code in Appendix C1 to the Listing Rules.

The CG Code sets out (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices and the Company was in compliance with the code provisions of the CG Code during the year ended December 31, 2024.

A. THE BOARD

1. Responsibilities

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board has established several Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

2. **Delegation of Management Function**

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group and overall strategies, risk management and internal control systems, notifiable and connected transactions, nomination of directors and company secretary, and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transaction is entered into.

3. **Board Composition**

During the reporting year, the Board of the Company comprises the following Directors:

Executive Directors	Mr. CHEUNG Tak On *(Chairman)* Mr. CAI Yingjie *(Vice-chairman)* Mr. WANG Zhigao *(Vice-chairman)* Mr. XU Yue *(Vice-chairman, President and Chief Executive Officer)* Ms. CHEN Yi *(Vice-president)* Mr. TANG Liang *(Vice-president)*
Independent non-executive Directors	Ms. ZHU Anna Dezhen Mr. LYU Wei Mr. MU Binrui

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in our prospectus dated June 29, 2012 and in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board and senior management.

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

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board for the year ended December 31, 2024. The Directors are entitled to seek independent professional advice in performing their duties at the Company's expense. During the year ended December 31, 2024, the Company did not receive any notification from any of the independent non-executive Directors about any subsequent change of circumstances which may affect his/her independence. The Company has considered the independence of each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers all independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules during the reporting year. The Board has duly reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

4. Appointment and Re-election of Directors

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

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

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself or herself for re-election by Shareholders at the first annual general meeting after appointment.

5. Induction and Continuing Development for Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she understands the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development materials for the Directors were arranged by the Company and its professional advisers.

The training records of the Directors for year ended December 31, 2024 are summarized as follows:

Names of Directors	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
Executive Directors		
Mr. CHEUNG Tak On	✓	✓
Mr. CAI Yingjie	✓	✓
Mr. WANG Zhigao	✓	✓
Mr. XU Yue	✓	✓
Ms. CHEN Yi	✓	✓
Mr. TANG Liang	✓	✓
Independent non-executive Directors		
Ms. ZHU Anna Dezhen	✓	✓
Mr. LYU We	✓	✓
Mr. MU Binrui	✓	✓

6. **Board Meetings and General Meetings**

Number of Meetings and Directors' Attendance

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Board met four times during the year ended December 31, 2024 for discussing and approving, among others, the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2023, unaudited interim results for the six months ended June 30, 2024, declaration of final dividend and connected transactions and continuing connected transactions.

The attendance records of each Director at the Board meetings and general meeting are set out below:

Name of Director	Attendance/Number of Board Meetings*	Attendance/Number of General Meeting(s)**
Mr. CHEUNG Tak On	4/4	1/1
Mr. CAI Yingjie	4/4	1/1
Mr. WANG Zhigao	4/4	1/1
Mr. XU Yue	4/4	1/1
Ms. CHEN Yi	4/4	1/1
Mr. TANG Liang	4/4	1/1
Ms. ZHU Anna Dezhen	4/4	1/1
Mr. LYU Wei	4/4	1/1
Mr. MU Binrui	4/4	1/1

* Four Board meetings were held during the year ended December 31, 2024 on March 26, 2024, June 5, 2024, August 30, 2024, and December 19, 2024 respectively.

** One annual general meeting was held during the year ended December 31, 2024 on June 5, 2024.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice will generally be given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

B. CHAIRMAN AND CHIEF EXECUTIVE

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

Mr. CHEUNG Tak On is the Chairman of the Board, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for setting the strategic vision, direction and goals of our Group and he participated in our Group's strategic and key operational decision-making processes. He is the primary responsible person for ensuring that good corporate governance practices and procedures are established, and that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole. He holds a meeting with the independent non-executive Directors without other directors present at least annually.

Mr. XU Yue is our Vice-chairman, President and Chief Executive Officer, who is responsible for the overall business strategies of the Group and overseeing the operation and business strategies of the Group.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, Mr. CHEUNG Tak On as the Chairman coordinates with the management to provide adequate, complete and reliable information to all Directors for consideration and review.

C. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Audit and Compliance Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Stock Exchange and the Company.

The majority of the members of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with code provisions under E.1.2 of the CG Code. The Remuneration Committee currently consists of two independent non-executive Directors, being Ms. ZHU Anna Dezhen and Mr. LYU Wei, and one executive Director, being Mr. WANG Zhigao. The chairperson of the Remuneration Committee is Ms. ZHU Anna Dezhen.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; (iii) determining or making recommendation to the Board on the terms of the remuneration package of the Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and making recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters. The Remuneration Committee held one meeting during the year ended December 31, 2024 to review, among others, the remuneration policy and structure of the Company, consider and make recommendation to the Board on the remuneration for independent non-executive Directors as well as the proposal on special incentive of senior management, and assess performance of executive Directors. No grant was made during the year ended December 31, 2024 which requires review by the Remuneration Committee pursuant to Rules 17.03F, 17.06B(7) and (8) of the Listing Rules.

The attendance records of the Remuneration Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Ms. ZHU Anna Dezhen	1/1
Mr. WANG Zhigao	1/1
Mr. LYU Wei	1/1

Details of the Directors' remuneration are set out in note 10 to the Consolidated Financial Statements.

The remuneration payable to the senior management of the Company (who are not the Directors) for the year ended December 31, 2024 is shown in the following table by band:

Remuneration band (RMB)	Number of individuals
500,001 – 1,000,000	3
1,000,001 – 1,500,000	3
1,500,001 – 2,000,000	1

2. **Audit and Compliance Committee**

The Board has established the Audit and Compliance Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as code provisions under D.3 and A.2 of the CG Code. The Audit and Compliance Committee currently consists of three independent non-executive Directors, being Ms. ZHU Anna Dezhen, Mr. LYU Wei and Mr. MU Binrui. The chairperson of the Audit and Compliance Committee is Ms. ZHU Anna Dezhen, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit and Compliance Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence and objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring the policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; (vi) developing, reviewing and monitoring the code of conduct applicable to the employees and Directors; (vii) overseeing and monitoring the risk management and internal control systems of the Company on an ongoing basis and review with the Company's external auditor and senior management at least annually; (viii) reviewing the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems; and (ix) reviewing the Company's internal audit function to ensure coordination within the Group and between the Company's internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

The Audit and Compliance Committee has (i) considered and reviewed the accounting principles and practices adopted by the Group, (ii) discussed matters in relation to risk management, internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit and Compliance Committee held two meetings during the year ended December 31, 2024 to, among others, review the unaudited interim results and report for the six months ended June 30, 2024, review the financial reporting and the compliance matters, review compliance with the corporate governance policy and practice, develop and review Group's policies and practices on corporate governance and make recommendations to the Board, review and monitor the training and continuous professional development of Directors and senior management, review and monitor the Group's policies and practices on compliance with legal and regulatory requirements, develop, review and monitor the code of conduct applicable to employees and Directors, review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report, review the audited annual results and financial report for the year ended December 31, 2023, review the financial, operational and compliance monitoring, review the risk management and internal control, review the work of the internal and external auditors, review the service fees due to the external auditor as well as review the re-appointment of external auditors.

The attendance records of the Audit and Compliance Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Ms. ZHU Anna Dezhen	2/2
Mr. LYU Wei	2/2
Mr. MU Binrui	2/2

The Company's annual results for the year ended December 31, 2024 have been reviewed by the Audit and Compliance Committee on March 28, 2025.

3. **Nomination Committee**

The Board has established the Nomination Committee with written terms of reference in compliance with code provisions under B.3 of the CG Code. The Nomination Committee currently consists of one executive Director, being Mr. CHEUNG Tak On (who is the Chairman of the Board), and two independent non-executive Directors, being Mr. LYU Wei and Mr. MU Binrui. The chairperson of the Nomination Committee is Mr. CHEUNG Tak On. The Nomination Committee reviews the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes (if any) to it.

The primary duties of the Nomination Committee include, but are not limited to (i) with reference to the Nomination Policy, identifying, selecting and recommending to the Board suitable candidates to serve as Directors and presidents of the Company, and formulating plans for succession for both executive Directors and non-executive Directors; (ii) reviewing the structure, size, composition and diversity of the Board as well as the Board Diversity Policy; (iii) overseeing the process for evaluating the performance of the Board; (iv) developing, recommending to the Board and monitoring nomination guidelines for our Company; and (v) assessing the independence of independent non-executive Directors.

The Nomination Committee held one meeting during the year ended December 31, 2024 to review, among others, the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to assess the independence of the independent non-executive Directors, to consider the credentials of the executive Director candidate, and to discuss the Directors who retired by rotation in accordance with the Articles of Association, being eligible, had offered themselves for re-election at the 2024 annual general meeting of the Company.

The attendance records of the Nomination Committee meetings are set out below:

Name of Director	Attendance/Number of Meeting(s)
Mr. CHEUNG Tak On	1/1
Mr. LYU Wei	1/1
Mr. MU Binrui	1/1

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process. When nominating a particular candidate for Director, the Nomination Committee will consider amongst others (1) integrity and character; (2) factors including gender, age, cultural, educational background, ethnicity, skills, knowledge, experience, etc.; (3) board diversity that a candidate can bring to the Board; (4) commitment in respect of available time (factors to be taken into account include public directorships already held by the candidates); (5) independence criteria as required under the Listing Rules for candidates for independent non-executive Directors; and (6) the experience or knowledge of the candidate that are relevant to the Company's business and corporate strategy and in international operations.

In short, proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director. The Nomination Committee will review such information of the potential candidates and may either conduct interviews with the candidates; or request candidates to provide additional information and documents if it considers necessary; or conduct any background check (if necessary). Meeting of a Nomination Committee will be called for the members to discuss the credentials of the proposed candidates and assess their qualifications based on the factors set out above. The Nomination Committee may also invite nominations of suitable candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election and re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measurable objectives as set out in the Board Diversity Policy, details of which are set out in subsection headed "Diversity" below. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of gender, knowledge, experience and skills of the Directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.

D. DIVERSITY

The Board has adopted the Board Diversity Policy, a summary which is set out below:

Purpose:	The Board Diversity Policy aims to set out the approach to achieve diversity of the Board.
Board Diversity Policy Statement:	With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
Measurable Objectives:	Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board Diversity Policy is well implemented as evidenced by the fact that our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of passenger vehicle dealership, automobile sales service business, automobile finance business, business administration, investment management and general corporate management. Moreover, there are both male and female Directors ranging from 47 years old to 68 years old with different and experience from different industries and sectors. In particular, given that two out of nine of our Directors are female, our Board will, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, use its best endeavors to actively identify female individuals suitably qualified to become our Board members.

One fifth of our senior management are female, and we have witnessed a balanced gender ratio in the workforce with a male to female ratio of approximately 8:5 as at December 31, 2024. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended December 31, 2024.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

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

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

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 129 to 132 of this annual report.

The external auditor of the Company will be invited to attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year, the remuneration paid to the external auditor of the Company in respect of audit services for the year ended December 31, 2024 amounted to RMB6,920,000.

The auditors of the Company have not changed in the past three years.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board has delegated the Audit and Compliance Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit and Compliance Committee;

- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and

- Internal auditors provide independent assurance to the Board, the Audit and Compliance Committee and the management concerning the effectiveness of risk management and internal control systems.

During the reporting period, major works performed by the management in relation to risk management and internal control included the following:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Group's performance; assessing and evaluating the identified risks according their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;

- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit and Compliance Committee regarding the status of the systems;

- the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;

- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and

- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. were in place.

The internal audit function of the Company monitored the internal governance of the Company and provided independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executives in charge of the internal audit function reported directly to the Audit and Compliance Committee. The internal audit reports on control effectiveness were submitted to the Audit and Compliance Committee in line with agreed audit plan approved by the Board. During the reporting period, the internal audit function carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Company through, amongst others, examination of risk-related documentation prepared by operation units and the management and conducting interviews with employees at all levels. The senior executives in charge of the internal audit function attended meetings of the Audit and Compliance Committee to explain the internal audit findings and responded to queries from members of the Audit and Compliance Committee.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and on a "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as signing of confidentiality agreement with potential parties, pre-clearance on dealing in the Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit and Compliance Committee reviewed such arrangement regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the reporting period, the Audit and Compliance Committee reviewed the effectiveness of the risk management and internal control systems of the Company. The annual review included works such as (i) review of reports submitted by heads of operation units or departments and the management regarding the implementation of the risk management and internal control systems; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems and the works of the internal audit function. Such discussions include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions; (iii) evaluation on the scope and quality of management's ongoing monitoring of the risk management and internal control systems; (iv) review of the effectiveness of the internal audit function to ensure coordination within the Group and between the Company's internal and external auditors and to ensure the internal audit function is adequately resourced and has appropriate standing within the Group; and (v) made recommendations to the Board and the management on the scope and quality of the management's ongoing monitoring of the risk management and internal control systems.

On the basis of the aforesaid, during the year ended December 31, 2024, the Audit and Compliance Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal controls of the Company.

I. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company has an implementable and effective shareholders' communication policy in place in the year ended December 31, 2024. The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit and Compliance Committee and Nomination Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website at www.ydauto.com.cn, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. To solicit and understand the views of shareholders and stakeholders, the Company has also set up channels and procedures for shareholder's enquiries, details of which are set out in subsection headed "Shareholders' Rights" below. The management of the Company reviewed the implementation and effectiveness of the shareholders' communication policy during the year ended December 31, 2024 and the results were satisfactory, having considered that the Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

J. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the year ended December 31, 2024, the Company did not make any changes to its memorandum and Articles of Association. An up-to-date version of the Company's memorandum and Articles of Association is also available on the websites of the Company and the Stock Exchange.

K. DIVIDEND DISTRIBUTION POLICY

Under the dividend distribution policy of the Company, the declaration of dividends is at the discretion of the Board subject to the applicable laws and the Articles of Association. The amount of dividends to be declared and paid are based upon, among other things, the Group's general business conditions, financial results, cash flows, capital requirements, interests of the Shareholders and any other factors which the Board may deem relevant.

Subject to the Cayman Companies Act and the Articles of Association, no dividend may be declared in excess of the amount recommended by the Board and the dividends are declared from statutory distributable reserves.

L. SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors. Meanwhile, the procedures for Shareholders to (i) convene an extraordinary general meeting; (ii) direct their enquiries to the Board; and (iii) put forward proposals at Shareholders' meetings are available.

General meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene the meeting shall be reimbursed to them by the Company.

Shareholders holding not less than one-tenth of the total number of the Company's voting shares shall be entitled to propose new proposals in writing to the Company. The Company shall include in the agenda for the meeting the matters in the proposals that fall within the scope of duties of the Shareholders' meeting. The written request/statements must be signed by the Shareholders concerned and deposited at the Company's principal place of business in Hong Kong or, in the event the Company ceases to have such a principal place of business, headquarters or the registered office for the attention of the Company, not less than six weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company at Unit 5708, 57/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules except where the chairperson, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In addition, the poll results will be posted on the websites of the Company and the Stock Exchange after the relevant shareholders' meeting.

M. JOINT COMPANY SECRETARIES

Ms. SO Ka Man ("Ms. SO") of Tricor Services Limited, an external service provider, has served as a joint company secretary of the Company since November 25, 2020. Ms. SO is currently a director of company secretarial services of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. SO is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute. Ms. SO is a holder of the Practitioner's Endorsement from HKCGI. Ms. SO obtained a bachelor's degree in arts (accountancy) from the Hong Kong Polytechnic University. Mr. WANG Zhigao, our executive Director and Vice-chairman, is Ms. SO's primary contact person at our Company.

Ms. ZHANG Hong ("Ms. ZHANG") has served as another joint company secretary of the Company since March 20, 2018. Ms. ZHANG is currently a Vice-president of the Group. In March 2021, the Stock Exchange has agreed that Ms. ZHANG has the qualifications required to act as the company secretary of the Company under Rule 3.28 of the Listing Rules. Ms. ZHANG worked and communicated closely with Ms. SO to discharge the functions of joint company secretaries during the year.

During the year ended December 31, 2024, each of Ms. ZHANG and Ms. SO has undertaken over 15 hours of professional training to update their skills and knowledge.

Mr. XU Yue and Ms. SO have been engaged by the Company as authorized representatives under the Listing Rules.

N. GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to Shareholders through the optimization of the debt and equity balance. There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

Environmental, Social and Governance Report

1. ABOUT THE REPORT

Introduction

This report is the ninth Environmental, Social, and Governance report (collectively referred to as the "ESG Report," or the "Report") published by China Yongda Automobiles Services Holdings Limited (hereinafter referred to as "the Company") and its subsidiaries (hereinafter referred to as "the Group", "Our Group", "Yongda Group", "Yongda", or "we"). It aims to inform stakeholders about the Group's specific efforts and performance in implementing sustainable development and fulfilling corporate social responsibility during the fiscal year 2024. Through transparent and public disclosure, this Report highlights the Group's management measures and achievements in the areas of Environmental, Social, and Governance (hereinafter referred to as "ESG") for the year 2024, thereby further enhancing the Group's performance in the field of sustainable development.

Reporting Scope

The Report encompasses the overall business performance of the Group from January 1, 2024, to December 31, 2024 (hereinafter referred to as the 'Reporting Period'). It includes new passenger vehicle sales, repair and maintenance services, automobile extension products and services, automobile financial and insurance agency services, used vehicles and automobile rental services, and new energy vehicle services. The scope of this Report aligns with that of the annual report, covering this Company and its 221 subsidiaries.

Reporting Guidelines and Principles

The ESG Report is compiled and presented in accordance with the Appendix C2, the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "Guide"), to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX" or the "Stock Exchange"), and other related documents. This Report complies with the "Mandatory Disclosure Requirements" and "Comply or Explain" provisions set out in the Guide. Explanations regarding provisions that the Group considers not applicable to its business operations or that provide partial disclosures are included in the relevant sections.

The Report adheres to the reporting principles outlined in the Guide, which include materiality, quantitative, balance, and consistency as the foundational principles for its preparation:

Materiality	The Group identifies ESG issues that are significant to it based on its communication mechanisms with stakeholders and assesses the materiality of these issues regarding their direct or indirect significance to the Group and its stakeholders.
Quantitative	The Group measures key performance indicators and discloses quantitative data in accordance with the requirements of the HKEX Guide while also providing disclosures on the calculation methods and assumptions used for the data presented in the Report.
Balance	The Group presents a fair and objective account of its efforts in the areas of environmental, social, and governance in this Report.
Consistency	The Group has adopted a consistent approach to data disclosure and conducted data comparisons in the Report. Any changes in methodologies or key performance indicators are indicated.

Environmental, Social and Governance Report

Board Statement

The Board of Directors(hereinafter referred to as the "Board") of the Group places great importance on ESG issues. The Board integrates sustainable development into the Group's development strategy, establishing and implementing a scientific and professional ESG governance structure. It enhances and enforces the responsibilities and authorities at all levels within the ESG governance framework to strengthen the Board's oversight and participation in the Group's ESG affairs. Based on the external macroeconomic environment and the Group's development strategy, the Group dynamically assesses the significance of ESG issues, discusses and identifies the risks and opportunities related to ESG, and prioritizes the management and enhancement of key issues as a focus for its annual sustainable development efforts.

The Board is fully responsible for establishing and reviewing the Group's ESG management policies, strategies, priorities, and targets. It regularly assesses the progress of ESG goal implementation and evaluates the relevance of these objectives to the Group's business to achieve the company's long-term, balanced, and high-quality sustainable development.

The Group has not identified any false statements, misleading representations, or significant omissions in the content of this report. The Report was confirmed by the ESG Committee and was reviewed and approved by the Board on March 28, 2025, taking responsibility for the authenticity and validity of the information contained herein.

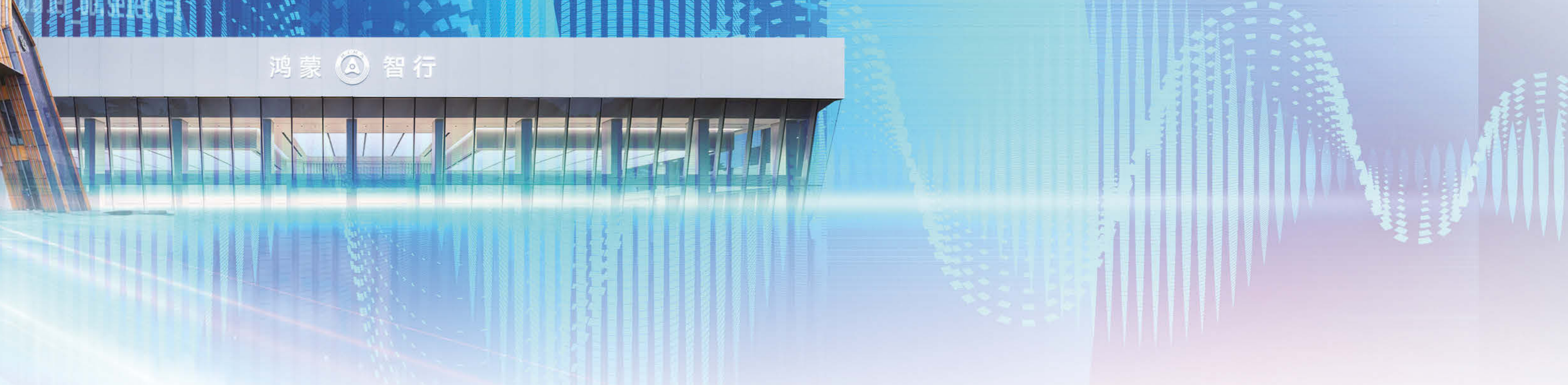
Source of Information

The data and information contained in this Report are primarily sourced from the Group's internal documents and statistical data, and have been compiled, summarized, and reviewed by the relevant departments. Unless otherwise specified, all monetary figures in this report are presented in RMB.

Download and Feedback

This Report is available for download from the Stock Exchange website (http://www.hkexnews.hk) and the Group's official website (http://www.ydauto.com.cn). The Report is prepared in both Chinese and English; in the event of any discrepancies between the two versions, the Chinese text shall prevail.

For further inquiries or any comments or suggestions regarding this report, please contact the Group via email at ir@ydauto.com.cn.



2. SPOTLIGHTS: DEEPENING NEW ENERGY BUSINESS DEVELOPMENT

As consumers' environmental protection awareness grows and the number of new energy vehicles (NEVs) surges in China, the Group is strategically centered on the three pivotal areas of "electrification, digitalization, and sharing". Built upon its core business, the Group proactively forges ahead in its new energy business expansion. In 2024, the Group intensified its efforts in the NEV business, entering into comprehensive strategic partnerships with the leading NEV companies in China. The Group has proactively explored and innovated the battery recycling business, initiating pilot business cooperation with professional industry partners in battery testing, maintenance, extended warranty, and battery repairing. These efforts are designed to span the entire lifecycle of new energy power batteries and bring new opportunities for the Group's growth

NEV Business

In 2024, Yongda continues to maintain its first-mover advantage in the NEV business regarding online authorization and operational management. The Group focuses on key core brands, further streamlining and optimizing the layout of its new energy network, and enhancing the overall profitability of its stores and brands. Additionally, there has been a complete upgrade in both the "Battery Recycling Industry" and the "Officially Certified New Energy Used Car" business segments this year. These upgrades center around the full life cycle service of NEV batteries and the establishment of worry-free purchasing standards for used NEVs, gradually transforming our battery business and used car recycling into new highlights within the value chain of the NEV industry.

Regarding sales, the Group's independent new energy brand achieved sales of 18,485 units, with 11,085 units sold through the distribution model and 7,400 units sold through the direct sales model.

In terms of after-sales business, the Group's independent NEV brand continued to grow rapidly in 2024, with a full-year maintenance revenue of RMB310 million, reflecting a year-on-year increase of 95.2%. The average output value per vehicle was RMB3,114, up 27.1% year-on-year, which is slightly higher than the current average level within the Group.

Regarding the number of stores, we are accelerating the optimization and adjustment of our existing brand network, with a focus on enhancing the operational management of leading luxury or promising independent new energy brands. We have gradually become one of the first service partners for companies such as Xiaomi, NIO, and ZEEKR. For smaller outlets with weak profitability, we are continuously expediting their closure and transformation. In terms of regions, we are concentrating on optimizing first- and second-tier cities and provincial capitals as core areas for future development. We have now cumulatively operated a total of 35 independent new energy brand stores, making us the largest authorized dealer for the smart brand.

NEV Honor Awards:

Date of Award	Awarding Organization	Name of Award
April 2024	smart automobile	Annual Best Market Share Contribution Award
September 2024	IM Motors	Second Place in the Area Two Satisfaction Competition
November 2024	Douyin	Seventh Place in Douyin's Top 100 Automobile Dealers Peak Competition
November 2024	Xiaomi Automobile Shanghai Automotive Business Provincial Center	First Place in the Outstanding Store Award

Battery Recycling

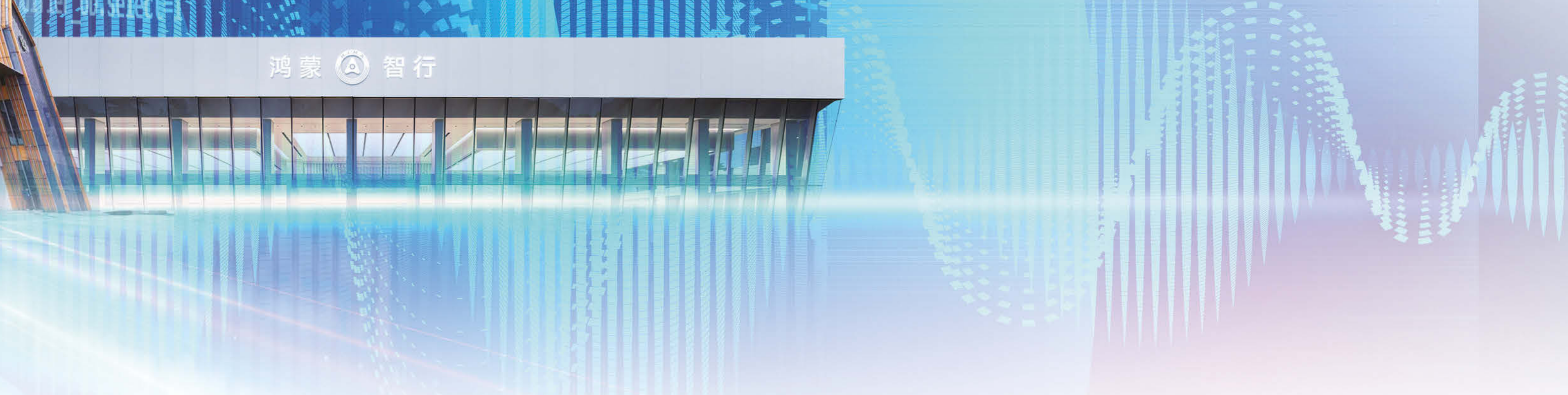
The Group continues to deepen its engagement in the new energy battery recycling business, closely following trends in battery technology development and dynamically adjusting its business segment layout. In 2024, we will focus on the core business line of "Testing (Battery Testing) – Maintenance (Battery Maintenance) – Warranty (Battery Extended Warranty/Battery Protection) – Repair (Battery Repair)", dedicated to providing comprehensive aftermarket solutions for new energy power batteries to both C-end and B-end customers, further consolidating our market competitiveness and promoting diversified business development.

In the field of battery testing, the Group has partnered with renowned domestic equipment manufacturers to develop advanced battery testing equipment. This equipment can instantly measure and obtain key parameters of the battery by connecting it to the fast-charging port of NEV, thereby providing customers with an accurate assessment of battery health. By leveraging this technological advantage, the Group has issued over 10,000 battery testing reports throughout the year, which not only offers reliable data support to customers but also opens significant market entry points for the used NEV sector, further enhancing the added value of our services.

In the area of Battery Maintenance, the Group has collaborated with leading domestic equipment manufacturers to successfully launch battery maintenance equipment. This equipment features multiple functions, including battery balancing, airtightness testing, and comprehensive testing, which can effectively extend the battery's lifespan and enhance performance. By providing professional battery maintenance services, the Group not only strengthens customers' trust in new energy batteries but also reduces their long-term usage costs, further enhancing market satisfaction.

In terms of battery extended warranty, the Group has launched several innovative protection products in collaboration with multiple insurance companies, focusing on the entire lifecycle of batteries. These include a lifetime battery warranty for the first car owners, Mileage PLUS, and Battery SOH degradation insurance. These products meet the diverse needs of various customer groups, with over 5,000 extended warranty products sold throughout the year, generating nearly RMB2 million in revenue.

Regarding Battery Repair, the Group actively collaborates with leading battery manufacturers such as Gotion High-tech, aiming to obtain dual authorization from both OEMs and battery manufacturers to further enhance the repair technical capabilities of the "three electric" components((battery, motor, and electronic control)) in new energy vehicles. In 2024, the Group has repaired a total of 142 batteries. By implementing a "repairment instead of replacement" model, the Group has not only effectively reduced logistics costs and transportation carbon emissions but also increased the value and profit margins of after-sales service for NEVs.



3. INTEGRITY AND RESPONSIBILITY

As one of the leading automobile dealership groups, Yongda adheres to the business philosophy of "customer-oriented, efficiency-prioritized, open and mutually beneficial, and sustainable." The Group regards responsibility as the cornerstone of corporate development. We continuously focus on the harmonious relationship among society, operational efficiency, and the environment, striving to create long-term value for all stakeholders while upholding business ethics and fulfilling our corporate citizenship responsibilities throughout our business development process.

3.1 Corporate Governance

The Group strictly complies with the *Securities Listing Rules of The Stock Exchange of Hong Kong Limited*, the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and relevant laws, regulations, and regulatory documents about corporate governance for listed companies. By establishing a standardized corporate governance system, we reinforce the foundation of internal control management and generate sustainable economic benefits.

We have established the Board of Directors as the highest decision-making authority, creating a corporate governance system characterized by clear responsibilities and compliance efficiency. The Board is responsible for overseeing significant matters in the company's operational activities and has established an Audit and Compliance Committee, a Remuneration Committee, and a Nomination Committee. The detailed powers and responsibilities of the Board and its committees can be accessed in the 'Investor Relations' section of the company's official website and on the HKEX's website. For more detailed information, please refer to the 2024 Annual Report 'Corporate Governance Report.'

3.2 ESG Governance Structure

To effectively implement and enforce the Group's ESG governance initiatives, the Group established a three-tier ESG management structure under the Board, led by the ESG Committee, in 2021.

The Board has established an Environmental, Social, and Governance Committee (hereinafter referred to as the "ESG Committee"), which is composed of executive directors and all members of the management team. The ESG Committee is fully responsible for overseeing the Group's sustainable development efforts by regularly reviewing, discussing, and approving the Group's ESG policies, strategies, and risk management, while also ensuring that the Group's practices comply with all applicable laws and regulations.

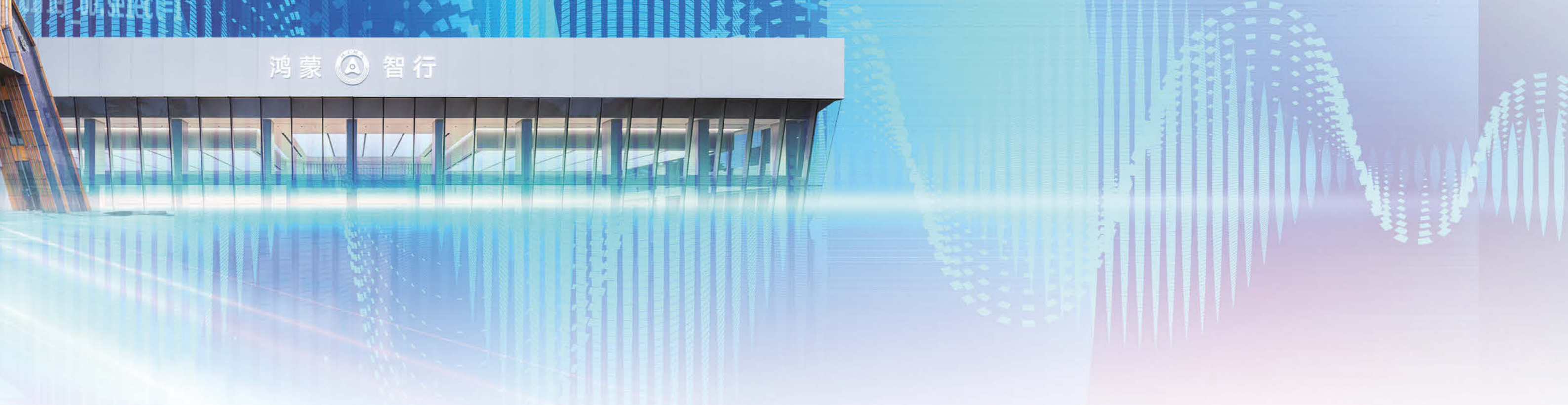
The ESG Working Group is composed of members of the company management and heads of various functional centers, who report to the Board on the Group's environmental, social, and governance performance in a timely manner.

The ESG Executive Group encompasses all functional centers and the Group's distribution stores, and is responsible for implementing the relevant goals and plans established by the ESG Working Group.

3.3 Stakeholder Communication

The Group considers the expectations and requirements of stakeholders as crucial factors in formulating sustainable development strategies, and identifies specific areas of action related to stakeholders through various methods. Currently, the Group's primary stakeholders include but are not limited to investors, government and regulators, employees, customers, suppliers, Non-Governmental Organizations (hereinafter referred to as "NGO") and the community. Continuous communication with stakeholders and actively listening to their opinions and demands are essential components of the Group's daily operations. The main communication channels with various stakeholders and their primary expectations of the Group are detailed in the table below:

Stakeholders	Expectations	Main Communication Channels
Investors	• Safeguarding shareholders' rights and interests • Timely and accurate disclosure of relevant information • Enhancing corporate governance • Compliance in operation • Business and financial strategies	• Shareholders' meeting • Press releases and public announcements • External reports • News published on the Company Website • Online and offline investor briefings • Hotline or Email

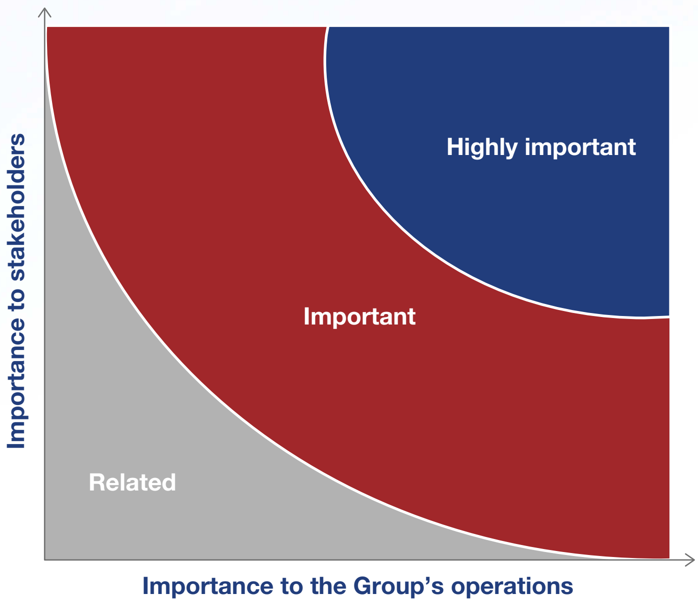


Stakeholders	Expectations	Main Communication Channels
Government/Regulators	• Compliance in operation • Workplace safety and health • Creating economic benefits and promoting employment • Providing benefits to relevant communities • Taking on environmental responsibilities • Responding to national policies • Fulfilling tax obligations in accordance with the law	• Compliance report • Supervision and inspection • License application • Compliance-related meeting • Communication with local government
Employees	• Safeguarding labor rights • Competitive salary and benefits • Labor protection in the workplace • Training and career development • Employee involvement and policy democracy • Corporate culture • Personal physical and mental health	• Labor union/workers' congress • Safety and compliance meeting • Training and career development • Hotline or e-mail • Notice or publication of the Group • Team-building activities • Yongda Cloud University • Office platform and enterprise WeChat account
Customer	• Customer service • Product quality • Privacy protection	• Key customers symposium • Systematic communication • Workplace visit • The Group's WeChat account • 24-hour customer service hotline and e-mail • Online review platform • Customer satisfaction survey • Yongda Automobile APP
Suppliers	• Supplier access management • Supplier assessment • Safeguarding suppliers' rights and interests • Supplier cooperation • Complying with business ethics and national laws and regulations	• Open bidding, seminar • Supplier access and assessment • Field visit • Leaders' meeting • Communication during daily operations
NGO	• Local development investment • Participating in local community projects • Taking on environmental responsibilities • Respecting human rights • Fair share of benefits	• Direct communication • Operational site visits
Community	• Local development • Taking on environmental responsibilities • Promoting employment • Creating opportunities for local products and services suppliers • Engaging in public benefit activities • Organizing community activities	• Community visit • Meeting for key groups • Notice on procurement requirements • Recruitment advertising • Communication with local government and organizations • Official website of the Group

3.4 Substantive Issue Assessment

In 2024, the Group engaged in communication and surveys with both internal and external stakeholders, receiving numerous suggestions. By considering the industry background, current development status, and strategic planning, we identified 11 ESG issues based on their significance to the Group's operations and their importance to stakeholders. The Group evaluated and prioritized these issues to reflect its impact on the environment and society, better respond to stakeholder expectations and requirements, and categorize them as key areas of focus for the Group's sustainable development.

The importance issue matrix is illustrated in the figure below:



Highly important
Business ethics
Product quality
Customer service and privacy protection
Supplier management
Training and development

Important
Labor relations
Community relations
Health and safety

Related
Energy
Waste
Air quality

3.5 Intellectual Property Protection

The Group does not engage in the self-production or research and development of products during its operations; therefore, the focus of the Group's intellectual property protection is on collaboration with brand partners. We strictly adhere to relevant laws and regulations, including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, ensuring that we do not infringe upon, misappropriate, or otherwise violate the effective and enforceable intellectual property rights of third-party manufacturers. In our daily operations, sales, and provision of repair services, the Group maintains strict control over all products used for all brand vehicles and vehicle maintenance and repair, utilizing only products certified by the brands, resisting any counterfeit, inferior, or unapproved products, and being accountable to our partners and customers.

During the Reporting Period, there were no significant intellectual property infringements that had or could have a substantial adverse impact on the Group's business. The Group has complied with all applicable intellectual property laws and regulations in all significant aspects.

3.6 **Risk Management**

The Group has established a comprehensive internal risk management code and risk control system, dedicated to creating an all-encompassing risk prevention and control framework that spans various departments and business stages, ensuring the Group operates steadily in a complex and dynamic market environment.

To further enhance risk management, the Group established a risk prevention and control working group in 2021. This working group consists of the Group President, members of the management team, and heads of various functional centers. Its primary responsibility is to identify and assess various risk issues, including ESG risks, business risks, and financial risks. By strengthening the prevention, control, and post-management of risks, we ensure that ESG-related opportunities are fully considered during the risk identification and assessment process, thereby achieving a balanced management of risks and opportunities.

The risk prevention and control working group continuously enhances the risk management system through the following mechanisms:

- **Monthly Work Meetings**: Regularly review the progress of risk management initiatives to promptly identify and address potential risks.

- **Quarterly Board Reports**: Present the latest status and effectiveness of risk management initiatives to the Board, ensuring their oversight and guidance on risk management.

- **Ad Hoc Special Meetings**: Convene special meetings for in-depth analysis and response planning regarding unexpected risk events or significant risk issues.

Through these mechanisms, we continuously adjust and optimize the management requirements for risk prevention and control, enhancing our ability to prevent and respond to risks. This approach minimizes potential economic losses caused by risk events and provides a solid foundation for the Group's sustainable development.

3.7 **Business Ethics**

Operating in compliance with laws and regulations and adhering to business ethics are core management principles that the Group has consistently upheld over the long term. We are dedicated to establishing a compliance management system that aligns with industry best practices, continuously promoting a culture of anti-corruption, strengthening employees' awareness of integrity and honesty, and ensuring that the Group maintains high standards of ethical conduct in its business operations.

Compliance Management and Anti-Corruption Policy

The Group strictly adheres to relevant laws and regulations, including the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China,* and *the Interim Provisions on Prohibiting Commercial Bribery.* We have established the *Management Personnel Integrity Management Regulations* and the *Anti-Corruption Policy* to govern employee conduct. We adopt and promote anti-corruption policies, support the implementation of anti-corruption laws and regulations, and work to prevent incidents of commercial corruption, including bribery, extortion, fraud, and money laundering.

To further enhance internal supervision, the Group has established a reporting policy which has been publicly uploaded to the company website and offers various whistle-blowing channels, including Email, telephone, the 'Sunshine Yongda' WeChat public account, the OA office platform, the customer service platform, and the integrity supervision notice boards displayed by each subsidiary. These channels are designed to encourage employees to report any suspected misconduct while ensuring the confidentiality of the reporting process and protecting whistleblowers from retaliation.

Development of the Compliance Management Team

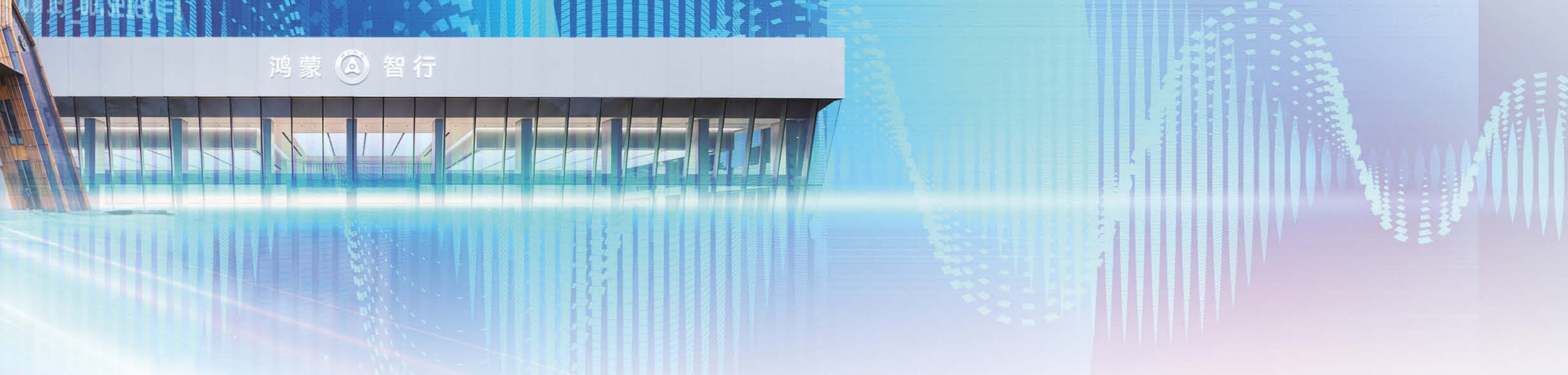
The Group is committed to building a professional compliance management team, with the Group's Discipline Inspection Commission overseeing the compliance operations of each subsidiary. In 2024, the Discipline Inspection Commission will continue to intensify efforts to purify the business environment and prevent corruption issues. We require core management personnel to sign the "Integrity Management Responsibility Letter", while other management personnel and employees in key positions must sign the *"Commitment Letter on Integrity and Self-discipline"*. This year, the signing rate for the *"Commitment Letter on Integrity and Self-discipline"* is 100%.

This year, the Group's Discipline Inspection Commission has further refined the inspection work mechanism, conducting in-depth special inspections and routine inspections to address issues in relevant business areas, thereby strengthening supervision and enhancing the effectiveness of inspections.

- **Special Inspections:** This year, the Group's Discipline Inspection Commission carried out special inspections on 26 enterprises concerning issues in key business areas. Through thorough investigation and analysis, we identified and resolved several management loopholes and risk hazards, thereby further improving the standardized operational level of the enterprises.

- **Optimization of Daily Inspections:** In our daily inspections, the Group's Discipline Inspection Commission has introduced supervision over the "Four Wastes" (human, financial, material, and time), with the aim of promoting efficient resource utilization and cost control. Additionally, the scope of inspections has been expanded to include corporate management levels, ensuring that supervision encompasses a wider range of management tiers and enhancing both the depth and breadth of the inspections.

In 2024, the Group's Discipline Inspection Commission conducted inspections of 221 subsidiaries, significantly increasing the coverage rate. Through these inspections, we identified and addressed related issues, further enhancing our internal management mechanisms.



Supplier Management
Regarding supplier integrity management, we have developed and refined the *"Anti-Bribery Agreement for Suppliers"*, *"Supplier Confidentiality Agreement", "Commitment Letter on Integrity and Self-discipline"* and the *"Cooperation Agreement".*

The Group holds an annual supplier conference, requiring suppliers to sign the "Anti-Bribery Agreement for Suppliers" each year, and mandates that suppliers handwrite the corresponding commitment clauses, ensuring 100% participation and signatures from suppliers, which further enhances the transparency and compliance of supplier management. Additionally, through the iteration of the Procurement Management System, the *"Supplier Confidentiality Agreement"*, *"Commitment Letter on Integrity and Self-discipline"* and the *"Cooperation Agreement"* are bound for signing to ensure 100% online signing compliance from suppliers. Furthermore, the Group continues to implement a supplier integrity settlement system, where suppliers must conduct quarterly self-inspections and integrity interviews, and only those without violations will be issued the integrity settlement.

Integrity Culture Development
The Group upholds the integrity culture principle of "Always mindful, operating transparently, using power for the public good, and managing with bottom lines", and continuously engages in various forms of integrity education activities to enhance employees' awareness of integrity:

- **Group Quarterly Meeting Training**: Strengthening integrity education for members of the Board, all management personnel, and key staff;

- **New Employee Training**: Explaining the integrity concept to new employees and guiding them to establish a proper professional outlook;

- **Supplier Training**: This includes conducting supplier integrity signing meetings, online interviews before the issuance of quarterly integrity settlement certificates, and providing integrity reminder education in the supplier WeChat group during holidays;

- **Integrity Thematic Education Training**: A total of 7 sessions were organized throughout the year, assisting employees in gaining a deep understanding of compliance considerations through specific case analysis and discussions.

During the Reporting Period, the Group did not identify any concluded corruption litigation cases against Yongda or its employees.

4. ENJOY QUALITY

The Group, in its commitment to becoming the preferred service brand for a worry-free automotive lifestyle, recognizes that high-quality products and customer service are the core driving forces behind business development. Therefore, we consistently adhere to customer-centric business philosophy and have established a series of detailed quality inspection and service processes at every stage, implementing our Group's principles with a strong sense of responsibility and effective measures.

4.1 Pursuing Excellence: Ensuring Product Quality

The Group has established a series of stringent testing service standards for new cars, used cars, and completed repair vehicles delivered to customers, ensuring that the quality of each vehicle meets customer expectations.

Inspection and Acceptance of New Vehicles

For new vehicles, the Group requires an initial acceptance inspection upon arrival at the store, followed by a pre-sales inspection. Only after passing the inspection can the vehicle be delivered to the customer.

- **Initial Acceptance**: Upon the arrival of the new vehicles at the store, the storage and transportation department conducts an initial acceptance inspection, checking the vehicle's appearance, lights, accompanying tools, number of keys, mileage, and documentation, and verifying this information against the delivery note from the manufacturer to ensure consistency.

- **Pre-Sales Inspection**: Before delivering new cars to customers, workshop technicians perform a pre-sales inspection that encompasses over 50 items, including appearance, engine, and vehicle electrical systems (Pre-Delivery Inspection (PDI)), ensuring that the performance of the new vehicles meets delivery standards.

Qualification of Used Vehicles

For used vehicles, the Group maintains strict control over vehicle quality through pre-acquisition inspections and pre-sales preparations. To address the specific needs of electric used cars, we have also implemented targeted management strategies.

- **Pre-acquisition Testing**: The Group collaborates with leading third-party maintenance inquiry and vehicle condition testing companies to verify vehicle maintenance records and accident history, and conducts rigorous quality inspections to eliminate vehicles with hidden dangers such as fire damage, water damage, and structural damage.

- **Pre-sale Preparation**: In accordance with the *Vehicle Outgoing Standards of the Maintenance Center*, the Group's body painting center performs standardized and professional refurbishment of used cars to ensure that the sold vehicles meet the official certification standards of various brands or pass Yongda's 15 categories and 178 items of retail used car certification.

- **Electric Used Car Services**: Regarding electric used cars, the Group actively explores battery testing and extended warranty services to mitigate transaction risks and enhance consumer satisfaction.

Completion Inspection of Repaired Vehicles

For repaired vehicles, the Group ensures that any vehicle malfunction issues are addressed by establishing appropriate inspection process systems and follow-up mechanisms.

- **Inspection Process**: The Group strictly adheres to the *Vehicle Repair Quality Inspection System*, which encompasses pre-inspection, process inspection, and completion inspection to ensure repair quality.

- **Customer Follow-up**: After the repair is completed, the Group will follow up with customers within three days to assess the condition of the vehicle. If any issues persist, customers will be invited back to the service center for further testing and repairs to ensure that the problem is completely resolved.

Pre-inspection

Pre-check the condition, functions, and reported faults of the vehicles, and fill out the pre-inspection checklist.

Process inspection

After the vehicles are repaired, the maintenance technicians independently inspect the vehicles they repaired, then they inspect each other's vehicles.

Pre-inspection

The dedicated inspection personnel will strictly check the vehicles against the maintenance items after completion, and conduct road tests if necessary. Unqualified vehicles will be returned to the garage for further repair and maintenance. Repaired vehicles can only be delivered after passing all checks.

Figure: Inspection Process for Repaired Vehicles

As the Group's primary business involves automobile sales, we do not conduct product recalls. However, if a manufacturer announces a recall of specific batches of automobiles or products for safety reasons, we will contact each customer individually to explain the situation and guide them through the recall process. To protect consumers' rights and safety, our Group actively responds to recall events, strengthens quality control and after-sales service, and ensures the smooth completion of recall activities. In 2024, all product recalls have been successfully resolved.

4.2 Service-Oriented: Committed and Heartfelt Service

Customer satisfaction is the cornerstone of the Group. We consistently prioritize the protection of consumer rights and the enhancement of customer satisfaction as our foremost mission. By leveraging digital technology and innovative service models, we strive to provide our customers with an exceptional service experience. In 2024, the Group further refined the one-stop service system and implemented various measures aimed at creating a more convenient and personalized service environment for our customers.

Customer-Centric Service Standards

The Group places a high priority on customer service and has developed and implemented a unified *Channel Service Standards* to standardize the service processes of its subsidiaries. The *Channel Service Standards* include behavior, sales service, after-sale service, environment and facilities, management, and customer management standards, covering the entire service cycle before, during, and after-sales. These standards are reviewed and updated annually based on customer feedback and the internal management requirements of the Group to ensure continuous enhancement of service quality.

Diverse online and offline services

New media marketing

All advertising activities we undertake strictly comply with the *Advertising Law of the People's Republic of China*, ensuring that all content and formats promoted by sales personnel are compliant and appropriate, avoiding exaggeration or false advertising, and firmly maintaining a fair and transparent sales promotion environment.

In today's digital age, new media channels have become the core battleground for online marketing and promotion for enterprises. Based on the rapid development of new media platforms such as Douyin, Xiaohongshu, and WeChat Video Accounts, the Group actively explores innovative models that integrate new media with automobile sales services, aiming to create more convenient and efficient service scenarios for customers. We align with the trends in online internet and automobile marketing development, systematically advancing the upgrade of new media marketing models, and comprehensively optimizing the customer experience.

In 2024, the Group's total lead volume from new media channels reached 360,000, reflecting an 80% increase compared to last year. The proportion of channel leads to total leads rose by nearly 10% year-on-year. Building on the solidified leading position of the Douyin platform's automobile dealer account matrix, the Group continues to enhance the empowering effect of new media marketing on its core business.

Yongda Auto APP

The Group has launched a digital platform that integrates online and offline service scenarios—the Yongda Auto APP. This platform serves as an ecosystem for car owners and automobile enthusiasts, achieving an organic connection between various online service scenarios and the offline service network.

As of the end of 2024, the Yongda Auto APP has accumulated 1.78 million registered users, with 816,000 vehicles linked to the platform. This year, the APP platform has completed a comprehensive online layout of the main business scenarios based on existing functionalities, significantly enhancing the integration of online and offline services in user consumption scenarios. By utilizing data analysis to create user profiles, we have achieved refined operations, providing a foundation for subsequent personalized content creation and delivery. Based on user lifecycle management, the Group has developed differentiated operational plans to continuously expand the user base and deeply explore user value. We focus on four core modules—service center, mall center, rights center, and interaction center—to enhance the platform's functional system. Through digital service tools, we achieve a closed-loop service for users throughout their entire lifecycle. By leveraging scenario-based interactions between the APP and mini-programs, we provide users with convenient 360-degree all-scenario services.

Special Services During Extreme Weather

To address the inconvenience faced by customers due to extreme weather, the Group's subsidiary stores have actively implemented various measures to ensure the smooth operation of automobile sales and after-sales maintenance services.

Online Consultation and Transactions

Online Platform Services: The stores leverage online platforms such as WeChat to proactively engage with customers, offering comprehensive online consultation and transaction services. Customers can easily access product information, inquire about pricing, and complete the car purchasing process directly online, enjoying convenient services without the need to visit the store.

Traffic Push Optimization: During extreme weather conditions, the sales team will intensify online traffic push efforts, enhancing the visibility of stores and various activities through targeted marketing and promotions to attract more potential customers and ensure a continuous acquisition of sales leads.

Door-to-Door Vehicle Pickup and Delivery Service

Stores collaborate with third-party professional service providers to offer door-to-door vehicle pickup and delivery services for maintenance customers. Customers only need to make an appointment to enjoy the vehicle pickup and delivery service without having to visit the store in person. Once the vehicle maintenance is completed, it will be delivered directly back to the customer's designated location, significantly enhancing the customer experience and addressing the travel inconveniences caused by extreme weather.

Emergency Coordination Mechanism

In the event of an emergency where extreme weather causes a backlog of vehicles awaiting repair at individual stores, the Group will promptly activate the emergency coordination mechanism.

First, we will conduct a comprehensive assessment of the backlog of vehicles, including the number of vehicles, the extent of damage, and the necessary repair equipment and tools. Subsequently, based on the assessment results, we will mobilize repair technicians, equipment, and tools from other stores to provide support, ensuring that repair work is carried out swiftly and efficiently. This will allow us to address the backlog of vehicles in a timely manner and ensure the normal operation of after-sales maintenance services.

Used Car Transaction Service System

In the used car business sector, the Group is dedicated to establishing a comprehensive used car transaction service system. By innovatively optimizing an omnichannel and full-chain transaction model, we strive to create a trustworthy, transparent, and convenient service environment for consumers, offering a more professional and attentive used car purchasing experience, and fully advancing the Group towards the goal of becoming the "most respected automobile service platform".

- **"2+1" Omnichannel Digital Retail Transaction Model**: This model integrates over 200 4S brand outlets under the Group, Yongda Used Car Chain Mall, and Yongda Used Car e-commerce platform to enable online vehicle viewing and transactions.

- **Digital Data Platform**: By centralizing pricing and vehicle allocation, we achieve an organic integration of online and offline operations, establishing an operational system focused on customer lifecycle management.

- **One-Stop Service**: Before purchasing a vehicle, we provide online customer service through Yongda's used car mini-program; after the purchase, we offer a minimum of 3 months/5,000 kilometers of quality assurance, along with warranty extensions, financial insurance, decoration and accessories, maintenance, and evaluation and trade-in services, truly delivering a "worry-free purchase, comfortable service, and peace of mind in vehicle use' experience.

Listening to Customer

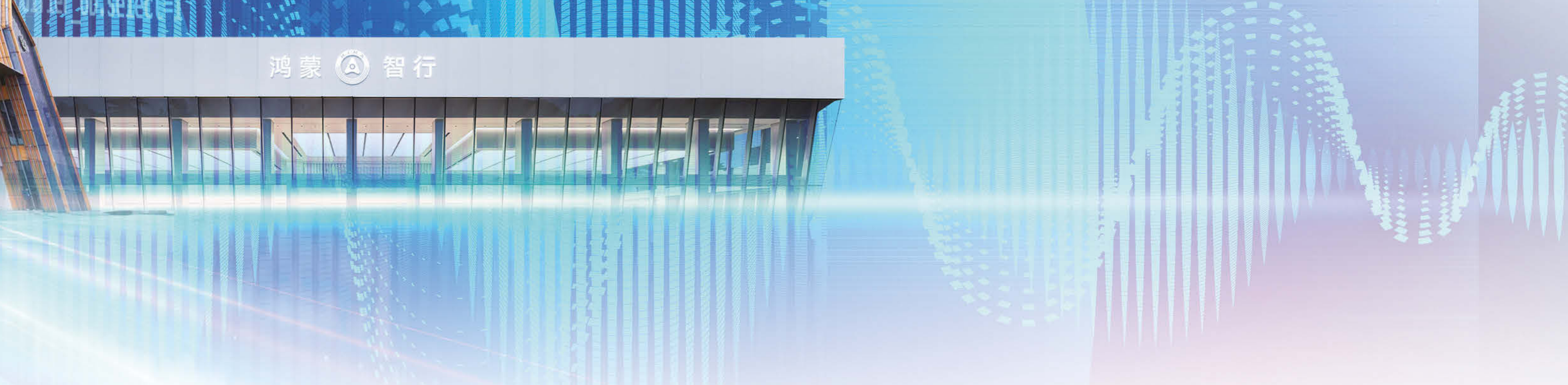
The Group has established multiple feedback channels to ensure that customer voices are addressed in a timely manner:

24-hour customer service hotline
- Providing round-the-clock support

Yongda Auto Expert Online Customer Service
- Offering real-time responses to customer inquiries.

Internet-based online customer evaluation platform
- In collaboration with the Shanghai Consumer Protection Committee, we launched the industry's first online evaluation platform.

Customer complaint handling mechanism
- Customer feedback forms are instantly sent to the relevant departments through the complaint handling system, ensuring prompt response and resolution.



In 2024, the Group enhanced the implementation of the online customer evaluation system. Through on-site introductions by sales personnel, we ensured that 100% of customers visiting the store for sales and after-sales maintenance participated in the QR code evaluation. We encouraged customers to share their experiences and insights regarding both in-store and online services, actively engaging in discussions with them to foster interaction and resonance. We will regularly compile and assess the evaluations to continuously optimize and improve, ensuring the effectiveness of our customer service.

In 2024, the Group's comprehensive customer evaluation score was 9.8/10.0 points. This year, we received a total of 85 complaints regarding our products and services, achieving a complaint resolution rate of 100%. Additionally, we accumulated approximately 230,000 customer evaluations on online review platforms.

Elevating Customer Experience

The Group upholds the service philosophy of "your auto service expert" and continued to launch various online and offline activities in 2024, aimed at providing customers with an excellent car ownership experience and enhancing customer loyalty.

This year, we organized an online Spring Festival series that integrates the traditional customs of the Chinese nation. We planned online activities on our public account, including the Spring Festival Dragon Year auspicious signing and the lottery for welcoming the God of Wealth on the fifth day of the Lunar New Year—activities such as "Fortune Rising Dragon" and other traditional holiday events. Additionally, we launched engaging marketing campaigns for popular holidays, attracting numerous users to actively interact and participate.

Furthermore, we collaborated offline with external pet service providers to offer benefits to Yongda's pet owners, and partnered with the Laiyifen Snack Museum to host a summer tea party called "Automobile Mobilization Event". Through cross-industry collaboration between the automotive sector and other industries, we enriched customers' automotive lifestyles, expanded their social circles, and enhanced customer satisfaction and loyalty.

Image: Summer Tea Party "Automobile Mobilization Event"

4.3 Privacy Protection: Building a Trusting Relationship Together

The Group prioritizes the protection of customer information and privacy, strictly adhering to relevant laws and regulations. We have established a series of standards and measures to ensure the legality, prudence, and confidentiality of customer information throughout the collection, retention, use, and processing processes, thereby comprehensively safeguarding the security of customer information.

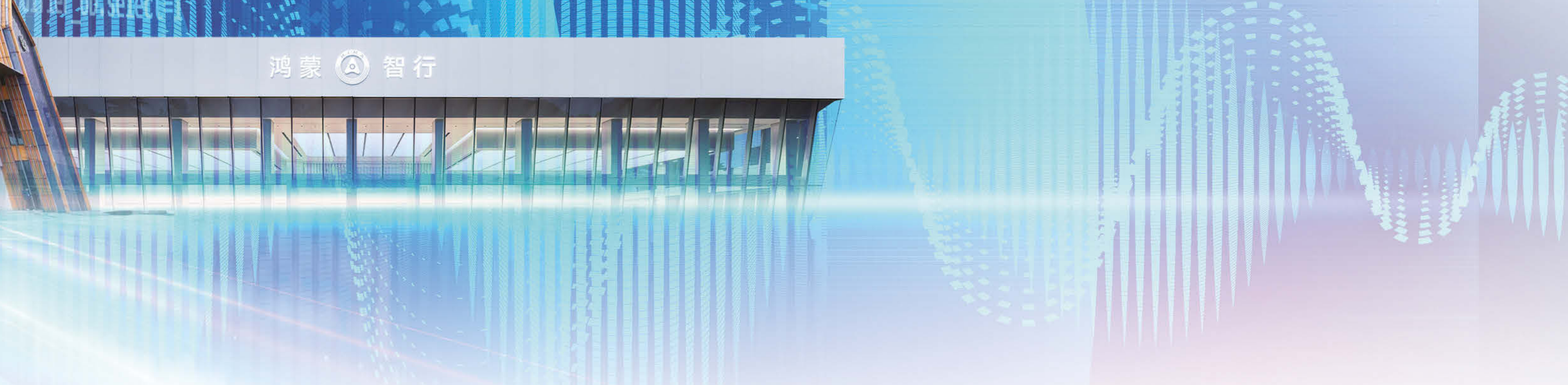
We strictly comply with the *Personal Information Protection Law* and other relevant regulations, and have formulated the *Management Measures for Strengthening Prevention of Customer Information Risks* to further standardize the management process of customer information. The Group requires all employees to sign a *Confidentiality Agreement* upon joining, clearly outlining their responsibilities and obligations regarding the confidentiality of customer information during their employment. Additionally, departing employees must sign a *Resignation Statement* to further emphasize their obligation to maintain confidentiality after leaving the company.

Employees must clearly explain the purpose and use of information collection when gathering customer information and obtain explicit authorization from customers. When using customer information, strict adherence to application processes and approval procedures is required to ensure the legality and transparency of information usage. When collaborating with third parties, the Group mandates the signing of a confidentiality agreement for customer information to ensure secure management and privacy protection during the collaboration process.

Furthermore, the Group effectively safeguards customer privacy and security through systematic training and strict supervision mechanisms. We regularly organize training related to customer information protection to comprehensively enhance employees' awareness of privacy protection and operational standards, ensuring that every employee strictly adheres to information management regulations. Additionally, we incorporate the authorization and management of customer information into our daily inspection scope to ensure that all protective measures are effectively implemented. If any non-compliance with regulations is discovered, the Group will impose penalties on the relevant business operators, further strengthening accountability and ensuring comprehensive protection of customer privacy and security.

We also require suppliers to maintain robust safety and privacy systems, ensuring that they do not obtain customer information from the Group through illegal means or unethical business practices.

During the Reporting Period, the Group did not encounter any incidents of customer information or privacy breaches.



4.4 Collaborative Integrity: Sustainable Supply Chain

The Group primarily collaborates closely with suppliers across various categories, including automobile parts, decorative materials, repair equipment, and office supplies, to establish an open, transparent, and sustainable supply chain. We have developed management documents such as *the Guiding Opinion on Strengthening the Turnover Efficiency of Auto Parts and Ornaments*, and *the Management Regulations for Procurement of Automobile Maintenance Equipment and Tools* and we periodically update these systems as necessary based on actual circumstances. The Group has launched a *Supplier Relationship Management System (SRM System),* which allows suppliers to register, reconcile, make payments, and generate reports on the SRM system platform.

Supplier Lifecycle Management

Through the SRM, the Group comprehensively collects supplier data, including basic information, personnel information, financial information, brand authorization, etc., achieving unified management of the supplier lifecycle. Simultaneously, we classify and manage suppliers and conduct third-party price comparisons and sourcing through the SRM system to select the best suppliers and products, effectively controlling procurement costs.

Supplier Development

- All affiliates shall seek and develop suppliers according to their brand and product characteristics, customer type, and submit applications through the SRM system.

Supplier Inspection and Access

- Examine the business license, product agency certificate, product information, prices, and other background information of the supplier candidates, and execute the access approval procedures.

Supplier Performance Evaluation

- Evaluate the parts and ornaments suppliers every half-year on their prices, quality, speed of delivery, and after-sale services; Suppliers with incomplete qualifications and evaluation results that do not meet the Group's requirements will be eliminated.

Digital Procurement Platform

The Group has established mini-programs for suppliers and enterprises, facilitating timely quoting and confirmation of business documents between suppliers and their subordinate enterprises. The unified online digital procurement management platform makes the procurement process more automated and transparent, reducing human involvement and lowering compliance risks. Furthermore, by refining data information on suppliers, materials, and business processes, and establishing data models, the Group has further enhanced its control effectiveness and cost optimization capabilities.

Sustainable Development of the Supply Chain

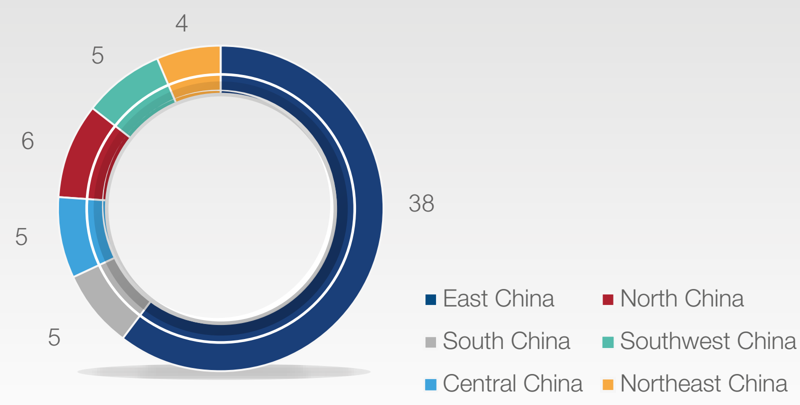
The Group considers environmental and social risks as important factors before collaborating with suppliers, and is committed to building a green and responsible supply chain system. We ensure the sustainability of the supply chain through stringent management measures and evaluation standards, while promoting suppliers to fulfill their social responsibilities.

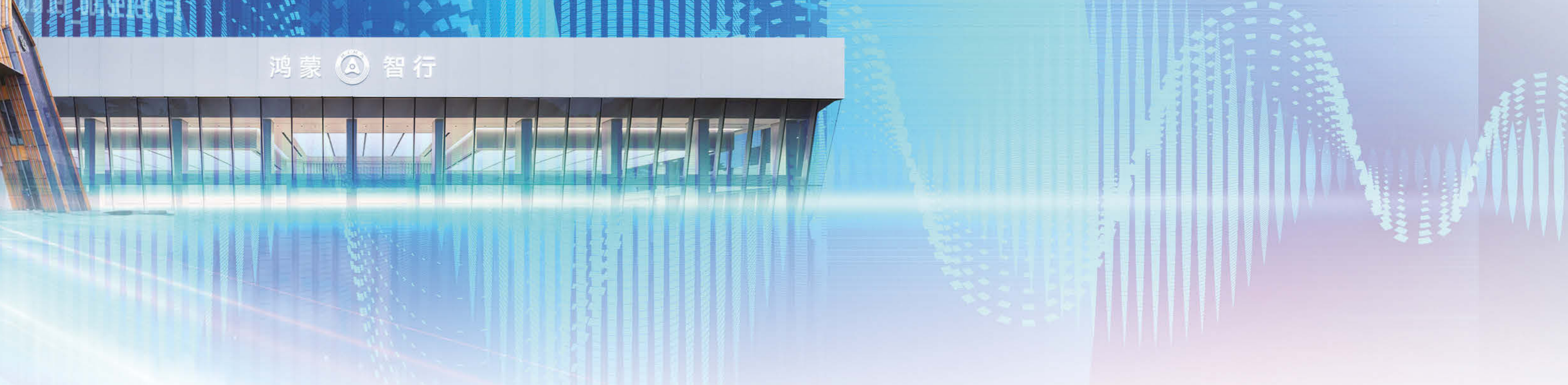
Regarding environmental risk management, in addition to components procured through the main manufacturer channels, we require suppliers to provide product authorization qualifications, quality testing reports, and environmental hazardous substance testing reports to ensure that products comply with environmental protection requirements. For instance, when selecting cooperating suppliers such as manufacturers of floor mats, heat insulation films, dash cameras, and car covers, they must adhere to relevant national environmental protection standards and provide the necessary qualifications; when selecting paint suppliers, they must supply relevant documentation such as volatile organic compounds (VOCs) content testing reports. Suppliers who are unable to provide the required materials will be denied cooperation. We establish certain cooperation thresholds to ensure the greening and sustainability of the supply chain.

Regarding the assessment of social responsibility, the Group considers the involvement of suppliers in charitable activities, such as donations, volunteer services, and environmental initiatives, as one of the criteria for supplier admission. By conducting a comprehensive evaluation of suppliers' environmental and social responsibility performance, we aim to promote the sustainable development of the supply chain.

In 2024, the number of suppliers that accounted for over 90% of the Group's total procurement amount during the Reporting Period was 63, with the regional distribution as follows:

Geographical Distribution of the Group's Suppliers





5. CHERISH TALENT

Employees are the most valuable asset of the Group and the core force behind achieving sustainable development. We consistently adhere to compliant and equitable employment policies, provide competitive compensation and benefits, support employees' career development, and create a healthy and safe working environment, thereby establishing a solid foundation for attracting and retaining a diverse range of outstanding talents.

5.1 People-Oriented: Labor Rights and Welfare

The Group consistently upholds a people-oriented management philosophy, continuously optimizing systems for hiring, compensation, and promotion, and is dedicated to building a professional talent pool. Simultaneously, we foster a humane and harmonious working atmosphere for our employees, continually enhancing their sense of happiness and belonging, thus laying a solid foundation for the sustainable and healthy development of the Group.

Employment Practices

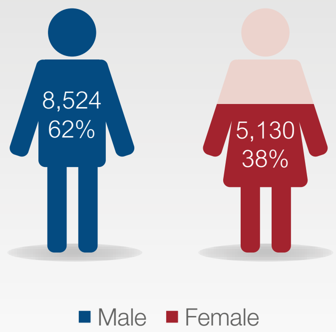
The Group strictly adheres to the *Labor Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Law on the Protection of Minors*, and *the Provisions on Prohibiting the Use of Child Labor*., among other relevant laws and regulations. Furthermore, the Group has established the internal *Provisions on Optimizing Recruitment* and *On-boarding Management of Employees* and *Provisions on Strengthening the Survival-of-the-Fittest Management of Employees* to regulate the recruitment and promotion processes.

The Group consistently upholds the principle of fairness throughout the recruitment and employment process, ensuring that no discrimination, differential treatment, or preferential treatment occurs based on gender, age, nationality, race, religion, or any other factors that violate equal rights. Additionally, we strictly adhere to national regulations and will never employ individuals under the age of 16 years, rejecting child labor and any form of forced labor, thus ensuring that all labor activities comply with relevant legal provisions. Should any violations or illegal activities be discovered, the Group will address them rigorously in accordance with the recruitment policy.

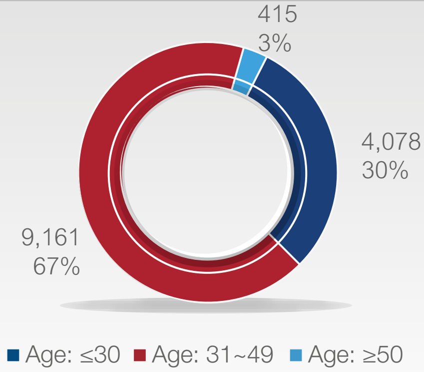
Additionally, the Group implements a flexible working system internally to assist employees in achieving a reasonable balance between work and life. Each operational location of the Group adheres to an 8-hour work schedule, with at least one day off per week, and provides employees with statutory holidays in accordance with local policies, such as paid annual leave, marriage leave, maternity leave, sick leave, bereavement leave, etc., fully safeguarding employees' rights and willingness to take time off.

As of the end of the Reporting Period, the Group employed a total of 13,654 individuals, including 13,613 full-time employees and 41 part-time employees. The overall number has seen a slight decrease compared to last year, primarily due to our ongoing efforts in the digital transformation of operations and finance, piloting cross-store business and personnel sharing among enterprises within the same park, which has further enhanced the efficiency of human resources. The classification of employees by gender, age, and region in 2024 is as follows.

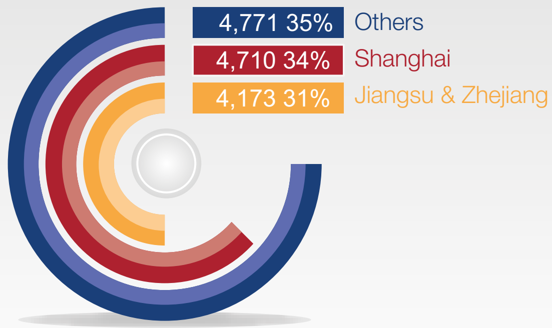
Male and Female Employees



Employees of Different Age Groups



Employees in Different Regions



Compensation System

The Group recognizes that a fair and equitable compensation system is essential for attracting and retaining high-quality talent. We are dedicated to providing competitive remuneration that aligns with market standards and the company's operational conditions, thereby fostering a positive career development environment for our employees.

The compensation for employees within the Group primarily consists of fixed salaries and performance bonuses. Clear evaluation criteria are established for various positions and performance assessments, ensuring that the compensation distribution reflects the principles of position differentiation, shared outcomes, and pay-for-performance. This ensures that all employees fairly receive the rewards of their labor. Additionally, the Group conducts flexible salary adjustments annually based on changes in the external environment and employee performance, aiming to ensure that each employee's compensation corresponds to their position's value and individual contributions.

Employee Care

The Group established a diversified and humanized benefits system that covers five types of social insurance and a housing fund, annual leave, sick leave, and other paid holidays. Additionally, the Group provides holiday greetings, high-temperature allowances, and free meals at work. Furthermore, the Group comprehensively supports employees' growth and happiness, focusing on work-life balance, family care, and assistance for families in need.

Work-Life Balance

The Group places a strong emphasis on the work-life balance of its employees, offering a variety of benefits and activities to enrich their lives.

Holiday Benefits

- National Statutory Holidays
- Female employees are entitled to one day of leave for International Women's Day.
- All employees are entitled to one day of leave for their birthday, along with birthday wishes.
- Employees who receive advanced personal titles are entitled to an additional three days of paid leave.

Employee Activities

- Distribution of heat-relief gift packages to all frontline after-sales employees.
- Organizing fitness activities for management personnel, establishing clubs for various sports, cultural performances, employee sports meetings, labor competitions, and the selection of "Yongda Craftsman", among others.

Holiday Activities

- We extend holiday greetings to employees during various holidays and organize activities for major celebrations. These include birthday parties, Mid-Autumn Festival events, and Youth Day celebrations, bringing care and warmth to our employees.

Family Care

The Group places great importance on the support and care of employees' families, offering family allowances and educational support for employees' children.

In terms of humanistic care, the Group provides a family allowance each month to the spouses and parents of core management personnel, such as executives, directors, and general managers, with an annual investment of approximately RMB4 million to demonstrate concern for the relatives of management personnel.

To emphasize the Group's commitment to learning and education, and to further recognize and encourage the educational achievements of employees' children, the Group has optimized and adjusted the *Yongda Group Employee Education Foundation Articles of Association* this year in line with the Ministry of Education's latest college admission policies. The *Yongda Employee Children College Admission Reward Regulations (2024 Edition)* has been officially updated and issued. This adjustment not only better aligns with changes in educational policies but also provides more comprehensive educational support for employees' children. In 2024, we awarded a total of 305 individuals, with the total reward amount reaching RMB1,002,500.

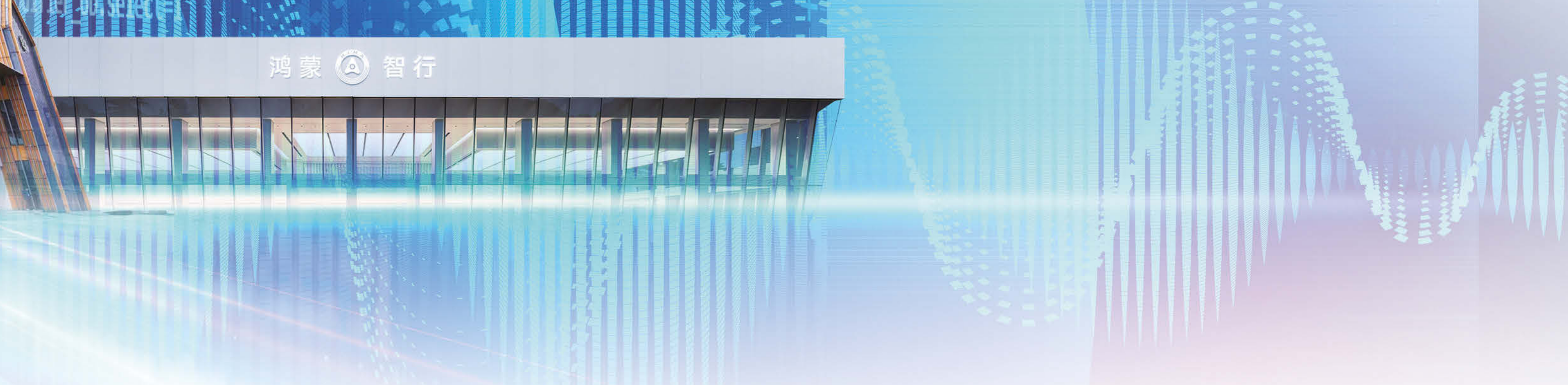
Health Care

In addition to providing health check-ups for all employees, the Group arranges exclusive high-end health check-ups and VIP consultation services annually for core management personnel, including executives, directors, general managers, and their families. The families of executives and expatriate general managers are also entitled to the same benefits. Furthermore, employees and their immediate family members can access major illness medical assistance and emergency support for family crises.

Support for Disadvantaged Families

The Group is deeply concerned about the lives of disadvantaged employees, offering maximum psychological counseling and emotional support, while also enhancing follow-up and communication with employees from families in needed.

Upholding the principle of caring for employees, the Group has established the "Yongda Employee Special Assistance Fund", which aims to provide support to employees and their families who face significant life challenges, helping them to overcome difficulties in a timely manner. In 2024, the Group continued to implement Spring Festival assistance activities and Chongyang care initiatives, providing assistance funds to a total of 105 struggling families, amounting to RMB365,000; and offering support and care to parents of employees aged 75 or older, or those aged 65 and above suffering from serious illnesses or facing family difficulties. Care activities were conducted for a total of 99 qualifying families, with assistance funds reaching RMB99,000.



5.2 Talent Development: Employee Training and Development

The Group has consistently viewed the development of employees' capabilities and career advancement as a core mission. We are committed to providing diverse training channels and equal promotion opportunities for our employees, helping them enhance their professional knowledge and comprehensive skills, while steadily advancing the development of the Group's talent pipeline.

In 2024, we aligned with the Group's strategic objectives and issued the *Education and Training Center 2024 Work Plan* along with the *2024 Group Annual Training Plan and Learning Objectives Assessment Standards*. This clarified our employee development plan, focusing on the implementation of learning projects centered around themes such as enhancing digital capabilities and improving cost efficiency. Our goal is to further enhance the learning capacity of all employees and effectively translate learning outcomes into work performance.

Employee Training

The Group has established and continuously improved a training system focused on job competency and career development. Training plans are adjusted annually based on business needs, providing customized training for employees at various levels.

New employee

Orientation and on-the-job training
Help new employees understand the company culture and the job duties to fit in as soon as possible.

Professional talent

Internal business skills training and advanced certification training by external manufacturers
Help new employees understand the company culture and the job duties to fit in as soon as possible.

Management personnel

Management ability enhancement training, general management courses, professional skill upgrading training
Help management personnel further expand their horizons and understand the company's development strategies.

The Group continues to advance the development and optimization of the digital learning platform Yongda Cloud University, achieving unified training and digital management for all employees through the configuration of learning maps and the provision of online courses, resulting in a 100% participation rate throughout the year. Learners can also earn points by logging in, studying, and contributing courses, which can be redeemed for desired items at Yongda Cloud University, thereby enhancing platform engagement and adding an element of enjoyment. The achievements of the Yongda Cloud University this year are as follows:

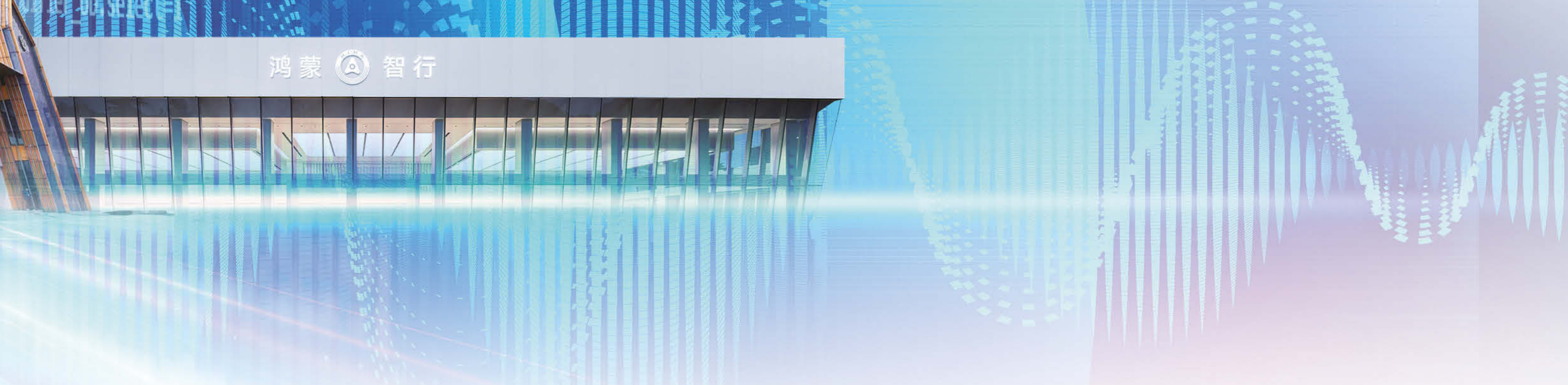
- **Course Updates and Iterations**: Based on learner needs, we continuously optimize course content, completing updates and iterations for the Yongda Cloud University Course Center to ensure that learners can enjoy a more efficient and convenient learning experience.

- **Course Quantity and Quality**: Over the year, we provided a total of 1,734 courses available to all staff, which included 162 new professional courses and 207 new general manager quality training courses, thereby enriching the variety of courses to meet the diverse needs of learners at different levels.

- **Learner Participation**: The average number of logged-in accounts per month reached 13,226, demonstrating a high level of engagement and recognition from learners towards the platform.

- **Learning Duration and Completion Rate**: All students have accumulated approximately 1.43 million hours of course viewing, with an average annual study time exceeding 9 hours and a completion rate of 100%.

Figure: Knowledge Base of the Yongda Cloud University Course Platform



Training for New Employees

For new employees, the Group continues to optimize training courses and formats to ensure the standardization and consistency of learning management, organization, and content. We have specifically designed a series of courses for the new generation of employees, covering four key modules: cognitive upgrading, interpersonal communication, potential release, and efficient execution, to promote the comprehensive development of employees.

Professional Talent Development

For professional talent, the Group places significant emphasis on enhancing employees' professional skills through a combination of internal and external training, thereby intensifying our commitment to staff development. Each employee participates in internal professional training approximately every two weeks. In addition to internal training, we arrange for employees to attend repair skill enhancement sessions organized by automobile manufacturers and regularly invite industry experts to conduct specialized training, such as paintless dent repair and technical trainer capability enhancement, ensuring that employees can keep pace with industry technological advancements and effectively tackle the increasingly complex challenges of automotive technology.

Management Training

For management personnel, the Group has collaborated with Korn Ferry for six consecutive years to advance the "Talent Development Program"—the Yongda EMP Class—allowing outstanding young managers to receive professional capability assessments, leadership potential evaluations, and systematic training. Simultaneously, in accordance with the requirements of the New-Generation Employee Management Working Group, we are responsible for identifying potential talents among the new generation of employees and developing tailored training and development plans to facilitate their rapid growth. During the Reporting Period, we customized 20 courses for new-generation employees through the Cloud University platform, covering workplace effectiveness, career planning, professional competencies, and a series of courses for Generation Z, assisting new-generation employees in better transitioning from students to professionals.

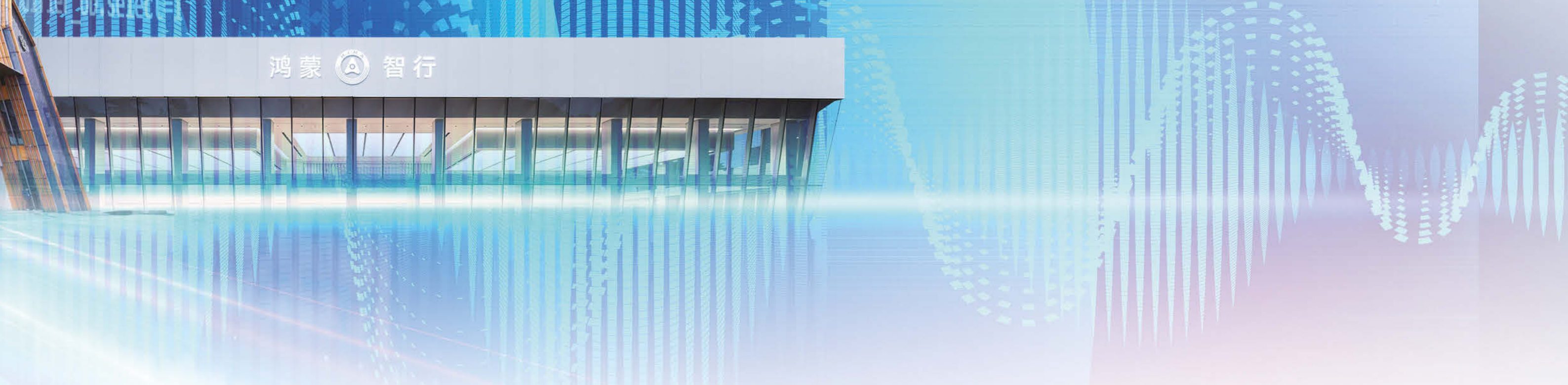
Additionally, we have implemented specialized training for management personnel, organizing live courses on a monthly basis through the 'Management Personnel Online Classroom.' The training focuses on four key themes: frontier exploration, team building, business enhancement, and self-improvement. It encompasses essential topics such as the interpretation of cutting-edge policies, the application of new technologies in business contexts, boosting team morale, cost reduction and efficiency improvement, customer orientation, emotional management, and cultural literacy, offering a total of eight courses. This training program runs from May to September, spanning four months. On average, over 800 participants attend each session, with total participation exceeding 6,500 individuals. After the program concludes, we encourage participants to share their learning insights and experiences within the Yongda Cloud University community, fostering a positive environment for continuous learning.

Image: Management personnel sharing insights after the online classroom session at Cloud University

The Group places significant emphasis on enhancing the capabilities of its core management team and continuously encourages and supports relevant training initiatives. In 2024, in response to the actual training needs of the management team, the Group has planned and organized five specialized training sessions covering topics such as macroeconomic trends, breakthroughs and prospects in new retail for automobiles, consumer insights, improving operational quality and efficiency, and AI-assisted smart driving. The objective is to help the management team broaden their perspectives, enhance strategic thinking, and improve business capabilities.

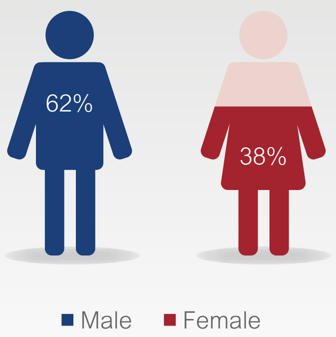
Additionally, the Group closely aligned its efforts with the annual key objectives by organizing the management team to visit two industry benchmark enterprises: the Shanghai Intelligent Manufacturing Functional Platform and Hydrogen Morning New Energy Technology, for on-site learning. Through in-depth discussions with industry experts and hands-on experiences, the management team gained direct exposure to cutting-edge technologies and innovative practices, providing valuable insights into future development trends and robust support for the Group's strategic planning and business innovation.

Figure: The Group's management team conducts on-site visits to industry benchmark enterprises.

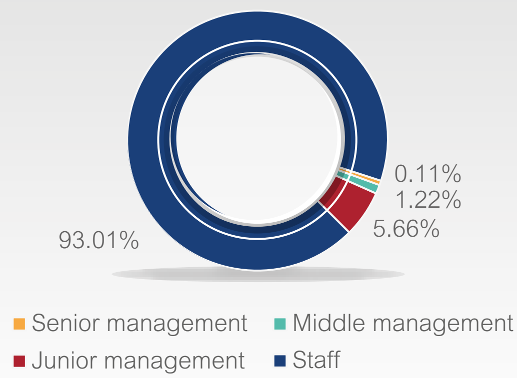


During the Reporting Period, the total training hours for employees of the Group reached 2,203.5 thousand hours, with an average training time of 255.3 hours per employee, which is essentially consistent with last year's training level. The specific ratios of trained employees and average training hours are as follows:

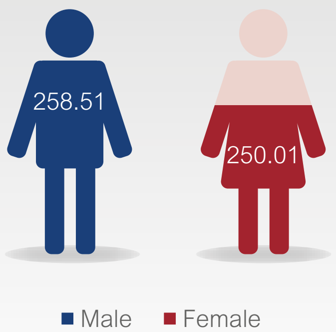
Percentage of employees trained by gender



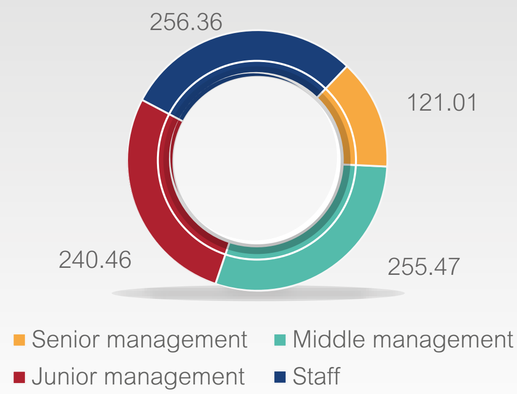
Percentage of employees trained by catergory



Average training hours by employee gender



Average training hours by employee category



Career Development

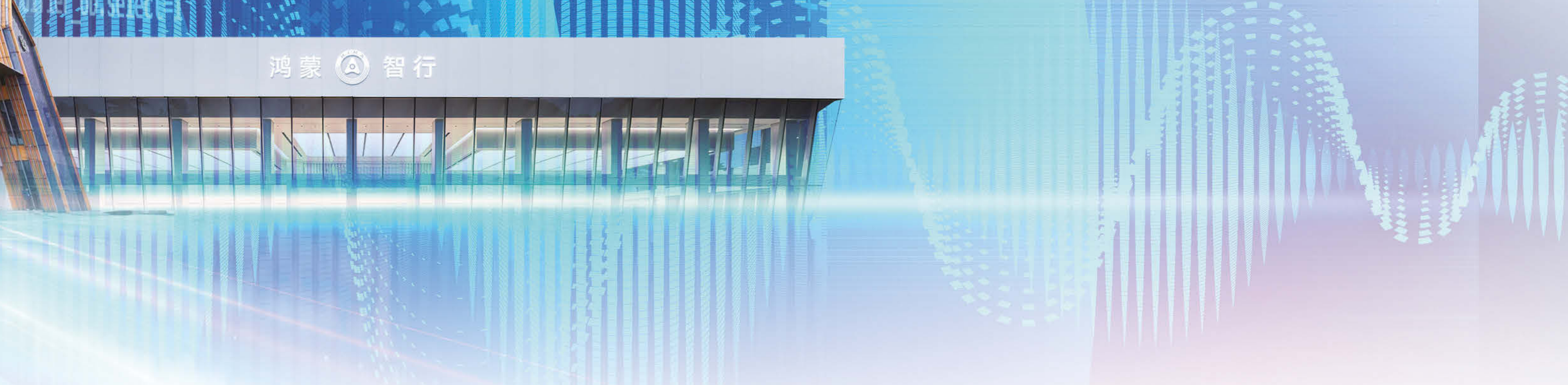
The Group has established a clear career development path for employees, offering a dual-channel development model for both professional talents and managers. In the professional talent channel, there are five levels: junior, intermediate, senior, advanced, and chief; in the manager channel, there are four levels: supervisor, manager, general manager, and business unit director. Each level is further subdivided into 1 to 3 sub-levels based on the employee's capabilities and experience maturity, creating a comprehensive promotion system. This structure aims to motivate employees to achieve annual promotions through continuous effort and professional development, providing clear direction and motivation for personal career advancement.

The Group's professional talent pathway and management pathway have established an intercommunication mechanism that allows employees to flexibly transition between the professional and management tracks based on their abilities and career plans, or to switch positions within the professional track across different sequences. This flexibility not only promotes the accumulation of experience in various professional fields but also aids in the development of composite skills, thereby enhancing overall competitiveness. Regardless of whether employees ultimately choose the professional talent pathway or the management pathway, they can fully maximize their value in their respective positions, becoming a core force driving the development of the Group.

To inspire employees' enthusiasm for learning and enhance their technological innovation capabilities, the Group regularly organizes technical competitions for all staff, encompassing various business lines such as sales, after-sales, and new media. Through competitive challenges, employees not only have the opportunity to showcase their skills but also to identify areas for improvement and elevate their professional standards through practical experience. The technical competition serves as a platform for communication and learning among employees, while also promoting collaboration and a competitive spirit among teams, thereby fostering a positive learning environment characterized by "striving to learn and excel". This year, the technical competition attracted a significant number of employees who actively participated, resulting in the emergence of a group of exceptionally skilled talents that provide robust support for the Group's business enhancement and service innovation.

Case: "United in Talent, Deep in Skills" Elite Competition

In 2024, themed "United in Talent, Deep in Skills", the Group hosted the 19th Sales Elite Competition and the 18th After-Sales (Bodywork Technician) Elite Competition. Throughout the competitions, participants from various regions engaged in intense brainstorming and collaborative interactions, demonstrating exceptional innovation capabilities and market insights. A number of outstanding young talents born in the 1990s and 2000s emerged, earning high recognition from judges and colleagues for their remarkable performances, which fully reflect the Group's achievements in cultivating young and professional talent.



Case: Professionals Recognized in Various Skills Competitions

In May 2024, our employee Chen Chang was awarded the “Shanghai May Day Labor Medal” by the Shanghai Federation of Trade Unions for his outstanding work performance and professional skills. This award not only acknowledges his individual capabilities but also reflects the Group’s exceptional achievements in talent development.

In November 2024, our employee Fangyun Zhang participated in the 2024 National Industry Vocational Skills Competition—the “Yuxuan Technology Cup” Second National Automobile Repair Service Vocational Skills Competition, organized by the China Automobile Repair Industry Association. He won the second prize in the Shanghai division for the “Automobile Body Shaping and Repair Competition (Employee Group)”. This achievement underscores his profound expertise and exceptional skills in the professional field.

5.3 Safety First: Occupational Health and Safety

The health and safety of employees is the foremost priority in the Group’s operations and development. We consistently adhere to the principle of “prevention first, integrating prevention and treatment”, continuously optimizing safety management measures, refining management responsibilities, and establishing supervision and inspection mechanisms, all aimed at creating a healthy and safe working environment for our employees.

Occupational Health

The Group places a high priority on occupational health management and has implemented a series of effective control measures to address potential occupational hazards that may arise in production work:

Personal Protective Equipment

We equip employees who may be exposed to occupational hazards with necessary protective gear, such as gas masks, earplugs, goggles, insulated gloves, and insulated shoes, to ensure their safety and health while at work.

Environmental Testing and Health Assessments

The Group regularly conduct environmental testing in the workplace and occupational health assessments for employees. We enhance environmental management in office areas and production workshops to ensure that air quality complies with national standards. We also carry out employee health assessments include pre-employment physical examinations, periodic health checks, and post-employment evaluations to prevent occupational diseases and protect employee health.

High-Temperature Protective Measures

To protect after-sales workshop employees working in ultra-high temperature environments, the Group regularly distributes heat prevention supplies and high-temperature care packages to effectively prevent heatstroke and related production safety incidents.

Employee Fitness Activities

We establish fitness activities such as badminton, jogging, and yoga to encourage active participation among employees.

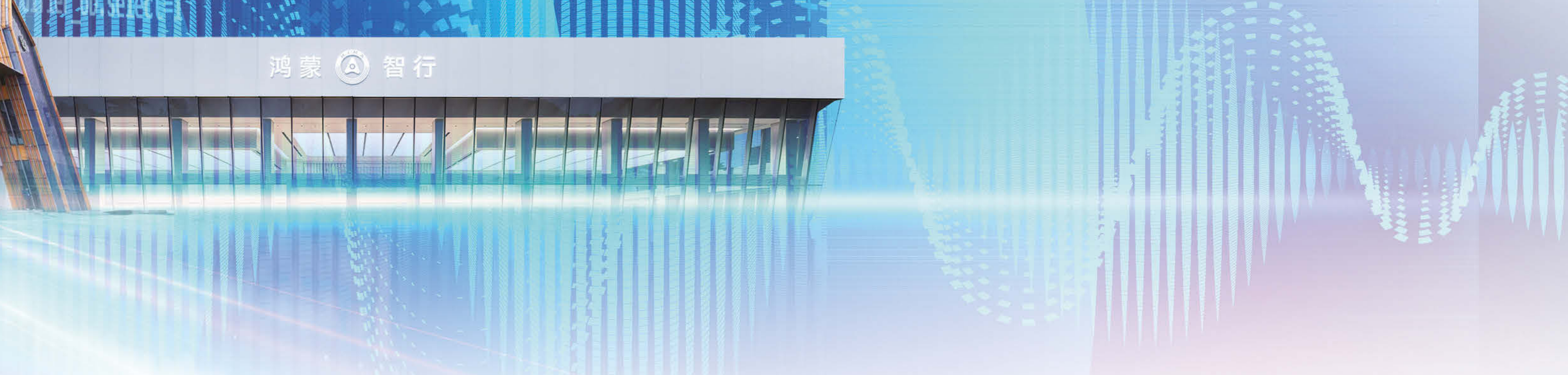
Employee Fitness Activities

We design, install, and maintain fire safety equipment, safety warning signs, and protective gear in accordance with relevant standards.

Safety Management

The Group strictly adheres to the *Law of the People's Republic of China on Workplace Safety* and other relevant laws and regulations. It has established the *Regulations on Management of Production Safety* to clearly define production safety management matters and responsibilities. Each subsidiary has formed a safety management team and signed risk prevention responsibility agreements with the directors of the Functional Center, general managers, management personnel, and employees, thereby establishing a robust safety production management responsibility system at all levels.

Currently, the safety hazards faced by the Group are primarily concentrated in test drive safety, operational safety in repair workshops, and fire hazards during the daily operations of the enterprise.



Test Drive Safety Management

With regard to the personal safety of test drive personnel, the Group has established clear regulations concerning the responsibilities of subsidiaries, sales consultants, and test drivers in this process, which primarily include the following key points:

Identity Verification	Agreement Signing	Dashcam	Key Management	Driving Regulations
• Ensure that customers provide original identification and driver's licenses before the test drive, and strictly verify their authenticity.	• A Test Drive Service Agreement shall be signed with customers, which will be reviewed and confirmed by the vehicle administrator; then vehicle administrator can give the key to the sales consultant.	• Install a dashcam in the test drive vehicle and ensure it operates properly during the test drive to mitigate driving safety risks.	• During the test drive, the sales consultant or test drive specialist must securely manage the keys at all times to ensure the safe operation of starting and stopping the vehicle.	• Test drivers must not participate in test drive activities after consuming alcohol or taking medications that impair driving abilities, and must adhere to traffic regulations while following the instructions of accompanying personnel.

Repair Workshop Safety Management

To ensure operational safety in the repair workshop, the Group has implemented a safety inspection and hazard identification and management system.

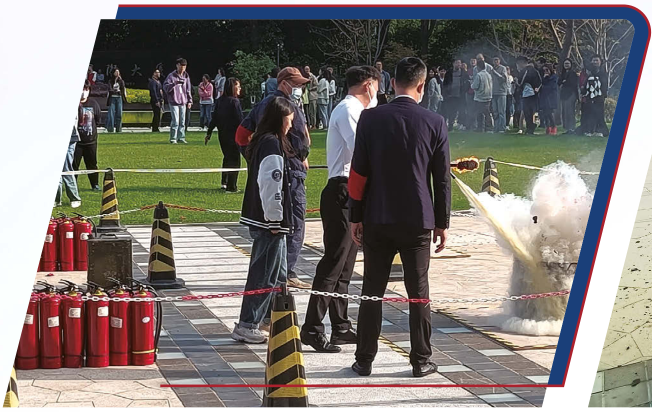
- **Daily Self-Inspection**: Each subsidiary conducts a safety self-inspection every day, with a comprehensive safety inspection involving the general manager once a month.

- **Hazard Rectification**: For any identified safety hazards, immediate rectification or the development of a rectification plan is required, with clear assignment of responsibility and implementation of corrective measures.

- **Equipment Maintenance**: Equipment in the repair workshop must be regularly maintained and inspected in strict accordance with the maintenance system to ensure normal operation. Any equipment identified with safety hazards must be immediately taken out of service until repaired.

Fire Safety Management

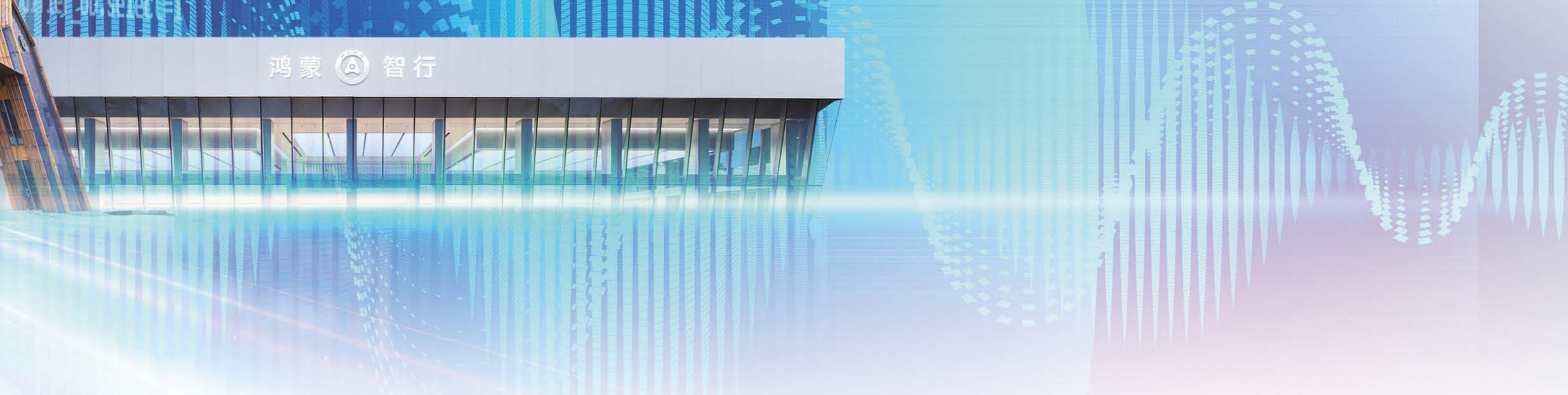
To prevent and reduce the occurrence of fire accidents, the Group periodically convenes safety officers from various enterprises to hold relevant case analysis meetings, urging them to consistently focus on fire safety management. Additionally, the Group explicitly requires its affiliates to conduct at least one comprehensive fire drill annually to train employees in self-rescue capabilities during emergencies and in emergency response skills when accidents occur. Through these fire drills, affiliates can not only verify whether fire-fighting equipment is ineffective condition but also ensure that every employee is familiar with the location of the fire-fighting equipment and can use it proficiently, thereby eliminating potential fire hazards at the initial stage.



Safety Education and Training

The Group places a strong emphasis on cultivating employees' safety awareness and has established a comprehensive safety education and training system designed to ensure that employees possess the necessary safety knowledge and skills to effectively address potential risks in their daily work.

The Group provides safety education for employees through various methods, including safety knowledge training for new hires, safety education before job assignments, and training on safety operating procedures. This training encompasses areas such as hazardous material identification, protective measures, and emergency response, ensuring that employees are equipped with essential safety knowledge. Furthermore, the Group promotes safety practices through channels such as company newsletters and cultural walls, and recognizes outstanding units and individuals in safety production efforts, thereby further cultivating a safety culture.



6. LOVE FOR SOCIETY

As a socially responsible corporate citizen, the Group actively contributes to society and engages in community activities while pursuing strategic development. Since the establishment of the Yongda Foundation in 2017, the Group has consistently implemented various public welfare projects focused on "Caring for Children", "Caring for the Elderly", "Concern for Education", and "Concern for Poverty", with a total public welfare expenditure exceeding RMB100 million.

In 2024, the Group's total investment in public welfare and charity reached RMB25,210,000, and we were honored with the "Charity Star Special Contribution Award" and the title of "Shanghai Sports Charity Partner". In addition to our existing key projects, namely the "Caring for Hearing and Vision Impaired Children" (耳聰目明」) Children's Care Project, the "Snow Angel" (「白雪天使」) Children's Care Project, the "Rare Disease Newborn" (「罕動新生」) Children's Care Project, the "Kawasaki Disease Children's Care Project" (「川崎病兒童關愛項目」), the "Little Hands Hold Big Hands, Walking the Safe Road" (「小手拉大手，共走平安路」) primary school traffic safety project, and the "Love, By Your Side" (「愛，在您身邊」) elderly companionship volunteer service project, we introduced a new public welfare project in 2024 called "Lighting Up Hearts" to support families with financially challenged heart disease patients. Furthermore, we encourage employees and customers to engage in charitable activities through the Yongda charity auction and the "Yongda Special Fund".

6.1 Warm Companionship: Caring for the Elderly

With great love as the priority and filial piety as the foundation, promoting a culture of respect and care for the elderly is of significant importance in our rapidly aging society. It plays a crucial role in maintaining family happiness and social harmony and stability. In 2024, the Yongda Foundation continued to prioritize caring for the elderly as a key aspect of its public welfare initiatives, striving to provide essential emotional support and spiritual comfort to seniors. The foundation has planned and implemented the "Love, Right Beside You" (「愛，在您身邊」) Yongda Public Welfare Elderly Companionship Project. It continuously adjusts the content and format of the project based on actual needs, which mainly includes volunteer companionship activities, Chongyang Festival elderly care visits, the "Golden Reading"（「金色悅讀」） newspaper donation initiative, and the recording of the "Echoes of Time"（「歲月的回響」） documentary featuring distinguished elderly individuals.

6.2 Moving Forward Together: Caring for Children

Disease assistance can light up a family's hope. In 2024, the Yongda Foundation actively engaged in charitable initiatives focused on children's health, supporting various programs including "Rare Disease Relief for Newborns" (「罕動·新生」rare disease assistance program), "Children's Liver Transplant Assistance" (「移路童行」) liver transplant aid initiative, "Caring for Hearing and Vision Impaired Children" (「耳聰目明」) child welfare project, "White Snow Angels" Blood Disease Care Project (「白雪天使」), and "Kawasaki Disease" (「川崎病」) Medical Assistance for Children, contributing a total of RMB7.2 million. This commitment aims to improve the lives of affected children and their families, demonstrating the Yongda Foundation's steadfast dedication to promoting social welfare and enhancing public health.

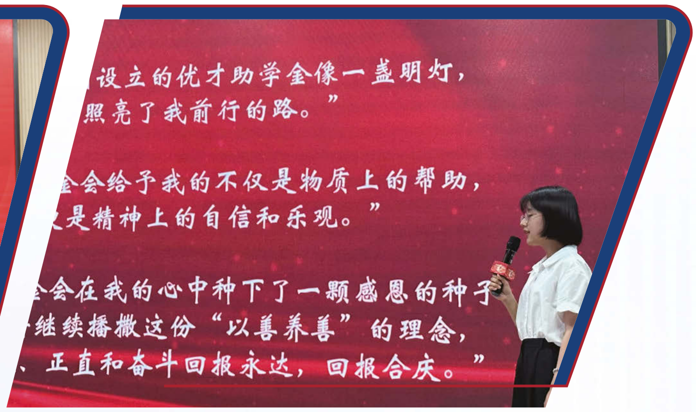
6.3 Mutual Support: Building Dreams and Supporting Education

A prosperous education leads to a thriving nation; a flourishing education strengthens the nation. The Group firmly believes that education is a key driver of regional economic development. To this end, we have consistently invested in public welfare education by establishing the Shanghai Normal University Yongda Special Education Fund, Pudong Heqing Town-Yongda Special Education Fund, and Yongda Class-Yongda Special Education Fund. These funds assist outstanding youth from impoverished families in pursuing their studies with peace of mind, ensuring that students have access to equitable and high-quality education and learning opportunities.

In 2024, the Yongda Foundation supported the launch of the “Beautiful China, Rural Teaching Project”, which aims to cultivate outstanding talents with a sense of social responsibility and social innovation capabilities, thereby promoting the balanced development of education in China. This year, the project specifically supported 8 volunteer teachers who provided teaching services at Yucun Primary School in Xinxu Town, Wuzhi Primary School in Fubian Town, and Jingbei Primary School in Jingzhou Town, delivering a total of 2,178 quality classes to 1,200 beneficiary students. In addition to providing educational assistance, the Group actively conducts campus presentations and participates in multiple school-enterprise cooperation meetings to reserve talent resources for the company. These initiatives not only offer valuable learning and practical opportunities for students but also inject new vitality into the company’s development, demonstrating our firm commitment to the education sector and our far-reaching plans for the future.

Case: The 40th Teacher’s Day and “Yongda Scholarship Public Welfare Day” Themed Event in Heqing Town

In September 2024, Heqing Town celebrated the 40th Teacher’s Day and the themed event of “Yongda Scholarship Public Welfare Day” at Heqing Middle School. Leaders, including the Secretary of the Heqing Town Party Committee, the Secretary of the Yongda Group Party Committee, and the Chairman of the Public Welfare Foundation, attended the event, which was also participated in by representatives from public primary and secondary schools, kindergartens, outstanding teachers, parents, and students from the district.



During this event, in addition to presenting the "Yongda Student Scholarship" and the "Yongda Outstanding Teacher Award", the Yongda Foundation signed a new round of public welfare mutual assistance agreements with the People's Government of Heqing Town and the Village Committee of Xijia Village to support the sustainable development of Heqing. According to statistics, since Yongda initiated its paired assistance project with Heqing in 2002, it has donated over RMB13 million yuan in charitable funds, benefiting more than 20,000 individuals, supporting over 1,000 underprivileged students, and rewarding more than 100 outstanding teachers, thereby contributing to the livelihood security efforts in Heqing.

6.4 Gathering Strength: United Efforts in Poverty Alleviation

The Group is dedicated to implementing targeted poverty alleviation initiatives, taking concrete actions to support vulnerable populations. In the current fiscal year, the Group has assisted and comforted a total of 1,705 individuals, including 62 patients with uremia, 18 patients with leukemia, 103 patients with malignant tumors, 120 families who have lost their only child, and 136 other individuals facing special challenges. Furthermore, we have distributed New Year gift packages to 1,266 elderly individuals.

Case: "Illuminating Hearts" Care Project for Heart Disease Patients

In September 2024, Mr. Chen, a 39-year-old food delivery rider, suddenly experienced severe chest pain while delivering meals, followed by symptoms of back pain and leg numbness that limited his mobility. After a preliminary examination, Mr. Chen was diagnosed with acute type A aortic dissection, a cardiovascular emergency with a mortality rate exceeding 50% within 48 hours, putting his life at risk. However, due to financial difficulties, Mr. Chen faced the risk of treatment interruption. Upon learning of the situation, the Shanghai Yongda Foundation and the Zhongshan Hospital affiliated with Fudan University quickly initiated a green approval channel for the "Light Up the Heart" project. Following medical assessment and verification, Mr. Chen was found to meet the criteria for assistance, and the hospital promptly commenced treatment. This assistance not only saved Mr. Chen's life but also effectively alleviated the significant medical expense burden on his family, demonstrating Yongda's support and help for impoverished families facing illness.

6.5 Yongda Charity: Auction Donations

The Group has established a sustainable public welfare ecosystem through a "multi-stakeholder benefit| model. While dedicated to developing its own public welfare initiatives, it also encourages employees, vehicle owners, and customers to participate in social welfare activities, thereby fulfilling social responsibility through concrete actions.

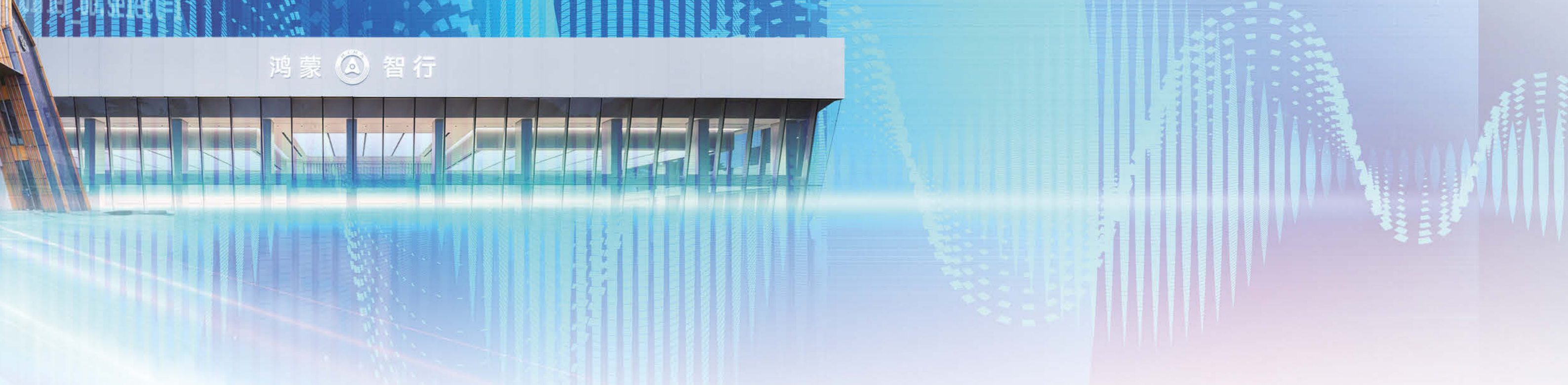
Charity Online Auction

In November 2024, the Yongda Charity Foundation successfully hosted the "Yongda Charity Online Auction". Senior executives and relevant management personnel from the Group, along with compassionate individuals from society, contributed to charitable causes via the online auction platform. All 54 items in this charity auction were sold with a 100% completion rate, raising a total of 10.52 million yuan through simultaneous online and offline auctions. The proceeds will be entirely allocated to support the public welfare initiatives of the Yongda Charity Foundation in 2025. Furthermore, after the auction concluded, some compassionate individuals from society donated an additional RMB1.537 million, which fully demonstrates The Group's influence in the realm of social welfare and its commitment as a responsible corporate citizen.

Image: Yongda Charity Online Auction

Yongda Special Fund

To embody the principles of charity and public welfare, showcase Yongda's commitment to social responsibility and its public welfare brand image, and encourage more vehicle owners and customers to engage in Yongda's charitable initiatives, the Yongda Charity Foundation has partnered with the Shanghai Charity Foundation this year to establish the "Yongda Special Fund". This initiative includes reaching out to the Group's customers and forming a dedicated working group to guide subordinate units in conducting targeted charitable donation activities.



This initiative commenced its pilot phase in May and, after four months of progress, has been fully implemented across the Group. Various subsidiaries have creatively adopted diverse approaches, including, but not limited to, organizing charity auctions during customer appreciation events, issuing initiatives through party-building platforms, and coordinating donations to support children through representatives of car owners. By the end of the Reporting Period, a total of 12,350 customers have participated in this project, significantly enhancing Yongda's public welfare image.

Image: "Yongda Special Fund" Charity Activity

7. ENVIRONMENTAL PROTECTION

The Group focuses on the automobile sales and service industry, which is not energy-intensive and has a limited impact on the environment. However, the Group recognizes the environmental responsibilities that businesses must assume during their development process and actively implements the concept of sustainable development in its daily operations. The Group has established an environmental management system that encompasses various elements, including environmental management organizations, responsibility management, environmental assessments, environmental training, and emergency response plans. The Group is committed to responsibly managing the resources it uses and minimizing carbon emissions and waste generation to the greatest extent possible.

7.1 Low Carbon Operations: Efficient Use of Resources

The Group has consistently prioritized enhancing the efficiency of energy resource utilization and strictly adheres to the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, among other relevant laws and regulations. The resources utilized by the Group primarily include electricity, gasoline, diesel, and municipal water essential for the operation of the Group's offices and daily activities.

During the Reporting Period, the total energy consumption of the Group was 111,727.89 MWh, which included electricity consumption of 96,041.00 MWh, gasoline consumption of 14,845.88 MWh, and diesel consumption of 841.01 MWh. The energy consumption density was 845.21 MWh/10,000 m^2, reflecting an increase of 6.6% compared to the previous year. The reason for the increase is that the Group added a new charging service station for NEVs that is open to the public this year, and the NEV companies that were established in 2023 officially commenced operations in 2024. Furthermore, during the Reporting Period, the Group's total water resource consumption amounted to 816,113.00 tonnes, with a water resource consumption density of 6,173.79 tonnes/10,000 m^2, representing a decrease of 6.8% compared to the previous year.

During the Reporting Period, the total greenhouse gas emissions of the Group amounted to 56,152.63 tonnes. Among these, the Group's Scope 1 direct greenhouse gas emissions primarily originate from gasoline usage, with an estimated greenhouse gas emission of approximately 4,282.47 tonnes in 2024 when calculated in terms of carbon dioxide equivalent. The Group's Scope 2 indirect greenhouse gas emissions mainly result from purchased electricity, with emissions of approximately 51,870.16 tonnes in 2024.

The Group has consistently adhered to the concept of sustainable development, actively promoting low-carbon office practices and integrating the principle of reducing resource usage into our daily operational management mechanisms. We have established long-term goals regarding energy use and water resource utilization, and we implement resource-saving actions across all operational aspects through specific measures. Currently, the Group has set long-term goals for energy use and water resource utilization as follows:

Electricity Usage

We are committed to continuously improving the efficiency of electricity usage and will actively promote rooftop photovoltaic projects in the future to reduce building energy consumption and implement low-carbon energy practices.

Water Usage

In accordance with the relevant environmental protection policies and regulations in China and taking into account the actual situation, the Group legally acquires an appropriate amount of water resources. We are dedicated to controlling our annual water consumption to remain below the amount approved by the water supply company and aim to avoid unnecessary consumption.

During the Reporting Period, the Group implemented resource-saving initiatives across various operational aspects through the following measures.

Water saving

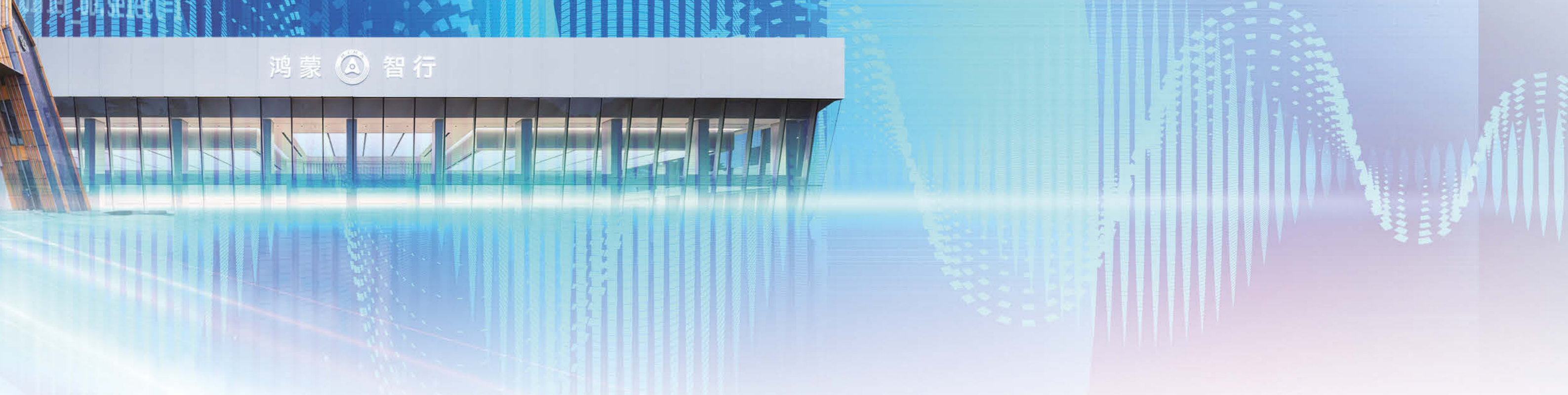
We regularly checked water pipes and fire hoses for leakage, pay close attention to monthly water consumption and abnormalities, and publicized to improve employees' awareness of water conservation, to effectively reduce annual water consumption.

Electricity saving

We upgraded the hardware and interior finish to gradually replace the ordinary lamps with energy-saving lamps, got rid of unnecessary electric equipment, used air conditioners according to seasonal temperatures, set the air conditioner temperature at 26°C, and regularly popularized energy conservation knowledge.

Paper saving

In principle, staff are required to adopt electronic means such as Email and WeChat for business reporting and issuing notices whenever possible; necessary paper materials should be printed using different types of paper in proper printing modes; for example, using a new piece of paper and single-sided printing for external documents, and double-sided printing for important internal reporting materials.



7.2 Green Honor: Reducing Pollution Emissions

The Group strictly adheres to relevant environmental laws and regulations, including the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Comprehensive Discharge Standards for Wastewater of the People's Republic of China*, and the *Pollutant Discharge Permit Management Measures*. In response to the primary emissions generated during the Group's operations, we have designed a scientifically sound discharge system to mitigate the environmental impact of these emissions. Furthermore, by enhancing employee awareness and training on energy conservation and cost reduction, the Group aims to foster a culture of energy efficiency and resource optimization.

Waste Emission Management

The Group places a high priority on waste emission management and is dedicated to achieving sustainable waste disposal methods through waste reduction initiatives. Our waste primarily consists of household garbage, waste rubber, scrap metal, and waste plastic. In 2024, the Group continued to cooperate with suppliers in waste discharge management to reduce waste and improve reuse and recycling approach.

Regarding non-hazardous waste management, the Group has implemented a series of measures to minimize the amount of waste generated:

- **Classification and Disposal**: Establish standardized operating procedures for the classification, storage, cleaning, and disposal of non-hazardous waste, and maintain a ledger for the storage and handling of non-hazardous waste.

- **Third-Party Cooperation**: Enter into agreements for environmentally responsible waste disposal with third-party companies that possess environmental qualifications, maximizing the recovery of recyclable components from discarded parts.

- **Repair and Reuse**: Prioritize the repair and refurbishment of damaged and obsolete furniture, as well as printing and copying machines, for reuse, thereby minimizing the generation of solid waste.

- **Strengthening Repair Personnel Training**: Focus on enhancing the training of repair personnel to improve their skills and efficiency, reduce waste generated from improper operations, and promote precise repairs by minimizing unnecessary parts replacements through accurate diagnostics, thereby reducing the overall amount of waste generated.

Regarding hazardous waste, the Group complies with the "*Technical Specifications for the Identification Signs of Hazardous Waste*" and the "*Standards for Pollution Control on Hazardous Waste Storage*", urging all affiliated enterprises to implement the new requirements for updating signs and other tasks. We register hazardous waste management information annually in the hazardous waste management information system, reporting details such as "Management Plans" and "Contracts for Entrusted Collection and Disposal", and establish a hazardous waste ledger. For hazardous wastes such as used oil and waste batteries, we strictly record their generation, treatment, and inventory amounts, ensuring that hazardous waste is disposed of through legal and compliant channels, and we regularly conduct supervision and inspection of hazardous waste management.

To ensure environmentally sustainable operations, we have established targets for waste emissions, aiming to minimize waste generation through reduction, reuse, and recycling, thereby avoiding unnecessary consumption.

During the reporting period, the Group generated 41,786.47 tonnes of non-hazardous waste, with an emission density of 316.11 tonnes/10,000 m^2, reflecting a decrease of 17.35% compared to the previous year, which indicates that our management measures are effective. In contrast, hazardous waste generated totaled 3,135.85 tonnes, with an emission density of 23.72 tonnes/10,000 m^2, representing an increase of 12.22% compared to the previous year, primarily due to the growth in maintenance and repair service performance.

Exhaust Emission Management

The Group's primary sources of exhaust emissions include vehicles used in daily operations, rental cars provided to customers, rescue vehicles, and test drive vehicles, which emit nitrogen oxides, sulfur oxides, and particulate matter. To effectively reduce exhaust emissions, the Group has established emission reduction targets and is actively implementing them. We will steadily advance the replacement of official vehicles from fuel-powered cars to NEVs based on the actual needs of the company, in order to decrease emissions generated by official vehicle travel. Additionally, the Group will scientifically and reasonably plan test drive routes to minimize the environmental impact of exhaust emissions.

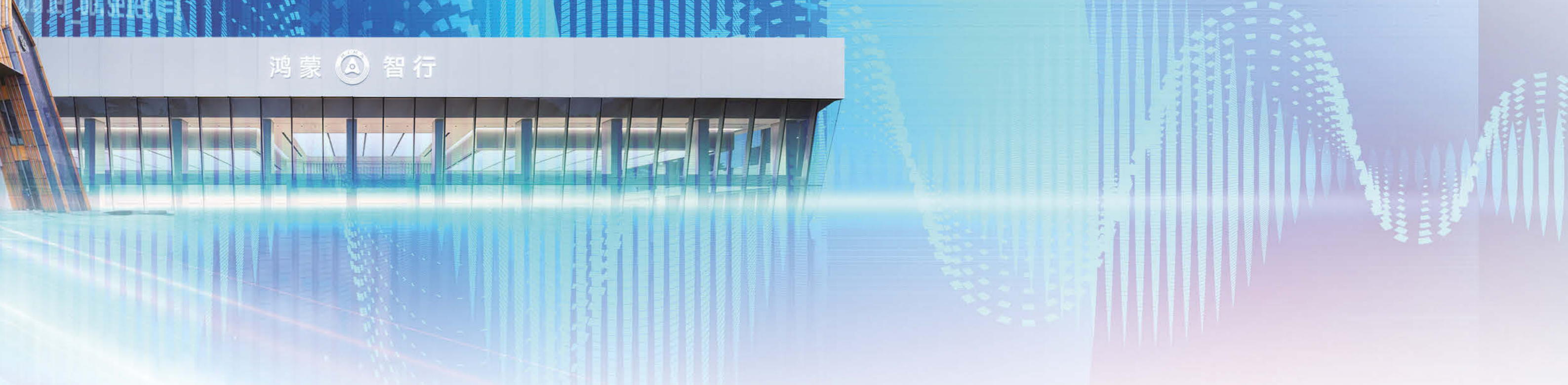
Additionally, to address the small amount of waste gas generated during the automobile repair process, the Group has implemented waste gas purification devices in locations such as the paint booth. A closed room has been established at the paint pre-treatment station, which also incorporates waste gas purification devices. Consumables in these devices, such as filter cotton and activated carbon, are regularly replaced based on business volume. We actively implement equipment maintenance plans to ensure that emissions meet national standards before being released.

This year, we have actively responded to the calls from the government and environmental protection departments by using water-based paints instead of traditional oil-based paints throughout the automobile repair and spraying processes. Water-based paints have a significantly lower VOC content, which greatly reduces waste gas emissions. We continue to promote the regional panel spraying center model, effectively controlling the costs of paint auxiliary materials and energy consumption.

In 2024, the total emissions of the Group amounted to 12.48 tonnes, including NOx at 11.61 tonnes, PM at 0.85 tonnes, and SOx at 0.02 tonnes, with an emission density of 0.09 tonnes/10,000 m^2.

Wastewater Discharge Management

The Group's wastewater primarily originates from car wash wastewater and domestic wastewater. The Group categorizes and manages these two types of wastewater separately. For car wash wastewater, the Group has installed filtration screens and sedimentation tanks to ensure that the wastewater meets filtration standards before being discharged into the municipal sewage system. Additionally, the Group regularly conducts hazardous waste treatment for the settled materials. For domestic wastewater, the Group maintains daily monitoring and governance, with relevant personnel conducting regular inspections to ensure that domestic wastewater discharge does not exceed standards. In the event of any anomalies, timely remedial measures will be implemented.

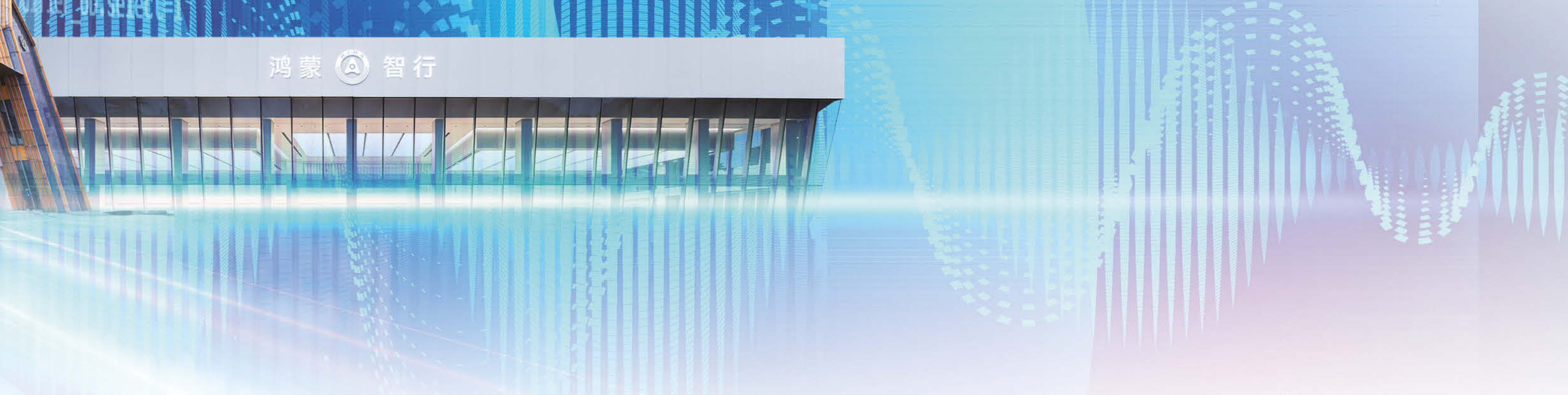


7.3 Sustainable Development: Addressing Climate Change

The Group places great importance on effectively responding to climate change throughout its operations, and takes proactive measures to enhance its ability to cope with extreme weather events and related disruptions. We fully acknowledge that climate change presents both risks and opportunities; therefore, the Board continuously monitors relevant factors to strengthen the business's capacity to address climate-related challenges.

Types of Risks		Impact on the Group	The Group's Mitigation Measures
Physical Risks	Acute Risks	Risks of supply chain disruptions caused by extreme weather events such as typhoons, heavy rainfall, and high temperatures, which threaten employee health, among other concerns.	• Strengthen daily management, enhance the awareness of all personnel regarding climate change and extreme weather, and implement safety inspections and heat-related care. • Regularly conduct emergency drills to improve response capabilities. • Continuously monitor extreme weather warnings and reinforce corresponding emergency response measures. • A temporary climate emergency task force has been established, requiring members to be on standby 24 hours a day to ensure timely response measures in the event of an incident. • The resilience of corporate infrastructure has been strengthened to enhance risk resistance, including the reinforcement and upgrading of buildings, drainage facilities, and emergency power supply systems.
	Chronic risks	The impact on operational stores due to changes in temperature and rainfall.	• Chronic risks associated with geographic locations have been incorporated into site selection considerations, providing special protective measures for operational stores in areas prone to heavy rainfall.

Types of Risks		Impact on the Group	The Group's Mitigation Measures
Transition Risk.	Policies and Regulations.	As energy-saving and emission-reduction policies become increasingly stringent, the Group will face compliance risks, including penalties, if regulatory requirements are not met.	• Continuously monitor relevant regulatory laws and regulations, proactively identify compliance risks, and implement appropriate measures. • Enhance the Group's environmental management capabilities and improve internal management systems. • Optimize and enhance the testing and management of environmental data to mitigate compliance risks.
		Stakeholders expect increased transparency in the company's information disclosure and have set strict requirements regarding emissions.	
		The industry's regulatory requirements and standards are continuously evolving, which increases the company's need for adaptability.	
	Technology.	In the context of dual carbon goals, emission reduction technologies are facing higher-cost investments.	• Optimize pre-investment risk assessment processes and establish a corresponding risk grading assessment system to mitigate potential investment risks. • Mitigate risks through cost-benefit analysis.
		Investing in new technologies poses the risk of increasing corporate expenditures.	
	Market.	There is a growing demand from customers for low-carbon products, resulting in an increase in market demand for such products.	• Monitor market changes and industry trends in a timely manner, and keenly capture market signals regarding the demand for low-carbon products. • Enhance suppliers' risk response capabilities, encourage them to explore the research, development, and production of NEV and establish cooperative mechanisms.
		Increasing procurement costs.	
	Reputation.	Customers and the market focus on the company's performance in sustainable development; a poor reputation can easily lead to overlooked reputation risks that may adversely affect the company.	• Proactively identify customer preferences, gain a deeper understanding of consumer needs, and adjust operational sales plans in accordance with regulatory requirements. • Enhance the frequency of communication with stakeholders, improve the transparency of disclosures related to sustainable development and climate change, and diversify the company's external communication channels.
		Stakeholders are concerned about negative news regarding the company; a poor reputation can adversely affect the business and result in potential customer loss.	



8. APPENDIX

8.1 Data Overview

Environmental

A1.1 The types of emissions	Unit	2024	2023	2022
Total NOx emissions	tonnes	11.61	11.43	11.21
Total SOx emissions	tonnes	0.02	0.03	0.03
Total PM emissions	tonnes	0.85	0.84	0.83
Total exhaust emission	tonnes	12.48	12.30	12.07
Intensity of exhaust emission	tonnes/hm^2	0.09	0.08	0.09

A1.2 Total GHG emissions Unit	Unit	2024	2023	2022
GHG emissions- Scope 1	tonnes	4,282.47	4,982.39	5,220.23
GHG emissions- Scope 2	tonnes	51,870.16	68,756.47	58,319.93
Total GHG emissions	tonnes	56,152.63	73,738.86	63,540.16
Intensity of total GHG emissions (Scope 1 & Scope 2)	tonnes/hm^2	424.79	502.31	488.66

A1.3 Total hazardous waste produced	Unit	2024	2023	2022
Total emissions of hazardous waste	tonnes	3,135.85	3,102.84	2,447.81
Intensity of hazardous waste	tonnes/hm^2	23.72	21.14	18.82

A1.4 Total non-hazardous waste produced	Unit	2024	2023	2022
Total emissions of non-hazardous waste	tonnes	41,786.47	56,148.93	67,612.18
Intensity of non-hazardous waste	tonnes/hm^2	316.11	382.49	519.97

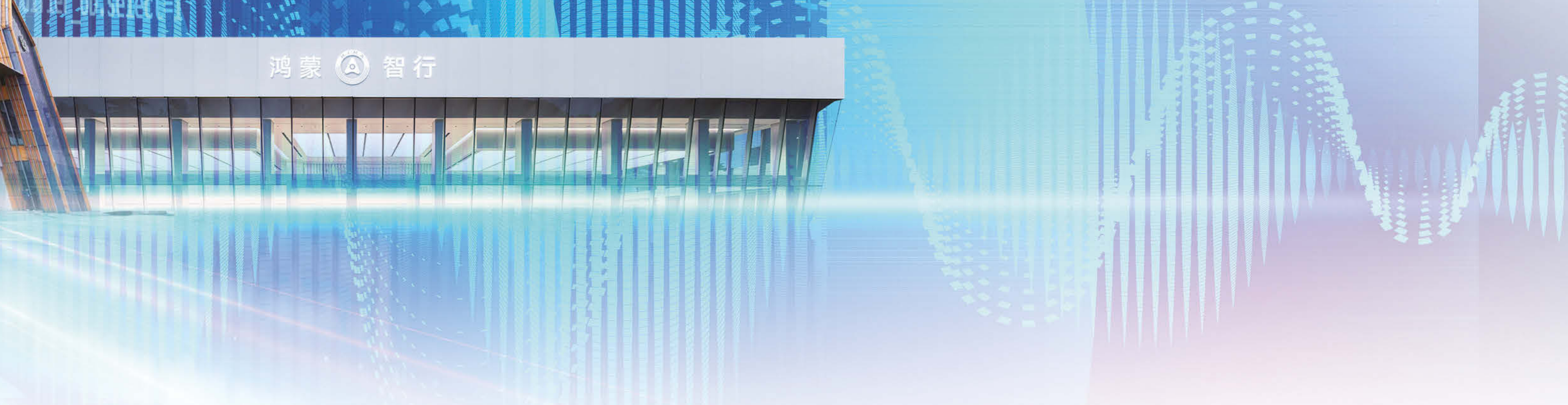
A2.1 Total energy consumption by type	Unit	2024	2023	2022
Electricity	MWh	96,041.00	98,598.00	84,537.17
Petrol	MWh	14,845.88	16,931.90	18,024.50
Diesel	MWh	841.01	798.02	687.95
Total energy consumption	MWh	111,727.89	116,327.92	103,249.62
Intensity of energy consumption	MWh/mh^2	845.21	792.42	794.04

A2.2 Water consumption	Unit	2024	2023	2022
Total water consumption	tonnes	816,113.00	972,860.00	954,123.10
Intensity of water consumption	tonnes/hm^2	6,173.79	6,627.11	7,337.72

Social

B1.1 Total workforce by gender, employment type, age, employee category and geographical region		2024	2023	2022
Total number of employees		13,654	14,778	16,936
Gender	Male	8,524	9,096	10,426
	Female	5,130	5,682	6,510
Employment type	Full-time	13,613	14,778	16,901
	Part-time	41	0	35
Age	≤30	4,078	6,154	7,053
	31~49	9,161	7,172	7,935
	≥50	415	1,452	1,948
Employee category	Senior management	14	16	15
	Middle management	167	156	175
	Junior management	773	857	966
	Staff	12,700	13,749	15,780
Region	Shanghai	4,710	4,334	5,858
	Jiangsu and Zhejiang	4,173	4,878	6,321
	Others	4,771	5,566	4,757

B1.2 Employee turnover rate by gender, age and geographical region		2024	2023	2022
Gender	Male	41%	25.67%	28.73%
	Female	31%	21.38%	29.57%
Age	≤30	68%	31.01%	40.27%
	31~49	23%	20.73%	25.07%
	≥50	40%	3.14%	4.67%
Region	Shanghai	39%	27.46%	24.09%
	Jiangsu and Zhejiang	44%	30.00%	34.65%
	Others	29%	14.67%	27.73%



B2.1 Number and rate of work-related fatalities	2024	2023	2022
The number of work-related fatalities	0	0	0
The rate of work-related fatalities	0	0	0

B2.2 Lost days due to work injury	2024	2023	2022
Lost days due to work injury	0	0	0

B3.1 The percentage of employees trained by gender and employee category		2024	2023	2022
Gender	Male	100%	100%	100%
	Female	100%	100%	100%
Employee category	Senior management	100%	100%	100%
	Middle management	100%	100%	100%
	Junior management	100%	100%	100%
	Staff	100%	100%	100%

B3.2 Average training hours completed by per employee by gender and employee category		2024	2023	2022
Gender	Male	258.51	261.38	219.43
	Female	250.01	252.80	202.30
Employee category	Senior management	121.01	115.75	131.60
	Middle management	255.47	247.53	218.33
	Junior management	240.46	242.72	215.17
	Staff	256.36	259.32	212.72

B5.1 Number of suppliers by geographical region	2024	2023	2022
East China	38	41	38
South China	5	8	6
Central China	5	2	2
North China	6	5	6
Southwest China	0	0	0
Northeast China	5	5	4
East China	4	4	4

B6.2 Products and service related complaints received	2024	2023	2022
The number of products and service related complaints	85	67	52

B8 Community Investment		2024	2023	2022
Total community investment	RMB10,000	2,521	2,200	1,925

Standards and methodologies used in the calculation:

1. Greenhouse gases include carbon dioxide, methane, nitrous oxide and sulfur hexafluoride. Scope 1 GHG is calculated by default values of common fossil fuel characteristic parameters issued by the National Development and Reform Commission of China; Scope 2 GHG is calculated by region based on the average CO2 emission factors of China's regional power grids published by the National Development and Reform Commission of China.

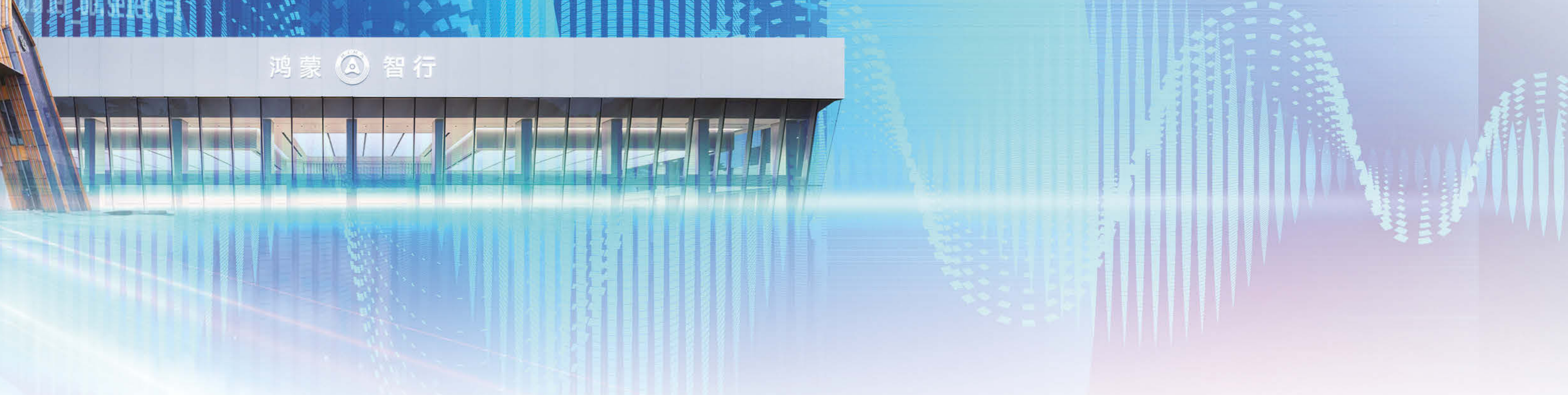
2. NOx, SOx, PM data sources were monitoring systems installed or third-party commissioned for monitoring. The calculation was based on factors from the EMFAC-HK Vehicle Emission Calculation issued by the Hong Kong Environmental Protection Department.

3. The hazardous waste was classified according to "hazardous waste" as stipulated in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal as mentioned in the Guidelines on Reporting of Environmental Key Performance Indicators published by the HKEX. The data sources were the relevant records and ledgers.

4. The non-hazardous waste was all waste that does not fall within the definition of "hazardous waste" of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. The data sources were the relevant records and ledgers.

5. Water consumption: the data sources were municipal water purchase volume.

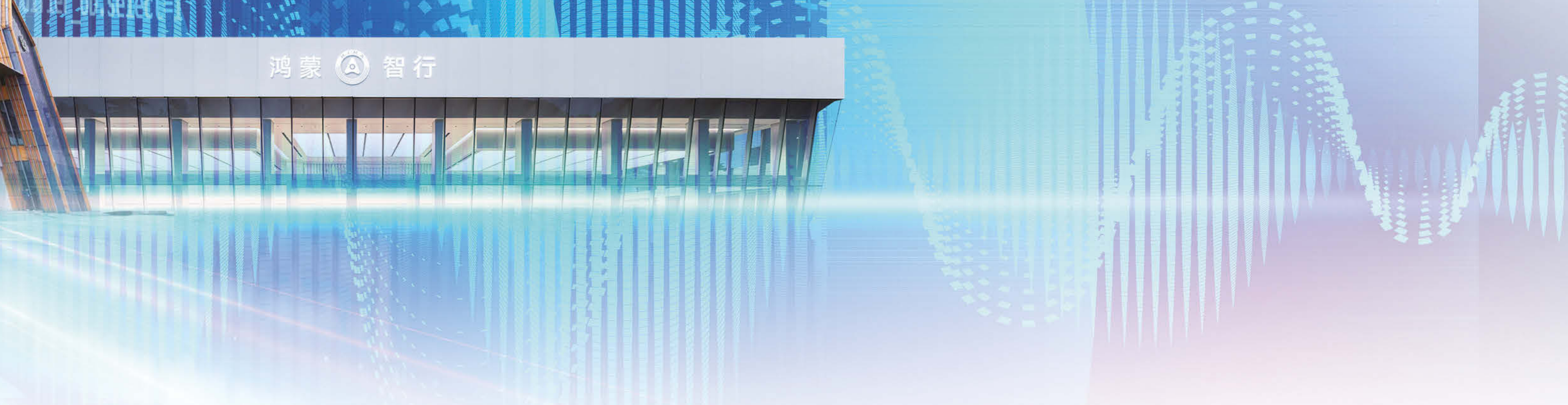
6 Energy consumption: the calculation was based on purchased electricity and fuel consumption, with relevant conversion factors provided by the International Energy Agency.



8.2 ESG Content Index

ESG Guide	Description	Location/Remarks
A.Environment		
Aspect A1: Emission		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.	ENVIRONMENTAL PROTECTION
A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION
A1.2	Direct (Scope 1) and energy indirect (Scope 2) total greenhouse gas emissions and intensity.	ENVIRONMENTAL PROTECTION; Data Overview
A1.3	Total hazardous waste produced and intensity.	ENVIRONMENTAL PROTECTION; Data Overview
A1.4	Total non-hazardous waste produced and intensity.	ENVIRONMENTAL PROTECTION; Data Overview
A1.5	Description of emission target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	ENVIRONMENTAL PROTECTION; Data Overview
A2.2	Water consumption in total and intensity.	ENVIRONMENTAL PROTECTION; Data Overview
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Undisclosed: this is a non-material issue

ESG Guide	Description	Location/Remarks
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION
B.Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	CHERISH TALENT
B1.1	Total workforce by gender, employment type, age group and geographical region.	CHERISH TALENT; Data Overview
B1.2	Employee turnover rate by gender, age group and geographical region.	Data Overview
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	CHERISH TALENT; Data Overview
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Data Overview
B2.2	Lost days due to work injury.	Data Overview
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	CHERISH TALENT



ESG Guide	Description	Location/Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	CHERISH TALENT
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	CHERISH TALENT; Data Overview
B3.2	The average training hours completed per employee by gender and employee category.	CHERISH TALENT; Data Overview
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	CHERISH TALENT
B4.1	Description of measures to review employment practices to avoid child and forced labour.	CHERISH TALENT
B4.2	Description of steps taken to eliminate such practices when discovered.	CHERISH TALENT
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	ENJOY QUALITY
B5.1	Number of suppliers by geographical region.	ENJOY QUALITY; Data Overview
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	ENJOY QUALITY
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	ENJOY QUALITY
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	ENJOY QUALITY

ESG Guide	Description	Location/Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	ENJOY QUALITY
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable: if there are product recalls, they will be conducted directly by the automotive OEM.
B6.2	Number of products and service related complaints received and how they are dealt with.	ENJOY QUALITY; Data Overview
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Undisclosed: this is a non-material issue
B6.4	Description of quality assurance process and recall procedures.	ENJOY QUALITY
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	ENJOY QUALITY
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	INTEGRITY AND RESPONSIBILITY
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	INTEGRITY AND RESPONSIBILITY
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	INTEGRITY AND RESPONSIBILITY
B7.3	Description of anti-corruption training provided to directors and staff.	INTEGRITY AND RESPONSIBILITY
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs	LOVE FOR SOCIETY
B8.1	of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	LOVE FOR SOCIETY
B8.2	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	LOVE FOR SOCIETY; Data Overview

Independent Auditor's Report

TO THE SHAREHOLDERS OF
CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 133 to 267, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill arising from acquisitions of businesses as a key audit matter due to significance of the Group's goodwill in the context of the Group's consolidated financial statements, combined with the complexity and significant judgements and management estimation involved in the assessment process. Determining whether goodwill is impaired required management's estimation of the value in use of the cash generating units ("CGUs") to which goodwill has been allocated. As disclosed in *Note 4* to the consolidated financial statements, the impairment assessment of goodwill is dependent on certain significant inputs and assumptions including the discount rates, sales volume growth rates, changes in selling prices and direct costs that involve the management's estimations. As at December 31, 2024, the carrying amount of goodwill was approximately RMB1,590,421,000. The Group recognized an impairment loss of goodwill of RMB40,453,000 for certain underperforming CGUs for the year then ended. Details of such judgements and estimations are disclosed in *Note 18* to the consolidated financial statements.	Our procedures in relation to the impairment assessment of goodwill arising from acquisitions included: • Obtaining an understanding of the management's control processes over impairment assessment of goodwill; • Assessing the methodology used by the management to determine the recoverable amounts which are the value in use of CGUs to which goodwill has been allocated; • Obtaining the value in use calculations of the CGUs to which the goodwill has been allocated and understanding the key management assumptions adopted in these calculations through enquiries with management; • Evaluating key inputs and assumptions used by the management in estimations of value in use, on sample basis, including discount rates applied, sales volume growth rates, selling prices and direct costs; and • Comparing cash flow projections to supporting evidence, on sample basis, such as approved budgets, and evaluating the reasonableness of these budgets with reference to the past performance and future prospects of respective CGU as well as our knowledge of the business.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Joseph Wing Ming Chan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 28, 2025

Consolidated Statement of Profit or Loss

For the year ended December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue			
Goods and services		**62,965,292**	73,833,363
Rental		**454,937**	462,136
Total revenue	5A/B	**63,420,229**	74,295,499
Cost of sales and services		**(58,146,759)**	(67,601,069)
Gross profit		**5,273,470**	6,694,430
Other income and other gains and losses	6	**21,338**	158,455
Distribution and selling expenses		**(3,388,539)**	(4,041,666)
Administrative expenses		**(1,500,446)**	(1,849,747)
Profit from operations		**405,823**	961,472
Share of profits (losses) of joint ventures	19	**4,511**	(725)
Share of profits of associates	20	**95,831**	106,991
Finance costs	7	**(297,597)**	(327,421)
Profit before tax	9	**208,568**	740,317
Income tax expense	8	**(43,198)**	(154,566)
Profit for the year		**165,370**	585,751
Profit (loss) for the year attributable to:			
Owners of the Company		**200,773**	572,579
Non-controlling interests		**(35,403)**	13,172
		165,370	585,751
Earnings per share – basic	13	**RMB0.11**	RMB0.29
Earnings per share – diluted	13	**RMB0.11**	RMB0.29

Note: The comparative figures in the consolidated statement of revenue and other income and other gains and losses for the year ended December 31, 2023 have been restated in order to conform with the current presentation format.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	2024 *RMB'000*	2023 *RMB'000*
Profit for the year	**165,370**	585,751
Other comprehensive expense		
Item that will not be reclassified to profit or loss:		
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	**(2,234)**	(1,291)
Total comprehensive income for the year	**163,136**	584,460
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**198,539**	571,288
Non-controlling interests	**(35,403)**	13,172
	163,136	584,460

Consolidated Statement of Financial Position

At December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	**5,336,096**	5,844,615
Right-of-use assets	15	**2,987,842**	2,901,480
Goodwill	16, 18	**1,590,421**	1,630,874
Other intangible assets	17	**2,902,044**	2,953,610
Deposits paid for acquisition of property, plant and equipment		**19,950**	34,273
Deposits paid for acquisition of right-of-use assets		**177,053**	108,173
Equity instruments at FVTOCI	22	**4,510**	6,744
Financial assets at fair value through profit or loss ("FVTPL")	21	**345,746**	334,112
Interests in joint ventures	19	**47,620**	65,601
Interests in associates	20	**930,310**	860,474
Deferred tax assets	30	**463,512**	395,358
Other assets	23	**83,648**	66,195
Time deposits	26	**–**	600
		14,888,752	15,202,109
Current assets			
Inventories	24	**4,149,925**	4,363,154
Trade and other receivables	23	**6,218,622**	7,202,559
Amounts due from related parties	44	**58,697**	91,424
Cash in transit	25	**26,113**	36,091
Time deposits	26	**8,100**	7,500
Restricted bank balances	26	**8,238,387**	3,589,137
Bank balances and cash	26	**1,457,667**	2,201,077
		20,157,511	17,490,942
Current liabilities			
Trade and other payables	27	**12,934,471**	9,125,044
Amounts due to related parties	44	**33,398**	70,295
Tax liabilities		**840,420**	962,828
Borrowings	31	**1,565,963**	2,434,016
Contract liabilities	28	**1,524,387**	1,724,305
Lease liabilities	32	**239,918**	242,904
		17,138,557	14,559,392

Consolidated Statement of Financial Position

At December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Net current assets		**3,018,954**	2,931,550
Total assets less current liabilities		**17,907,706**	18,133,659
Non-current liabilities			
Borrowings	31	**1,348,160**	1,526,584
Lease liabilities	32	**1,597,464**	1,433,127
Deferred tax liabilities	30	**745,404**	775,497
		3,691,028	3,735,208
Net assets		**14,216,678**	14,398,451
Capital and reserves			
Share capital	29	**15,564**	15,963
Treasury shares	29	**(7,342)**	(12,269)
Reserves		**13,873,055**	13,936,426
Equity attributable to owners of the Company		**13,881,277**	13,940,120
Non-controlling interests	33	**335,401**	458,331
Total equity		**14,216,678**	14,398,451

The consolidated financial statements on pages 133 to 267 were approved and authorized for issue by the Board of Directors on March 28, 2025 and are signed on its behalf by:

Cheung Tak On	**Xu Yue**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000* *(note a)*	Statutory surplus reserve *RMB'000* *(Note 29)*	Treasury shares *RMB'000* *(note b)*	Special reserve *RMB'000*	Share-based payments reserve *RMB'000*	FVTOCI reserve *RMB'000*	Retained profits *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023 (Audited)	16,233	693,003	2,738,470	(46,659)	36,056	244,986	(10,538)	10,489,215	14,160,766	504,109	14,664,875
Adjustments	–	–	–	–	–	–	–	55,300	55,300	2,421	57,721
At 1 January 2023 (restated)	16,233	693,003	2,738,470	(46,659)	36,056	244,986	(10,538)	10,544,515	14,216,066	506,530	14,722,596
Profit for the year	–	–	–	–	–	–	–	572,579	572,579	13,172	585,751
Other comprehensive expense for the year	–	–	–	–	–	–	(1,291)	–	(1,291)	–	(1,291)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(1,291)	572,579	571,288	13,172	584,460
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	10,820	10,820
Acquisition of non-controlling interests	–	–	–	–	(1,463)	–	–	–	(1,463)	(3,949)	(5,412)
Repurchase and cancellation of shares	(270)	(133,080)	–	34,390	–	–	–	–	(98,960)	–	(98,960)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(3,816)	(3,816)
Recognition of equity-settled share-based payments	–	–	–	–	–	35,609	–	–	35,609	–	35,609
Transfer to statutory reserve	–	–	239,354	–	–	–	–	(239,354)	–	–	–
Dividends recognized as distributions	–	–	–	–	–	–	–	(782,420)	(782,420)	–	(782,420)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(64,426)	(64,426)
At December 31, 2023	15,963	559,923	2,977,824	(12,269)	34,593	280,595	(11,829)	10,095,320	13,940,120	458,331	14,398,451
Profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200,773**	**200,773**	**(35,403)**	**165,370**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(2,234)**	**-**	**(2,234)**	**-**	**(2,234)**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(2,234)**	**200,773**	**198,539**	**(35,403)**	**163,136**
Capital injection by non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,531**	**3,531**
Acquisition of non-controlling interests *(Note 36)*	**-**	**-**	**-**	**-**	**(42)**	**-**	**-**	**-**	**(42)**	**(18)**	**(60)**
Repurchase and cancellation of shares *(Note 29)*	**(399)**	**(76,631)**	**-**	**4,927**	**-**	**-**	**-**	**-**	**(72,103)**	**-**	**(72,103)**
Disposal of subsidiaries *(Note 35)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(56,116)**	**(56,116)**
Recognition of equity-settled share-based payments *(Note 34)*	**-**	**-**	**-**	**-**	**-**	**28,850**	**-**	**-**	**28,850**	**-**	**28,850**
Transfer to statutory reserve	**-**	**-**	**111,684**	**-**	**-**	**-**	**-**	**(111,684)**	**-**	**-**	**-**
Dividends recognized as distributions *(Note 12)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(214,087)**	**(214,087)**	**-**	**(214,087)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(34,924)**	**(34,924)**
At December 31, 2024	**15,564**	**483,292**	**3,089,508**	**(7,342)**	**34,551**	**309,445**	**(14,063)**	**9,970,322**	**13,881,277**	**335,401**	**14,216,678**

Notes:

a. As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve. An appropriation to such reserve is made out of net profit after tax as reflected in the statutory financial statements of the PRC subsidiaries with the amount and allocation basis to be decided by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to make up for prior year losses, if any, and/or (ii) in capital conversion.

b. The special reserve mainly consisted of:

   (i) an amount of RMB333,647,000 representing deemed distribution to the owners of the subsidiaries of the Group pursuant to a group reorganization which was effected in 2011; and

   (ii) a reduction of reserve of approximately RMB299,096,000 (2023: RMB299,054,000) representing the accumulated difference between the consideration paid/received and the carrying amount of the non-controlling interests upon acquisition or disposal of partial interests in subsidiaries.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**208,568**	740,317
Adjustments for:		
Finance costs	**297,597**	327,421
Interest income on bank deposits	**(44,523)**	(37,415)
Impairment loss under expected credit loss model, net of reversal	**44,239**	–
Gain on disposal of subsidiaries	**(25,331)**	(92,611)
Impairment loss recognized in respect of goodwill	**40,453**	41,286
Gain on compensation income	**(28,707)**	–
Depreciation of property, plant and equipment	**729,208**	802,033
Depreciation of right-of-use assets	**386,401**	364,722
Amortization of other intangible assets	**121,064**	111,801
Share-based payment expenses	**28,850**	35,609
Loss on disposal of property, plant and equipment and other intangible assets	**17,673**	25,259
Loss (gain) on fair value change of financial assets at FVTPL	**11,149**	(45,325)
Loss on disposal of interest in an associate	**196**	–
Loss on changes in fair value of derivative financial instruments, net	**–**	3,878
Foreign exchange gain	**–**	(3,878)
Share of (profits) losses of joint ventures	**(4,511)**	725
Share of profits of associates	**(95,831)**	(106,991)
Operating cash flows before movements in working capital	**1,686,495**	2,166,831
Decrease in inventories	**191,482**	156,390
Decrease in trade and other receivables	**782,698**	578,813
Decrease in cash in transit	**9,978**	32,725
(Decrease) increase in contract liabilities	**(190,023)**	37,462
Increase in trade and other payables	**3,962,368**	866,145
Decrease in amounts due from related parties	**4,114**	114,511
(Decrease) increase in amounts due to related parties	**(4,452)**	7,570
Withdrawal of restricted bank balances	**3,571,349**	1,959,827
Placement of restricted bank balances	**(8,238,387)**	(3,589,137)
Cash generated from operations	**1,775,622**	2,331,137
Income taxes paid	**(257,250)**	(498,910)
NET CASH FROM OPERATING ACTIVITIES	**1,518,372**	1,832,227

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(1,048,458)**	(1,240,528)
Purchase of intangible assets	**(66,851)**	(70,761)
Purchase of financial assets at FVTPL	**(65,183)**	(965,000)
Refund of financial assets at FVTPL	**42,400**	1,192,647
Payments for right-of-use assets	**(96,625)**	(107,011)
Proceeds on disposal of property, plant, equipment and other intangible assets	**718,848**	474,727
Advance to related parties	**(7,106)**	(112,059)
Advance to non-controlling shareholders	**–**	(1,000)
Advance to independent third parties	**–**	(5,430)
Collection of advances to non-controlling interests	**32,000**	510
Collection of advances to related parties	**8,287**	89,023
Collection of advances to independent third parties	**100**	7,420
Collection of the consideration receivable from disposal of a subsidiary in prior year	**15,000**	–
Settlement of consideration for prior year acquisition of subsidiaries	**–**	(5,994)
Payments for rental deposits	**(1,474)**	(13,071)
Proceeds on disposal of subsidiaries	**142,131**	114,318
Interest received	**44,523**	37,472
Dividends received from joint ventures	**–**	17,214
Dividends received from associates	**25,799**	49,732
Placement of time deposits	**(7,500)**	(5,600)
Withdrawal of time deposits	**7,500**	5,000
NET CASH USED IN INVESTING ACTIVITIES	**(256,609)**	(538,391)

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES		
New borrowings raised	**22,575,902**	24,206,925
Repayment of borrowings	**(23,622,379)**	(23,609,863)
Payment of medium term note	**–**	(370,000)
Repayment of lease liabilities	**(318,427)**	(237,016)
Repayment of advance from related parties	**(33,646)**	(89,135)
Capital injection by non-controlling interests	**3,531**	10,820
Acquisition of non-controlling interests	**(60)**	(1,912)
Repayment of advance from independent third parties	**(7,830)**	–
Advance from independent third parties	**8,202**	7,830
Advance from non-controlling interests	**835**	–
Advance from related parties	**1,201**	64,464
Repayment of advance from non-controlling interests	**(4,156)**	(5,542)
Interest paid	**(299,105)**	(349,111)
Placement of deposits to entities controlled by suppliers for borrowings	**(37,661)**	(31,232)
Withdrawal of deposits to entities controlled by suppliers for borrowings	**49,534**	71,470
Dividends paid as distribution	**(214,087)**	(782,420)
Dividends paid to non-controlling interests	**(34,924)**	(64,874)
Share repurchase and cancellation	**(72,103)**	(98,960)
NET CASH USED IN FINANCING ACTIVITIES	**(2,005,173)**	(1,278,556)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(743,410)**	15,280
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**2,201,077**	2,185,797
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**1,457,667**	2,201,077

1. GENERAL INFORMATION

China Yongda Automobiles Services Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's registered office is located at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands and its principal place of business in Hong Kong (the "HK") is Unit 5708, 57/F, The Center, 99 Queen's Road Central, HK.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, provision of automobile operating lease services, and distribution of automobile insurance products and automobile financial products in the PRC. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi (the "RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[3]
Amendments to IAS 21	*Lack of Exchangeability*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2025.

[3] Effective for annual periods beginning on or after 1 January 2026.

[4] Effective for annual periods beginning on or after 1 January 2027.

The application of IFRS 18 has no impact on the Group's financial position and performance, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income, except for the amendments to IFRS 18 mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of the preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In additional, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Business combinations or asset acquisitions (continued)

Asset acquisitions

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognize the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 Levies, in which the Group applies IAS 37 or IFRIC -Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payments arrangements of the acquiree or share-based payments arrangements of the Group entered into to replace share-based payments arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 *leases*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

The Group's policy for goodwill arising on the acquisition of an associate or a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associates or joint ventures.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus Agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Principal versus Agent (continued)

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provide by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in the exchange for arranging for the specified goods or services to be provided by the other party.

Contract costs

Costs to fulfil a contract

The Group first assesses whether costs incurred to fulfil revenue generate contracts qualify for recognition as an asset in terms of other relevant Standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is also subject to impairment review.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Allocation of consideration to components of a contract (continued)

Non-lease components are separated from lease component and are amounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification (continued)

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognized as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognized (i.e. the lease payments which are not yet contractually due) as at the effective date of modify.

(ii) Finance leases

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognized and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognized in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognize the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognized in profit or loss at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the year in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share based payments

Equity-settled share-based payments transactions

Restricted shares/Share options granted to the directors and employees

Equity-settled share-based payments to the directors and employees are measured at the fair value of the equity instruments at the grant date.

The fair values of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will continued to be held in share-based payments reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

Modification to the terms and conditions of the share-based payment arrangement

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly, and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property, plant and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash -generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are calculated using the individually method or weighted average method based on their nature, respectively. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognized in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Vendor rebates

Incentive rebates provided by vendors are recognized on an accrual basis based on the expected entitlement earned up to the reporting date pursuant to each relevant supplier contract. Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicles purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial assets are held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial assets are held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the " other gains and losses" in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the " other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from related parties, other assets, cash in transit, time deposits, restricted bank balances and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and amounts due from related parties (trade nature).

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management purposes, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

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

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables – goods and services using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Generally, ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the interest rate determined at initial recognition. For a lease receivable, the cash flow used for determining the ECL is consistent with the cash flow used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognized through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the "Other gains and losses" *(Note 6)* as part of the net foreign exchange gain/(loss);

- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognized in profit or loss in the "Other gains and losses" *(Note 6)* as part of the net foreign exchange gain. As the foreign currency element recognized in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the fair value through other comprehensive income/ revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the "Other gains and losses" as part of the (loss)/gain on fair value change of financial assets *(Note 6)*;

- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

Derecognition/modification of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risk and rewards of ownership and continues to control the transfer asset, the Group recognize its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transfer financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from the original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flow under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modification contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortized over the remaining term. Any adjustment to the carrying amount of the financial asset is recognized in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade and other payables and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognized in the "Other gains and losses" in profit or loss (Note 6) as part of net foreign exchange gain for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidate statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amount; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, including the calculation of the value in use. The value in use calculation requires the Group to estimate the key inputs including discount rate applied, sales volume growth rates, changes in selling price and direct costs in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2024, the carrying amount of goodwill is RMB1,590,421,000 (2023: RMB1,630,874,000). Details of the recoverable amount calculation are disclosed in Note 18.

Deferred tax assets

As at December 31, 2024, a deferred tax asset of approximately RMB375,247,000 (2023: RMB305,540,000) in relation to unused tax losses for certain operating subsidiaries has been recognized in the Group's consolidated statement of financial position.

No deferred tax asset has been recognized on the tax losses of RMB23,918,000 (2023: RMB22,230,000) due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value measurement

Certain financial assets of the Group amounting to RMB344,331,000 as at December 31, 2024 (2023: RMB332,826,000) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 41(c) for further disclosures.

Provision of ECL for trade receivables

Except for trade receivables with significant balances which are assessed for ECL individually, the Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on aging of debtors as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in Note 23 and Note 41(b) respectively.

Estimated useful lives and impairment of intangible assets acquired through business combinations

The Group's management determines the estimated useful lives and the amortization method in determining the related amortization charges for the intangible assets acquired through business combinations, namely, dealership agreement and customer relationship (see *Note 17* for details). The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortization charges when useful lives become shorter than previously estimated. In addition, determining whether the intangible assets acquired through business combinations are impaired requires an estimation of the value in use of the cash generating units (i.e. entities acquired by the Group) to which the relevant intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and suitable discount rates in order to calculate their present values. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise. As at December 31, 2024, the carrying amounts of intangible assets acquired in business combinations are approximately RMB2,158,144,000 (2023: RMB2,236,583,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated useful lives and impairment of property, plant, and equipment

The Group's management determines the estimated useful lives in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect recoverable amounts. Management will increase the depreciation charge when useful lives become shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognized in the year in which such event takes place.

As at December 31, 2024, the carrying amounts of property, plant and equipment are approximately RMB5,336,096,000 (2023: RMB5,844,615,000).

5A. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Sale of new vehicles and related services income:		
– Sale of new vehicles of luxury and ultra-luxury brands *(note a)*	**38,204,693**	48,220,668
– Sale of new vehicles of mid-to high-end brands *(note a)*	**5,139,581**	6,463,300
– Sale of new vehicles of independent new energy brands *(note a)*	**3,017,783**	1,634,500
– Commission income related to sale of new vehicles *(notes b & f)*	**2,370,695**	1,398,715
– Others *(notes c & f)*	**677,697**	1,041,631
	49,410,449	58,758,814
Sale of pre-owned vehicles and related services income:		
– Sale of pre-owned vehicles *(note d)*	**3,777,640**	5,277,148
– Brokerage income related to sale of pre-owned vehicles *(notes d & f)*	**32,431**	43,967
	3,810,071	5,321,115
After-sales services		
– Repair and maintenance related services *(notes e & f)*	**9,463,805**	9,452,141
– Commission income *(notes b & f)*	**280,967**	301,293
	9,744,772	9,753,434
Total	**62,965,292**	73,833,363
Geographical markets		
Mainland China	**62,965,292**	73,833,363
Timing of revenue recognition		
A point in time	**53,501,487**	64,381,222
Over time	**9,463,805**	9,452,141
Total	**62,965,292**	73,833,363

Notes:

a. The Group sells passenger vehicles directly to customers through its own 4S outlets. Revenue on sale of new passenger vehicles is recognized when (or as) the passenger vehicles are transferred to the customers and the customers obtain control of the vehicles. On the other hand, new vehicles sold by the Group could be divided into three categories according to their brands.

5A. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Notes: (continued)

a. (continued)

Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Lincoln, Cadillac, Volvo, Mercedes-Benz, Lexus and others.

Mid-to high-end brands include Buick, Volkswagen, Ford, Toyota, Honda, Roewe, Lynk and others.

Independent new energy brands include HIMA, IM and others.

b. Commission income related to sale of new vehicles primarily relates to agency income derives from distribution of automobile financial products and brokerage of new vehicles. On the other hand, commission income under after-sales services primarily relates to agency income derives from distribution of automobile insurance products. These revenues are recognized when the agency services have been completed, which is the point of time when the services are accepted by the customers.

c. Other revenues mainly include sales of decoration products and license plate services related to sale of new vehicles. Revenue on sale of decoration products is recognized when control of the decoration products has been transferred to the customers. For license plate services related to sale of new vehicles, revenue is recognized when the license plate services have been completed, which is the point of time when the vehicle license installation is completed.

d. The Group also carries out pre-owned vehicles sales business. Under the dealership business model, the Group acts as a principal and is responsible for fulfilling the primary obligations of the pre-owned vehicles sales contract and assumes the risks associated with the pre-owned vehicles. The revenue on sale of pre-owned automobile business under the dealership business model is recognized on a gross basis when the controls of the pre-owned vehicles have been transferred. Under the brokerage business model, however, the Group acts as an agent to assist the principal in completing the sales of pre-owned vehicles and do not assume risks related to the pre-owned vehicles. Revenue from brokerage service related to sale of pre-owned vehicles is recognized on a net basis when the services have been completed, which is the point of time when the services are accepted by the customers.

e. For repair and maintenance related services, since the Group's performance enhances the vehicle that within the customer's control, revenue is recognized over time.

f. The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied in respect of these income streams as the related contracts have an original expected duration of less than one year.

Generally, no credit period is allowed for sales of passenger vehicles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicle sales and after-sales services, a credit period of not exceeding 60 days is granted. For commission income, the normal credit term is 30 to 60 days upon invoiced.

5A. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Sale of new vehicles and related services income	Sale of pre-owned vehicles and related services income	After-sales services	Sale of new vehicles and related services income	Sale of pre-owned vehicles and related services income	After-sales services
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue disclosed in segment information						
External customers	49,410,449	3,810,071	9,744,772	58,758,814	5,321,115	9,753,434
Inter-segment	44,584	–	3,330	120,211	–	5,134
Total	49,455,033	3,810,071	9,748,102	58,879,025	5,321,115	9,758,568
Eliminations	(44,584)	–	(3,330)	(120,211)	–	(5,134)
Revenue from contracts with customers	49,410,449	3,810,071	9,744,772	58,758,814	5,321,115	9,753,434

(ii) Revenue from other segments

	2024	2023
	RMB'000	*RMB'000*
Automobile operating lease services	454,937	462,136

5B. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the Group's chief operating decision makers who review the segment revenue and results when making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided. For passenger vehicle sales and services, and automobile operating lease services business, the executive directors of the Company review the financial information of each outlet or entity, hence each outlet or entity constitutes a separate operating segment. However, the outlets and entities possess similar economic characteristics, and are similar in terms of products and services, customers, methods used to distribute products and provide services, and regulatory environment. Therefore, all outlets or entities are aggregated into respective reportable segment, namely "passenger vehicle sales and services" and "automobile operating lease services" for segment reporting purposes.

The Group's reportable segments are as follows:

- Passenger vehicle sales and services – (i) sales of passenger vehicles; and (ii) provision of after-sales services, including primarily repair and maintenance services, certain auxiliary passenger vehicles sales related services and provision of other passenger vehicles-related services; and

- Automobile operating lease services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Passenger vehicle sales and services *RMB'000*	Automobile operating lease services *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended December 31, 2024				
External revenue	62,965,292	454,937	–	63,420,229
Inter-segment revenue	47,914	11,027	(58,941)	–
Segment revenue *(note a)*	63,013,206	465,964	(58,941)	63,420,229
Segment cost *(note b)*	(57,799,570)	(395,103)	47,914	(58,146,759)
Segment results	5,213,636	70,861	(11,027)	5,273,470
Other income and other gains and losses				21,338
Distribution and selling expenses				(3,388,539)
Administrative expenses				(1,500,446)
Finance costs				(297,597)
Share of profits of joint ventures				4,511
Share of profits of associates				95,831
Profit before tax				208,568

5B. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

	Passenger vehicle sales and services RMB'000	Automobile operating lease services RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended December 31, 2023				
External revenue	73,833,363	462,136	–	74,295,499
Inter-segment revenue	125,345	12,691	(138,036)	–
Segment revenue *(note a)*	73,958,708	474,827	(138,036)	74,295,499
Segment cost *(note b)*	(67,239,800)	(366,402)	5,133	(67,601,069)
Segment results	6,718,908	108,425	(132,903)	6,694,430
Other income and other gains and losses				158,455
Distribution and selling expenses				(4,041,666)
Administrative expenses				(1,849,747)
Finance costs				(327,421)
Share of losses of joint ventures				(725)
Share of profits of associates				106,991
Profit before tax				740,317

Notes:

a. The segment revenue of passenger vehicles sales and services for the year ended December 31, 2024 was approximately RMB63,013,206,000 (2023: RMB73,958,708,000) which included the revenue of sales of new vehicles and related services income amounting to approximately RMB49,455,033,000 (2023: RMB58,879,025,000), the revenue of sales of pre-owned vehicles and related services income amounting to approximately RMB3,810,071,000 (2023: RMB5,321,115,000) and the after-sales services revenue amounting to approximately RMB9,748,102,000 (2023: RMB9,758,568,000).

b. The segment cost of passenger vehicles sales and services for the year ended December 31, 2024 was approximately RMB57,799,570,000 (2023: RMB67,239,800,000) the cost of sales of new vehicles and related services amounting to approximately RMB48,595,099,000 (2023: RMB57,137,663,000), the cost of sales of pre-owned vehicles and related services amounting to approximately RMB3,566,474,000 (2023: RMB4,933,574,000) and the cost of after-sales services amounting to approximately RMB5,637,997,000 (2023: RMB5,168,563,000).

The accounting policies of the operating segments are the same as those of the Group described in *Note 3*. Segment result represents the profit before tax earned by each segment without allocation of other income and other gains and losses, distribution and selling expenses, administrative expenses, finance costs, share of profits(losses) of joint ventures and share of profits of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the executive directors of the Company.

5B. OPERATING SEGMENTS (continued)

Geographical information

Substantially all of the Group's revenue is generated in the PRC; and all of the Group's principal non-current assets for operation are located in the PRC.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the years ended December 31, 2024 and 2023.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Other income comprises:		
Government grants *(note a)*	19,485	34,779
Interest income on bank deposits	44,523	37,415
	64,008	72,194
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment and other intangible assets	(17,673)	(25,259)
Impairment loss recognized in respect of goodwill	(40,453)	(41,286)
Impairment loss under expected credit loss model, net of reversal	(44,239)	–
(Loss) gain on fair value change of financial assets at FVTPL	(11,149)	45,325
Gain on compensation income *(note b)*	28,707	–
Net foreign exchange gain	612	7,633
Net loss on changes in fair value of derivative financial instruments	–	(3,878)
Gain on disposal of subsidiaries	25,331	92,611
Loss on disposal of an associate	(196)	–
Others	16,390	11,115
	(42,670)	86,261
Total	21,338	158,455

Notes:

a. Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.

b. Compensation received related to breach of lease contract by a counterparty.

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on:		
– bank loans	**104,545**	151,422
– other borrowings from entities controlled by suppliers	**16,313**	13,619
– reimbursement to suppliers *(note a)*	**79,262**	59,782
– medium-term note	**–**	3,698
– lease liabilities	**98,101**	99,300
Release of capitalized transaction cost in relation to issue of medium-term note	**–**	237
Less: interest capitalized *(note b)*	**(624)**	(637)
	297,597	327,421

Notes:

a. The Group is required to undertake part of the finance costs incurred by suppliers of the Group in relation to discounting bank acceptance notes issued by the Group to the suppliers for purchase of new passenger vehicles.

b. Borrowing costs capitalized during the year arose on the general borrowing pool and are calculated by applying a capitalization rate of 4.22% (2023: 4.64%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**144,338**	278,650
Over provision of PRC EIT in prior years	**(2,893)**	(9,236)
	141,445	269,414
Deferred tax *(Note 30)*:		
Current year credit	**(98,247)**	(114,848)
	43,198	154,566

8. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	208,568	740,317
Tax at the PRC EIT rate of 25% (2023: 25%)	52,142	185,079
Tax effect of expenses not deductible for tax purpose	27,481	20,261
Tax effect of income not taxable for tax purpose	–	(44,283)
Tax effect of share of results of associates and joint ventures	(25,086)	(26,567)
Effect of withholding tax associated with distributed earnings of subsidiaries in PRC	5,000	51,000
Tax effect of preferential tax rates for certain subsidiaries	(13,868)	(21,839)
Utilization of tax losses previously not recognized	–	(2,056)
Tax effect of tax loss not recognized	422	2,207
Over provision of PRC EIT in prior years	(2,893)	(9,236)
Income tax expense for the year	43,198	154,566

The Company and Sea of Wealth International Investment Company Limited, a subsidiary of the Company, are tax exempted companies incorporated in the Cayman Islands and British Virgin Islands, respectively.

Grouprich International Investment Holdings Limited and Hongda Automobiles Co., Ltd., both subsidiaries of the Company, are incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax in the years ended December 31, 2024 and 2023.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Company's PRC subsidiaries, except for some small profit-making PRC subsidiaries which are entitled to a preferential tax rate of 5% with the expiry date on December 31, 2027.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB7,387,122,000 (2023: RMB8,957,234,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2024	2023
	RMB'000	*RMB'000*
Staff costs, including directors' remuneration *(Note 10)*:		
Salaries, wages and other benefits	**2,043,786**	2,403,432
Retirement benefits scheme contributions	**168,011**	190,021
Share-based payment expenses	**28,850**	35,609
Total staff costs	**2,240,647**	2,629,062
Auditors' remuneration:		
– in respect of audit and review services for the Company	**6,920**	6,920
– in respect of the statutory audits for the subsidiaries of the Company	**2,880**	2,664
Total auditors' remuneration	**9,800**	9,584
Cost of inventories recognized as an expense	**57,455,675**	66,753,491
Depreciation of property, plant and equipment	**729,208**	802,033
Depreciation of right-of-use assets	**386,401**	364,722
Amortization of other intangible assets	**121,064**	111,801
Impairment loss recognized in respect of goodwill	**40,453**	41,286
Impairment loss under expected credit loss model, net of reversal	**44,239**	–

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the chief executive and the directors of the Company for the year are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Fees	840	840
Other emoluments		
Salaries and other benefits	4,251	7,472
Performance-based bonus	225	895
Contributions to retirement benefits scheme	326	311
Share-based payments	7,956	6,808
	13,598	16,326

The emoluments of the chief executive and the directors of the Company on a named basis are as follows:

For the year ended December 31, 2024

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Performance based bonus *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Share-based payments *RMB'000* *(Note 34)*	Total *RMB'000*
Executive Directors						
Mr. Cheung Tak On	–	928	–	71	–	999
Mr. Cai Yingjie	–	483	–	71	–	554
Mr. Wang Zhigao	–	723	–	42	–	765
Mr. Xu Yue	–	826	58	71	4,645	5,600
Ms. Chen Yi	–	623	65	–	1,376	2,064
Mr. Tang Liang	–	668	102	71	1,935	2,776
Independent Non-Executive Directors						
Mr. Lyu Wei	280	–	–	–	–	280
Ms. Zhu Anna Dezhen	280	–	–	–	–	280
Mr. Mu Binrui	280	–	–	–	–	280
	840	4,251	225	326	7,956	13,598

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

For the year ended December 31, 2023

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Performance based bonus *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Share-based payments *RMB'000* *(Note 34)*	Total *RMB'000*
Executive Directors						
Mr. Cheung Tak On	–	2,156	173	68	–	2,397
Mr. Cai Yingjie	–	1,168	173	68	–	1,409
Mr. Wang Zhigao	–	1,100	173	39	–	1,312
Mr. Xu Yue	–	1,151	133	68	3,918	5,270
Ms. Chen Yi	–	912	116	–	1,306	2,334
Mr. Tang Liang	–	985	127	68	1,584	2,764
Independent Non-Executive Directors						
Mr. Lyu Wei	280	–	–	–	–	280
Ms. Zhu Anna Dezhen	280	–	–	–	–	280
Mr. Mu Binrui	280	–	–	–	–	280
	840	7,472	895	311	6,808	16,326

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. Other than the share-based payments disclosed above and the share options granted to certain directors as disclosed in Note 34 (a), no directors' emoluments consist of a benefit otherwise than in cash.

Mr. Cheung Tak On is the Chairman of the Board of Directors of the Company and his emoluments disclosed above include those services rendered by him as the director of the Company and the Group.

Mr. Cai Yingjie is the Vice-chairman and a director of the Company. His emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Wang Zhigao is the Vice-chairman and a director of the Company and his emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Xu Yue is the Vice-chairman, President, Chief Executive Officer and a director of the Company. His emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Ms. Chen Yi is the Vice-president and a director of the Company and her emoluments disclosed above include those services in connection with the management of the affairs of the Company and the Group.

Mr. Tang Liang is the Vice-president and a director of the Company and his emoluments include those services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the year included three executive directors for the year ended December 31, 2024 (2023: four). The remuneration of the remaining individual for the year ended December 31, 2024 is as follows:

	2024 RMB'000	2023 RMB'000
Employee		
Salaries and other benefits	1,269	639
Performance-based bonus	102	127
Contributions to retirement benefits scheme	141	68
Share-based payments	1,565	912
	3,077	1,746

The emolument of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2024	2023
Hong Kong dollars ("HK$") HK$1,500,001 – HK$2,000,000	2	1
HK$2,000,001 – HK$2,500,000	1	–
HK$2,500,001 – HK$3,000,000	–	2
HK$3,000,001 – HK$3,500,000	1	1
HK$5,500,001 – HK$6,000,000	–	1
HK$6,000,001 – HK$6,500,000	1	–
	5	5

During the year ended December 31, 2024, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors of the Company waived or agreed to waive any emoluments during both of the years.

12. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2024 interim dividends – RMB0.059 per share and 2023 final dividends – RMB0.052 per share (2023 interim dividends – RMB0.105 per share and 2022 final dividends – RMB0.292 per share)	**214,087**	782,420

A final dividend of RMB0.069 per share with the total amount of approximately RMB130 million in respect of the year ended December 31, 2024 has been proposed by the Board of Directors and is subject to approval by the shareholders in the upcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**200,773**	572,579

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,908,941**	1,942,204
Effect of dilutive potential ordinary shares:		
Restricted shares *(note)*	**–**	2,162
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,908,941**	1,944,366

Note: The computation of diluted earnings per share does not assume the exercise of the Company's options as disclosed in Note 34(a), because the exercise price of those options was higher than the average market price for shares for 2024. For restricted shares as disclosed in Note 34(b) that have not yet been vested, the calculation of diluted earnings per share has not considered as the shares were not new issued.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the repurchase and cancellation of ordinary shares including treasury shares during the year ended December 31, 2024.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At January 1, 2023	2,923,651	600,998	2,460,125	618,016	2,260,010	188,065	9,050,865
Additions	19,802	58,945	319,433	53,440	797,550	27,705	1,276,875
Transfer	5,271	1,995	15,829	9,251	5,576	(37,922)	–
Transfer to other intangible assets	–	–	–	–	–	(83,081)	(83,081)
Disposals	(32,211)	(74,744)	(67,992)	(86,467)	(709,948)	(11,364)	(982,726)
Disposal of subsidiaries	(123,460)	(8,716)	(27,542)	(8,981)	(17,104)	–	(185,803)
At December 31, 2023	2,793,053	578,478	2,699,853	585,259	2,336,084	83,403	9,076,130
Additions	55,780	56,106	203,976	28,290	716,314	25,513	1,085,979
Transfer	–	842	76,667	1,398	1,184	(80,091)	–
Transfer to other intangible assets	–	–	–	–	–	(25,126)	(25,126)
Disposals	(7,133)	(28,048)	(26,721)	(46,004)	(988,045)	–	(1,095,951)
Disposal of subsidiaries *(Note 35)*	(152,553)	(5,925)	(11,687)	(3,349)	(6,954)	–	(180,468)
At December 31, 2024	2,689,147	601,453	2,942,088	565,594	2,058,583	3,699	8,860,564
DEPRECIATION							
At January 1, 2023	677,604	438,442	894,838	366,105	614,861	–	2,991,850
Provided for the year	115,625	52,903	183,013	63,902	386,590	–	802,033
Eliminated on disposals	(26,723)	(56,332)	(12,584)	(86,085)	(337,117)	–	(518,841)
Eliminated on disposals of subsidiaries	(18,238)	(4,098)	(10,515)	(6,394)	(4,282)	–	(43,527)
At December 31, 2023	748,268	430,915	1,054,752	337,528	660,052	–	3,231,515
Provided for the year	88,148	64,124	180,213	50,996	345,727	–	729,208
Eliminated on disposals	(4,488)	(16,726)	(5,823)	(38,172)	(325,343)	–	(390,552)
Eliminated on disposal of subsidiaries *(Note 35)*	(34,679)	(4,425)	(2,693)	(2,885)	(1,021)	–	(45,703)
At December 31, 2024	797,249	473,888	1,226,449	347,467	679,415	–	3,524,468
CARRYING VALUES							
At December 31, 2023	2,044,785	147,563	1,645,101	247,731	1,676,032	83,403	5,844,615
At December 31, 2024	1,891,898	127,565	1,715,639	218,127	1,379,168	3,699	5,336,096

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their estimated residual values, at the following rates per annum where applicable:

Buildings	Over the shorter of the remaining lease term of land on which buildings are located and useful life of buildings of 20 – 40 years
Plant and machinery	12% – 32%
Leasehold improvements	10% – 20%
Furniture, fixtures and equipment	19%
Motor vehicles	19%

Details of the Group's buildings and motor vehicles pledged to secure bank borrowings granted to the Group are set out in *Note 31*.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group leases out a number of motor vehicles under operating lease. The leases typically run for an initial period of one to three years (2023: one to three years). None of the leases include the variable lease payments. The reconciliation of the carrying amount at the beginning and end of the year are set out as below:

	Motor vehicles
	RMB'000
COST	
At January 1, 2023	1,174,257
Additions	160,335
Disposals	(295,192)
At December 31, 2023	1,039,400
Additions	201,715
Disposals	(280,660)
At December 31, 2024	960,455
DEPRECIATION	
At January 1, 2023	440,493
Provided for the year	158,811
Eliminated on disposals	(187,276)
At December 31, 2023	412,028
Provided for the year	163,703
Eliminated on disposals	(209,718)
At December 31, 2024	366,013
CARRYING VALUES	
At December 31, 2023	627,372
At December 31, 2024	594,442

15. RIGHT-OF-USE ASSETS

	Leasehold land *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
As at December 31, 2024			
Carrying amount	1,076,332	1,911,510	2,987,842
As at December 31, 2023			
Carrying amount	1,171,031	1,730,449	2,901,480
For the year ended December 31, 2024			
Depreciation charge	(29,990)	(356,411)	(386,401)
For the year ended December 31, 2023			
Depreciation charge	(44,748)	(319,974)	(364,722)

	2024 ***RMB'000***	2023 *RMB'000*
Expense relating to short-term leases	**61,245**	64,629
Total cash outflow for right-of-use assets	**(574,398)**	(507,956)
Additions to right-of-use assets *(note)*	**625,249**	358,119

Note: Amount includes right-of-use assets resulting from new lease contracts entered into.

15. RIGHT-OF-USE ASSETS (continued)

For both years, the Group leases various leasehold lands and properties, offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 to 15 years. Lease terms are negotiated on an individual basis and contain similar terms and conditions. In determining the lease term and assessing the length of the non-cancellable lease period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of the Group's leasehold land pledged to secure bank borrowings granted to the Group are set out in *Note 31*.

16. GOODWILL

	RMB'000
COST	
At January 1, 2023, December 31, 2023 and December 31, 2024	1,672,160
IMPAIRMENT	
At January 1, 2023	–
Impairment loss recognized in the year	(41,286)
At December 31, 2023	(41,286)
Impairment loss recognized in the year	(40,453)
At December 31, 2024	(81,739)
CARRYING VALUES	
At December 31, 2023	1,630,874
At December 31, 2024	1,590,421

Particulars regarding impairment testing on goodwill are disclosed in *Note 18*.

17. OTHER INTANGIBLE ASSETS

	Dealership agreements RMB'000	Customer relationship RMB'000	Vehicle licence plates RMB'000	Software RMB'000	Total RMB'000
COST					
At January 1, 2023	2,420,668	219,819	304,917	256,518	3,201,922
Transfer from property, plant and equipment	–	–	–	83,081	83,081
Additions	–	–	58,832	130,087	188,919
Disposal	–	–	(22,853)	–	(22,853)
Disposal of subsidiaries	–	–	(985)	–	(985)
At December 31, 2023	2,420,668	219,819	339,911	469,686	3,450,084
Transfer from property, plant and equipment	–	–	–	25,126	25,126
Additions	–	–	1,462	65,389	66,851
Disposal	–	–	(18,760)	–	(18,760)
Disposal of subsidiaries *(Note 35)*	(5,000)	–	–	–	(5,000)
At December 31, 2024	2,415,668	219,819	322,613	560,201	3,518,301
AMORTIZATION					
At January 1, 2023	256,245	73,241	–	55,187	384,673
Provided for the year	60,517	13,901	–	37,383	111,801
At December 31, 2023	316,762	87,142	–	92,570	496,474
Provided for the year	60,728	13,992	–	46,344	121,064
Disposal of subsidiaries *(Note 35)*	(1,281)	–	–	–	(1,281)
At December 31, 2024	376,209	101,134	–	138,914	616,257
CARRYING VALUES					
At December 31, 2023	2,103,906	132,677	339,911	377,116	2,953,610
At December 31, 2024	2,039,459	118,685	322,613	421,287	2,902,044

17. OTHER INTANGIBLE ASSETS (continued)

Dealership agreements, customer relationship and software are stated at cost less any impairment losses and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives of these intangible assets are as follows:

Dealership agreements	40 years
Customer relationship	15 years
Software	5-10 years

The majority of vehicle licence plates were issued by the relevant authorities in Shanghai and Guangzhou with no expiration dates. As such, the management of the Group considers such licence plates to have an indefinite useful life and they are carried at cost less any subsequent impairment losses, if any.

The licence plates will not be amortized until the respective useful life is determined to be finite. Instead, they will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The management of the Group determined that there was no impairment of licence plates as their market value exceeds their carrying amount as at the end of the reporting periods.

18. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 16 has been allocated to certain individual cash generating units ("CGUs") by different brands and locations which were all included in passenger vehicle sales segment. The carrying amounts of goodwill are as follows:

	Goodwill	
	2024	2023
	RMB'000	*RMB'000*
CGU A	**192,236**	192,236
CGU B	**178,167**	178,167
CGU C	**148,267**	148,267
CGU D	**120,183**	120,183
CGU E	**107,670**	107,670
CGU F	**81,803**	81,803
CGU G	**72,159**	72,159
CGU H	**73,355**	73,355
CGU I	**64,959**	64,959
CGU J	**178,611**	178,611
CGU K	**96,747**	96,747
Others	**276,264**	316,717
Total	**1,590,421**	1,630,874

18. IMPAIRMENT TESTING ON GOODWILL (continued)

In opinion of the directors of Company, the goodwill comprises the fair value of future profit from expected business synergies arising from acquisitions, which is not separately recognized.

The recoverable amounts of CGUs are determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, sale volume growth rates, changes in selling prices and direct costs. The management of the Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to CGUs. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended December 31, 2024, the Group performed impairment review for goodwill dealership agreements and customer relationship of CGUs based on cash flow forecasts derived from the most recent financial budgets for the next five years approved by the management using pre-tax discount rates ranging from 11% to 12% (2023: 12% to 13%) which reflect current market assessments of the time value of money and the risks specific to CGUs. The cash flows beyond the next five years are extrapolated using a growth rate of 1.5% per annum (2023: 2.5%). The growth rates are by reference to industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. During the years ended December 31, 2024, the Group recognized an impairment loss of goodwill of RMB40,453,000 (December 31, 2023: RMB41,286,000) for certain underperforming CGUs.

19. INTERESTS IN JOINT VENTURES

	2024 ***RMB'000***	2023 *RMB'000*
Cost of unlisted investments in joint ventures	**48,773**	71,265
Share of post-acquisition losses and other comprehensive income, net of dividends received	**(1,153)**	(5,664)
	47,620	65,601

19. INTERESTS IN JOINT VENTURES (continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities *(note a)*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2024	2023	**2024**	2023	
					%	%	**%**	%	
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Changrong") 上海永達長榮汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Harbin Yongda International Automobile Plaza Co., Ltd. ("Harbin Yongda")*(note b)* 哈爾濱永達國際汽車廣場有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**–**	41	**–**	41	Property investment
Shanghai Zhilin Automobile Supplies Service Co., Ltd. ("Shanghai Zhilin") *(note c)* 上海智霖汽車用品服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**–**	50	**–**	50	Passage vehicle related service
Shanghai Linheng Automobile Supplies Service Co., Ltd. ("Shanghai Linheng") 上海霖恒汽車用品服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	Passage vehicle related service
Shanghai Miaocheng Network Technology Co., Ltd. ("Shanghai Miaocheng") *(note d)* 上海妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**60**	60	**60**	60	Network technology service
Beijing Miaocheng Network Technology Co., Ltd. ("Beijing Miaocheng") *(note d)* 北京妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**60**	60	**60**	60	Network technology service
Shanghai Yinghua Lexus car sales Co., Ltd. ("Yinghua Lexus") (formerly known as Shanghai Shenbei Lexus Car Sales Co., Ltd.) 上海英華雷克薩斯汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership
Tianjin Miaocheng Network Technology Co., Ltd. ("Tianjin Miaocheng") *(note e)* 天津妙橙網絡科技有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**60**	–	**60**	–	Network technology service

19. INTERESTS IN JOINT VENTURES (continued)

Notes:

a. The English names of all joint ventures established in the PRC are translated for identification purpose only.

b. During the year ended December 31, 2024, the Group disposed of 41% equity interests in Harbin Yongda to an independent third party.

c. During the year ended December 31, 2024, the Group disposed of 50% equity interests in Shanghai Zhilin to an independent third party.

d. Pursuant to the articles of these entities, their relevant activities require 2/3 of the voting rights to consent. Therefore, the Group has joint control of the arrangement and has rights to the net assets of the joint arrangement.

e. During the year ended December 31, 2024, Tianjin Miaocheng is a newly established subsidiary wholly owned by Shanghai Miaocheng.

None of the joint ventures are considered individually material, and the aggregate information of all the joint ventures are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
The Group's share of profit (loss) and other comprehensive income (expense) for the year	**4,511**	(725)

20. INTERESTS IN ASSOCIATES

	2024 ***RMB'000***	2023 *RMB'000*
Cost of unlisted investments in associates	**539,930**	540,126
Share of post-acquisition profits and other comprehensive income, net of dividends received	**390,380**	320,348
	930,310	860,474

20. INTERESTS IN ASSOCIATES (continued)

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2024 %	2023 %	2024 %	2023 %	
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd. ("Shanghai Yongda Fengdu Automobile") 上海永達風度汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**50**	50	**50**	50	4S dealership property investments
Shanghai Oriental Yongda Automobile Sales Co., Ltd. ("Shanghai Oriental Yongda") 上海東方永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	49	**49**	49	Sale of passenger vehicles
Shanghai Jinjiang Toyota Automobile Sales and Services Co., Ltd. 上海錦江豐田汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**20**	20	**20**	20	4S dealership
Changjiang United Finance Leasing Co., Ltd. ("Changjiang United") *(note a)* 長江聯合金融租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**12**	12	**12**	12	Finance leasing
Guandao Network Technology (Shanghai) Co., Ltd. 觀道網路科技(上海)有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**30**	30	**30**	30	Software development
Anhui Jiajia Yongda Automobile Sales Co., Ltd. ("Anhui Jiajia Yongda") 安徽家家永達汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**49**	49	**49**	49	Sale of used cars
Guangzhou Xianghe Zhongyue Industrial ("Guangzhou Xianghe Zhongyue") 廣州祥和眾悦實業發展有限公司 Development Co., Ltd.	Domestic limited liability enterprise	PRC	PRC	Registered capital	**47**	47	**47**	47	4S dealership property investments
Nanjing Yongda Haoxiang Automobile Sales Co., Ltd. ("Yongda Haoxiang") *(note b)* 南京永達好享汽車銷售有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**-**	49	**-**	49	Sale of passenger vehicles
Shanghai Yongda Finance Leasing Co., Ltd. ("Yongda Finance Leasing") 上海永達融資租賃有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**20**	20	**20**	20	Finance leasing

20. INTERESTS IN ASSOCIATES (continued)

Details of each of the Group's associates at the end of the reporting period are as follows: (continued)

Name of entities*	Form of entity	Country of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2024 %	2023 %	2024 %	2023 %	
Shanghai Baocheng Shenjiang Automobile ("Shanghai Baocheng Shenjiang") Sales and Service Co., Ltd. 上海寶誠申江汽車銷售服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**40**	40	**40**	40	4S dealership
Shanghai Shenjiang 296 Automobile Club Co.,Ltd. ("Shanghai Shenjiang 296") 上海申江二九六汽車俱樂部有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**40**	40	**40**	40	Passage vehicle related service
Shanghai Bilinxing Automotive Service Co., Ltd. ("Shanghai Bilinxing") 上海比鄰星汽車服務有限公司	Domestic limited liability enterprise	PRC	PRC	Registered capital	**40**	40	**40**	40	Passage vehicle related service

* The English names of all associates established in the PRC are translated for identification purpose only.

20. INTERESTS IN ASSOCIATES (continued)

Notes:

a. Pursuant to the articles of Changjiang United, the Group has the right to appoint one out of six directors of the board. As such, the Group considers it could have significant influence over Changjiang United and treated it as an associate.

b. During the year ended December 31, 2024, Yongda Haoxiang was liquidated in November 2024.

Summarized financial information of material associates

Summarized financial information in respect of the Group's material associates are set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards.

Changjiang United

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current assets	**3,443,439**	2,520,257
Non-current assets	**41,362,547**	35,312,652
Current liabilities	**37,624,520**	29,394,237
Non-current liabilities	**1,796,866**	3,546,531

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

Changjiang United (continued)

	2024 RMB'000	2023 RMB'000
Revenue for the year	**1,382,653**	1,293,252
Profit and other comprehensive income for the year	**686,009**	645,304
The Group's share of profit and other comprehensive income of Changjiang United for the year	**83,968**	78,985
Dividend received from Changjiang United for the year	**23,691**	21,261

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net asset of Changjiang United	**5,384,600**	4,892,141
Proportion of the Group's ownership interest in Changjiang United	**12.24%**	12.24%
Carrying amount of the Group's ownership interest in Changjiang United	**659,168**	598,891

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

Yongda Finance Leasing

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current assets	**331,949**	577,945
Non-current assets	**1,478,293**	2,160,637
Current liabilities	**626,524**	1,019,999
Non-current liabilities	**543,018**	1,122,581

	2024	2023
	RMB'000	*RMB'000*
Revenue for the year	**181,632**	260,602
Profit and other comprehensive income for the year	**55,238**	89,669
The Group's share of profit and other comprehensive income of Yongda Finance Leasing for the year	**11,048**	17,934

20. INTERESTS IN ASSOCIATES (continued)

Summarized financial information of material associates (continued)

Yongda Finance Leasing (continued)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net asset of Yongda Finance Leasing	**640,700**	596,002
Proportion of the Group's ownership interest in Yongda Finance Leasing	**20.00%**	20.00%
Carrying amount of the Group's ownership interest in Yongda Finance Leasing	**128,140**	119,200

Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of profit and other comprehensive income of these associates for the year	**815**	10,072
Aggregate carrying amount of the Group's interests in these associates	**143,002**	142,383

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Equity investments		
– Listed equity security (i)	**1,415**	1,286
– Limited partnership enterprises (ii)	**269,136**	257,631
– Unlisted equity securities (iii)	**75,195**	75,195
	345,746	334,112

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

i. For the year ended December 31, 2024, a fair value gain of RMB129,000 (2023: loss of RMB196,000) based on the quoted bid prices in an active market is recognized in the profit or loss in the current year.

ii. During the year ended December 31, 2024, the Group increased investments in certain limited partnership enterprises amounting to RMB65,183,000 (2023: RMB5,000,000), which are also measured at FVTPL, and disposed certain investments in limited partnership enterprises amounting to RMB42,400,000 (2023: RMB916,000).

For the year ended December 31, 2024, a fair value loss of RMB11,278,000 (2023: gain of RMB42,554,000) is recognized in profit or loss in the current year.

iii. The fair value as at December 31, 2024 has been arrived at on the basis of valuation carried out by the Group's internal valuers who have appropriate qualifications and recent experience in the valuation of similar financial instruments and they determined that there was no significant change of fair value during the year.

Details of the fair value measurement of the financial assets at FVTPL are set out in *Note 41(c)*.

22. EQUITY INSTRUMENTS AT FVTOCI

	2024	2023
	RMB'000	*RMB'000*
Listed equity securities *(note)*	**4,510**	6,744

Note:

The above listed equity investments represent ordinary shares of an entity listed on The Stock Exchange of Hong Kong Limited. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During the year ended December 31, 2024, a fair value loss of RMB2,234,000 (2023: loss of RMB1,291,000) was recognized in the FVTOCI reserve.

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

The Group's credit policies towards its customers are as follows:

a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers of passenger vehicles sales and after-sales services, a credit period not exceeding 60 days is granted;

b. For automobile operating lease services, the Group typically allows a credit period of 30 to 90 days to its customers.

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

	2024 RMB'000	2023 RMB'000
Current		
Trade receivables	852,203	982,857
Bills receivables	1,368	2,962
	853,571	985,819
Current		
Prepayments and other receivables comprise:		
Prepayments to suppliers	1,197,228	1,761,915
Deposits to suppliers	150,682	392,409
Deposits to entities controlled by suppliers for borrowings	76,066	87,939
Prepayments and rental deposits on properties	186,116	184,642
Rebate receivables from suppliers	2,749,556	2,893,480
Finance and insurance commission receivables	542,272	352,684
Staff advances	4,554	2,817
Value-added tax recoverable	284,812	219,676
Advances to non-controlling interests of a subsidiary *(note)*	5,000	37,000
Advances to independent third parties *(note)*	–	100
Consideration receivables from disposal of a subsidiary	12,667	27,667
Others	156,098	256,411
	5,365,051	6,216,740
	6,218,622	7,202,559
Non-current		
Other assets:		
Receivables from disposal of land use right	65,195	66,195
Consideration from disposal of joint venture	35,260	–
Other receivables from an independent third party	27,432	–
Less: Allowance for credit losses	(44,239)	–
	83,648	66,195

Note: The non trade-related balances are unsecured, interest-free and repayable on demand.

23. TRADE AND OTHER RECEIVABLES/OTHER ASSETS (continued)

As at January 1, 2023, December 31, 2023 and December 31, 2024, trade receivables from contracts with customers amounted to RMB851,025,000, RMB912,545,000 and RMB813,564,000 respectively.

The following is an ageing analysis of the Group's trade and bills receivables presented based on the invoice date or the issue date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2024 ***RMB'000***	2023 *RMB'000*
0 to 90 days	**853,571**	985,819

None of the trade receivables is past due but not impaired as at the end of the reporting period. The Group does not notice any deterioration in the credit quality of its trade receivables. Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Details of impairment assessment on trade and other receivables, and other assets are set out in *Note 41(b)*.

24. INVENTORIES

	2024 ***RMB'000***	2023 *RMB'000*
Motor vehicles	**3,666,464**	3,837,663
Spare parts and accessories	**483,461**	525,491
	4,149,925	4,363,154

As at December 31, 2024, certain inventories of the Group with an aggregate carrying amount of RMB632,973,000 (2023: RMB748,332,000) were pledged as securities for the Group's borrowings *(Note 31)*.

As at December 31, 2024, certain inventories of the Group with an aggregate carrying amount of RMB2,852,417,000 (2023: RMB2,497,416,000) were pledged as security for the Group's bills payables.

25. CASH IN TRANSIT

Cash in transit represents sales settled by credit cards, which has yet been credited to the Group by banks.

26. TIME DEPOSITS/RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

As at December 31, 2024, the Group had fixed-term time deposits in banks with carrying amount of approximately RMB8,100,000 (2023: RMB8,100,000), which carry interest rate is 1.95% to 3.05% (2023: 1.85% to 3.05%) per annum.

The Group also pledged certain of its bank balances with carrying amount of RMB8,238,387,000 (2023: RMB3,589,137,000) to banks as security for bills payables and these restricted bank balances carry variable-rate interest rates ranging from 0.1% to 1.95% (2023: 0.25% to 1.30%) per annum. The restricted bank balances are classified as current assets as they will be released upon the settlement of the relevant bills payables.

The remaining bank balances carry variable-rate interest rates ranging from0.10% to 0.30% (2023: 0.20% to 0.30%) per annum.

The Group's time deposits, restricted bank balances, bank balances and cash that are denominated in currencies other than RMB are set out below:

	2024 ***RMB'000***	2023 *RMB'000*
United States Dollars ("US$")	**654**	2,438
HK$	**5,986**	7,887
	6,640	10,325

27. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Current		
Trade payables	**725,649**	967,416
Bills payables	**11,622,602**	7,380,234
	12,348,251	8,347,650
Other payables		
Other tax payables	**83,290**	114,275
Payable for acquisition of property, plant and equipment	**52,102**	56,131
Salary and welfare payables	**102,220**	221,590
Accrued interest	**2,425**	3,933
Accrued audit fee	**960**	5,320
Consideration payables for acquisition of subsidiaries	**789**	789
Advance from non-controlling interests of subsidiaries *(note)*	**30,348**	33,669
Advance from third parties *(note)*	**8,202**	7,830
Other accrued expenses	**86,035**	60,438
Others	**219,849**	273,419
	586,220	777,394
	12,934,471	9,125,044

Note: The balances are unsecured, interest-free and repayable on demand.

The Group's trade payables mainly relate to purchase of spare parts and accessories. A credit period not exceeding 90 days is generally granted by certain suppliers to the Group for the purchase of spare parts and accessories. Bills payables primarily relate to the Group's use of bank acceptance notes to finance its purchase of passenger vehicles, with a credit period of one to six months. The Group pledged certain of its bank balances and/or certain inventories to banks as security for bills payables disclosed in *Note 26* and *Note 24*, respectively.

27. TRADE AND OTHER PAYABLES (continued)

The following is an ageing analysis of the Group's trade and bills payables presented based on invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 to 90 days	**10,454,358**	7,989,712
91 to 180 days	**1,893,893**	357,938
	12,348,251	8,347,650

28. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advances and deposits from customers	**1,524,387**	1,724,305

Advances and deposits from customers are mainly from passenger vehicle sales and typically no credit period is allowed. The Group classifies all contract liabilities as current because the Group expects to realize them in their normal operating cycle.

All the contract liabilities at the beginning of the period have been realized to revenue in the reporting period and no revenue recognized in the reporting period from the performance obligations satisfied in prior periods. The balance of contract liabilities as at January 1, 2023 is RMB1,723,948,000.

29. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorized:		
At January 1, 2023, December 31, 2023 and 2024	2,500,000	25,000

	Number of shares	Amount	Shown in financial statements as
	'000	*HK$'000*	*RMB'000*
Issued and fully paid:			
At January 1, 2023	1,966,357	19,664	16,233
Cancellation of shares *(note)*	(30,783)	(308)	(270)
At December 31, 2023	1,935,574	19,356	15,963
Cancellation of shares *(note)*	(43,665)	(437)	(399)
At December 31, 2024	1,891,909	18,919	15,564

Note:

In accordance with a shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on June 5, 2024, the directors of the Company were granted a general mandate to repurchase up to 192,757,301 shares (2023: 194,502,551 shares) of the Company, representing 10% of the total number of issued shares on that date. In 2024, the Company had re-purchased an aggregate of 44,206,500 shares (2023: 24,581,500 shares) of the Company at a price ranging from HK$1.28 to HK$2.34 per share (2023: HK$2.68 to HK$6.97 per share), for a total cash consideration of approximately RMB72,103,000 (2023: RMB98,960,000), which had been fully paid in 2024. The Company has then cancelled 43,665,000 (2023: 30,783,000) re-purchased shares and the cumulative remaining 4,992,000 (2023: 4,450,000) re-purchased shares with carrying amount of approximately RMB7,342,000 (2023: RMB12,269,000) are recorded as treasury shares.

30. DEFERRED TAXATION

(a) Deferred tax assets

The following are the major deferred tax assets recognized and movements thereon during the current and prior years:

	Tax losses	Property, plant and equipment impairment	Right-of-use assets/Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022	223,229	13,072	63,471	19,574	319,346
Credit (charge) to profit or loss	82,311	(143)	(667)	(5,489)	76,012
At December 31, 2023	305,540	12,929	62,804	14,085	395,358
Credit (charge) to profit or loss	69,707	(143)	(8,350)	6,940	68,154
At December 31, 2024	375,247	12,786	54,454	21,025	463,512

The deferred tax balances have reflected the tax rates that are expected to apply in the respective years when the asset is realized or the liability is settled.

The Group's unused tax losses of approximately RMB1,500,988,000 and RMB1,222,160,000 as at December 31, 2024 and 2023, respectively have been recognized as deferred tax assets as at the end of the reporting period.

30. DEFERRED TAXATION (continued)

(a) Deferred tax assets (continued)

Balances of unused tax losses for which no deferred tax assets have been recognized due to the unpredictability of future profits stream are as follows:

	2024 RMB'000	2023 RMB'000
Tax losses	23,918	22,230

The unrecognized tax losses will be carried forward and expire in years as follows:

	2024 RMB'000	2023 RMB'000
2025	–	–
2026	10	10
2027	13,392	13,392
2028	8,828	8,828
2029	1,688	–
	23,918	22,230

30. DEFERRED TAXATION (continued)

(b) Deferred tax liabilities

	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Accelerated tax depreciation RMB'000	Withholding taxes on the earnings anticipated to be remitted by subsidiaries RMB'000	Right-of-use assets/Lease liabilities RMB'000	Total RMB'000
At December 31, 2022	654,727	103,856	50,000	5,750	814,333
(Credit) charge to profit or loss	(22,717)	20,724	(33,000)	(3,843)	(38,836)
At December 31, 2023	632,010	124,580	17,000	1,907	775,497
(Credit) charge to profit or loss	(22,813)	5,013	(12,000)	(293)	(30,093)
At December 31, 2024	609,197	129,593	5,000	1,614	745,404

As at December 31, 2024, the Group recognized the relevant deferred tax liabilities of RMB5,000,000 (2023: RMB17,000,000) on earnings anticipated to be remitted by certain subsidiaries in the foreseeable future.

31. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank loans	**2,357,540**	3,590,954
Other borrowings *(note)*	**556,583**	369,646
	2,914,123	3,960,600
Secured borrowings, by the Group's assets	**1,485,295**	2,245,736
Unsecured borrowings	**1,428,828**	1,714,864
	2,914,123	3,960,600
Unguaranteed borrowings	**2,914,123**	3,960,600
Fixed-rate borrowings	**1,990,123**	2,874,358
Variable-rate borrowings	**924,000**	1,086,242
	2,914,123	3,960,600

	2024 RMB'000	2023 RMB'000
Carrying amount repayable:		
Within one year	**1,565,963**	2,434,016
More than one year, but not exceeding two years	**424,160**	508,584
More than two years, but not exceeding five years	**924,000**	1,018,000
	2,914,123	3,960,600
Less: amounts due within one year shown under current liabilities	**1,565,963**	2,434,016
Amounts shown under non-current liabilities	**1,348,160**	1,526,584

Note: Other borrowings are mainly obtained from entities controlled by suppliers.

31. BORROWINGS (continued)

The ranges of effective interest rates on the Group's bank and other borrowings are as follows:

	2024	2023
Effective interest rate (per annum):		
Fixed-rate borrowings	**2.90% to 3.80%**	2.90% to 6.30%
Variable-rate borrowings	**3.00% to 3.25%**	3.45% to 5.92%

The Group's variable-rate bank borrowings carry interest at the loan prime rate ("LPR") plus a premium.

At the end of the reporting period, other borrowings (i) are of a term less than one year; (ii) are interest-free from the first 15 days to four months after drawdown; and (iii) carry interest at the People's Bank of China benchmark rate plus a premium as the borrowings are extended beyond the initial interest-free period.

During the years ended December 31, 2024 and 2023, the Group entered into various borrowing agreements with banks and financial institutions to finance its business operations and expansion. Such borrowings were secured against the Group's assets with carrying amounts as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Right-of-use assets (leasehold land)	**64,022**	30,762
Property, plant and equipment (buildings and motor vehicles)	**56,051**	21,730
Inventories	**632,973**	748,332
Total	**753,046**	800,824

As at December 31, 2024, the Company has also pledged the equity interests of certain subsidiaries in favour of banks in respect of the Group's bank borrowings, the principal balance of which is amounted to RMB509 million (2023: RMB562 million) in total.

32. LEASE LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Lease liabilities payable:		
Within one year	**239,918**	242,904
Within a period of more than one year but not more than two years	**235,521**	272,843
Within a period of more than two years but not more than five years	**441,472**	446,241
Within a period of more than five years	**920,471**	714,043
	1,837,382	1,676,031
Less: Amount due for settlement with 12 months shown under current liabilities	**239,918**	242,904
Amount due for settlement after 12 months shown under non-current liabilities	**1,597,464**	1,433,127

Lease liabilities of RMB1,837 million (2023: RMB1,676 million) are recognized with the relevant right-of-use assets of RMB1,912 million (2023: RMB1,730 million) as at December 31, 2024 using the weighted incremental borrowing rate of 3.5% to 6.0% (2023: 6.0%) per-annum. The lease agreements do not impose any covenants and the related leased assets may not be used as security for borrowing purposes.

As at December 31, 2024, the full amount of lease liabilities are secured by rental deposits with carrying amount of RMB24 million (2023: RMB21 million).

33. NON-CONTROLLING INTERESTS

	RMB'000
At January 1, 2023	506,530
Profit for the year	13,172
Capital injection by non-controlling interests	10,820
Acquisition of non-controlling interests	(3,949)
Disposal of subsidiaries	(3,816)
Dividends paid to non-controlling interests	(64,426)
At December 31, 2023	458,331
Loss for the year	(35,403)
Capital injection by non-controlling interests	3,531
Acquisition of non-controlling interests *(Note 36)*	(18)
Disposal of subsidiaries *(Note 35)*	(56,116)
Dividends paid to non-controlling interests	(34,924)
At December 31, 2024	335,401

34. SHARE-BASED COMPENSATION

(a) Share Option Scheme

The Company's share option scheme was adopted by the Company on October 10, 2013 ("the Original Share Option Scheme") for the primary purpose of giving the grantees an opportunity to have a personal stake in the Company and motivating the grantees to optimise their performance and efficiency, and retaining the grantees whose contributions are important to the Group's long-term growth and profitability. Under the Original Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Original Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted must be taken up within 28 days from the date of grant, upon payment of RMB1.00. The exercise price of the shares in the Company shall be a price determined by the board of directors of the Company with reference to future earnings potential of the Company and notified to the eligible grantees.

The share options have been vested in three tranches under the Original Share Option Scheme, the first 1/3 from the first anniversary after the date of grant, the second 1/3 from the second anniversary after the date of grant and the remaining from the third anniversary after the date of grant.

As a result of the amendments to the Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has terminated the Original Share Option Scheme and adopted the 2023 share option scheme ("the 2023 Share Option Scheme"), which complies with the Listing Rules on June 1, 2023. The purpose of the 2023 Share Option Scheme is to provide incentive or reward to grantees for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the board may approve from time to time.

The shares which may fall to be issued pursuant to the exercise of any awards and/or share options up to 10% of the shares in issue as at the adoption date. Options granted must be taken up within 28 days from the date of grant or the date on which the conditions are satisfied.

In the event of the termination of the Original Share Option Scheme, no further option will be granted under the Original Share Option Scheme, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Original Share Option Scheme.

34. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme during the years ended December 31, 2024 and 2023:

	Grant/modification date	Exercised price *(HK$)*	Outstanding as at January 1, 2024	Modification during the year	Number of options exercised during the year	Forfeited during the year	Outstanding as at December 31, 2024
Directors:							
Mr. Xu Yue	March 17, 2022	8.22	1,000,000	–	–	–	1,000,000
	March 28, 2024	2.34	–	6,200,000	–	–	6,200,000
Ms. Chen Yi	March 17, 2022	8.22	264,000	–	–	–	264,000
	March 28, 2024	2.34	–	600,000	–	–	600,000
Mr. Tang Liang	March 17, 2022	8.22	825,000	–	–	–	825,000
	March 28, 2024	2.34	–	3,000,000	–	–	3,000,000
Employees and other grantees	March 17, 2022	8.22	1,886,000	–	–	(165,000)	1,721,000
	March 28, 2024	2.34	–	5,200,000	–	(400,000)	4,800,000
			3,975,000	15,000,000	–	(565,000)	18,410,000
Weighted average exercise price (HK$)			8.22	2.34	–	4.05	3.55

34. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

Set out below are details of movements of the outstanding options granted under the Original Share Option Scheme during the years ended December 31, 2024 and 2023: (continued)

	Grant/modification date	Exercised price *(HK$)*	Outstanding as at January 1, 2023	Modification during the year	Number of options exercised during the year	Forfeited during the year	Outstanding as at December 31, 2023
Directors:							
Mr. Xu Yue	March 17, 2022	8.22	3,000,000	–	–	(2,000,000)	1,000,000
Mr. Tang Liang	March 17, 2022	8.22	2,500,000	–	–	(1,675,000)	825,000
Ms. Chen Yi	March 17, 2022	8.22	800,000	–	–	(536,000)	264,000
Employees and other grantees	March 17, 2022	8.22	5,700,000	–	–	(3,814,000)	1,886,000
			12,000,000	–	–	(8,025,000)	3,975,000
Weighted average exercise price (HK$)			8.22	–	–	8.22	8.22

34. SHARE-BASED COMPENSATION (continued)

(a) Share Option Scheme (continued)

Granted on March 28, 2024

On March 28, 2024, a total of 15,000,000 options were granted at an exercise price of HK$2.34 with a service term of 5 years. The estimated granted date fair value of these options granted is RMB11,721,000. The fair value is calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

	March 28, 2024
Weighted average share price	HK$2.11
Exercise price	HK$2.34
Expected volatility	51.31%
Option life	5 years
Risk-free interest rate	3.45%
Excepted dividend yield	2.00%

The risk-free rate was based on the market yield rate of Hong Kong Government Bond with a maturity of two to five years. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged and historical pattern of share prices of the Company. Changes in variables and assumptions may result in changes in the fair values of the share options.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

As at December 31, 2024, the number of shares in respect of which options had been granted and remained outstanding under the Original Share Option Scheme was 18,410,000 (2023: 3,975,000), representing 0.97% (2023: 0.20%) of the shares of the Company in issue at that date.

No share option exercised during the year ended December 31, 2024 (weighted average share price at the dates of exercise in 2023: HK$ nil).

During the year ended December 31, 2024, the Group recognize an expense of approximately RMB5,637,000 for the year ended December 31, 2024 in relation to the share options granted (2023: reversed an expense of approximately RMB10,168,000 for the share options forfeited) by the Company under the Original Share Option Scheme.

34. SHARE-BASED COMPENSATION (continued)

(b) Employee Pre-IPO Incentive Scheme

The Company's employee pre-IPO incentive scheme was adopted by the Company on April 3, 2012 (the "Employee Pre-IPO Incentive Scheme") for the primary purpose of recognition of the contributions of the beneficiaries under the Employee Pre-IPO Incentive Scheme and to incentivize them. Under the Employee Pre-IPO Incentive Scheme, the board of directors of the Company may make cash awards to eligible employees, including directors (other than independent non-executive directors) of the Company and its subsidiaries. Only the dividend payments on the shares held by HSBC Trustee (Hong Kong) Limited via special purpose vehicle under the Employee Pre-IPO Incentive Scheme will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme.

On August 30, 2013, the board of directors resolved to amend the Employee Pre-IPO Incentive Scheme (the "Amended Scheme") to the effect that, in addition to the previously allowed cash awards, awards of restricted share could be granted to eligible persons ("Grantee") pursuant to the terms of the Amended Scheme. The scope of the eligible persons under the Amended Scheme was amended to include any director, including independent non-executive directors. No Grantee shall be entitled to any dividend, income or any other right for which the record date is prior to the date on which the restricted shares are completed and actually transferred into the Grantee's account. The unvested restricted shares do not carry any right to vote at general meetings of the Company.

On June 18, 2020, the Board resolved to amend the Amended Scheme (the "2020 Amended Scheme") to the effect that, and any reference in Amended Scheme to the previous trustee namely HSBC Trustee (Hong Kong) Limited shall be changed to the new trustee namely BOCI Trustee (Hong Kong) Limited.

Awards of restricted shares have been made pursuant to the Amended Scheme. Details of which are set out as follows:

	Number of shares	**Vesting period**	**Total fair value**
	'000		*RMB'000*
Year 2017	9,413	1-28 years	63,888
Year 2018	10,080	10 years	68,718
Year 2019	2,667	10 years	11,131
Year 2020	4,615	5 years	35,869
Year 2021	3,890	5 years	41,905
Year 2022	2,740	5 years	11,195
Year 2023	200	5 years	562
Year 2024	650	5 years	1,015

34. SHARE-BASED COMPENSATION (continued)

(b) Employee Pre-IPO Incentive Scheme (continued)

The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

The Group recognized an expense of approximately RMB33,493,000 (2023: RMB35,497,000) for the year ended December 31, 2024 in relation to such awards made by the Company under the Amended Scheme.

(c) Share Award Scheme

The Company's new share award scheme was adopted by the Company on June 1, 2022 (the "Share Award Scheme") to recognize the contributions by the Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

According to the Share Award Scheme, any awarded shares shall be new shares to be allotted and issued to the trustee by the Company pursuant to a valid mandate granted by shareholders at general meeting(s) of the Company from time to time pursuant to the Listing Rules. The grant price which shall be not less than the highest of: (a) 50% of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a business day; (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant notice; and (c) the nominal value of the Shares. The board is entitled to impose any conditions (including a period of continued service within the Group after the award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting. The awards granted shall be subject to a vesting period as determined by the board, which shall be at least 12 months commencing from the date of the grant notice.

Chapter 17 of the Listing Rules has been amended to govern both share option schemes and share award schemes involving the grant of new shares or options over new shares of the listed issuer with effect from January 1, 2023. On June 1, 2023, amendments made to the Share Award Scheme (the"Amended Share Award Scheme") has been approved by the shareholders of the Company which brings it in line with the Listing Rules.

During the year, the trustee did not meet the performance conditions and a portion of shares awarded on March 28, 2023 has been forfeited. The Group reversed an expense of approximately RMB10,280,000 for the year ended Dec 31, 2024 in relation to such award forfeited (2023: recognize an expense of RMB10,280,000 for the share awarded) by the Company under the Share Award Scheme.

35. DISPOSAL OF SUBSIDIARIES

In January, July, July, August, October of 2024, the Group disposed of 51% equity interests in Shijiazhuang Chengbaoxing Automobile Sales Service Co., Ltd., 60% equity interests in Ningbo Shanshan Yongda Automobile Maintenance Service Co., Ltd., 60% equity interests in Ningbo Shanshan Yongda Automobile Sales Service Co., Ltd., 100% Shengzhou Yongda Bencheng Automotive Sales Service Co., Ltd. and 100% equity interests in Chongqing Zhongyue New Energy Technology Co., Ltd. for a total consideration of approximately RMB142.77 million.

	Amount
	RMB'000
Property, plant and equipment	134,765
Right-of-use assets	69,230
Other intangible assets	3,719
Trade and other receivables	48,835
Inventory	21,747
Bank balances and cash	641
Restricted bank balances	17,788
Contract liabilities	(9,895)
Tax liabilities	(6,603)
Trade and other payables	(92,035)
Lease liabilities	(14,635)
Total net assets	173,557
Less: non-controlling interests	(56,116)
Gain on disposal *(Note 6)*	25,331
Total cash consideration	142,772
Satisfied by:	
Cash received	142,772
	142,772
Net cash inflow arising on disposal:	
Cash received	142,772
Less: bank balances and cash disposed of	(641)
	142,131

36. ACQUISITION OF NON-CONTROLLING INTERESTS

In March and June of 2024, the Group acquired 7% of equity interests in Guangzhou Pate Auto Parts Co., Ltd. and 20% of equity interests in Shanghai Yongda Licheng Car Sales Service Co., Ltd. from their respective non-controlling shareholders for a total cash consideration of RMB60,000.

The difference between the consideration paid and the non-controlling interests acquired was approximately RMB42,000, which was recognized in the special reserve in the consolidated statement of changes in equity.

37. OPERATING LEASING ARRANGEMENTS

The Group as lessor

At the end of reporting period, the Group had contracted with automobile renters for the following future undiscounted minimum lease payments:

	2024	2023
	RMB'000	*RMB'000*
Within one year	**169,120**	172,252
In the second year	**83,189**	83,524
In the third year	**47,863**	36,840
In the fourth year	**28,242**	2,793
In the fifth year	**10,831**	–
	339,245	295,409

The Group provides automobile operating lease services for fixed rentals.

38. CAPITAL COMMITMENTS

	2024	2023
	RMB'000	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	**10,389**	20,877

39. CONTINGENT LIABILITIES

Upon the disposal of 80% equity interests in Yongda Finance Leasing in 2021, the Group guaranteed the additional credits (the "Additional Credits") and corresponding debts of Yongda Finance Leasing in proportion to the Group's 20% shareholding in Yongda Finance Leasing. These guarantees were conducted on normal commercial terms and on several basis. As at December 31, 2024, the balance for the borrowings drawn under the Additional Credits of Yongda Finance Leasing was RMB865 million (2023: RMB1,293 million), of which the guarantee amount provided by the Group was RMB173 million (2023: RMB259 million).

As at December 31, 2024, save for the above, the Group did not have any material contingent liabilities.

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, amounts due to related parties, medium-term note, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on an ongoing basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, capital injection, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

41. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortized cost		
(including cash and cash equivalents)	**14,305,512**	10,819,606
Financial assets at FVTPL	**345,746**	334,112
Equity instruments at FVTOCI	**4,510**	6,744
Other items	**40,007**	73,274
	14,695,775	11,233,736
Financial liabilities		
Financial liabilities at amortized cost	**15,643,591**	12,763,154

b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, equity instruments at FVTOCI, trade and other receivables, other assets, amounts due from related parties, cash in transit, time deposits, restricted bank balances, bank balances and cash, trade and other payables, amounts due to related parties and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk

Currency risk

Most of the Company's sales, purchase and expenditure are denominated in RMB. However, certain financial assets (principally bank balances and amounts due from related parties) and financial liabilities are denominated in foreign currencies, which expose the Group to foreign currency risk.

The Group mainly exposes to foreign currency of US$ and HK$. During the year ended December 31, 2024, all the currency forward contracts with banks of the Group are expired.

The carrying amounts of the financial assets and financial liabilities denominated in foreign currencies of the group entities at the end of each reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Assets		
US$	**654**	2,438
HK$	**5,986**	7,887

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies of the group entities. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates of foreign currencies of the group entities. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies of the group entities and adjusts their translation at the end of each reporting period for a 5% change in related currency rates.

A positive number below indicates an increase in post-tax profit where foreign currencies of the group entities weaken 5% against RMB. For a 5% strengthen of foreign currencies of the group entities against RMB, there would be an equal and opposite impact on the post-tax profit.

	Foreign currencies of the Group entities impact	
	2024 ***RMB'000***	2023 *RMB'000*
Decrease in post-tax profit for the year	**(249)**	(387)

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, medium-term note, other borrowings and lease liabilities. The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, time deposits, restricted bank balances and variable-rate borrowings. It is the Group's policy to keep a portion of its financial assets and liabilities at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China benchmark rates and LIBOR.

The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arise.

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Total income from financial assets that are measured at amortized cost or at FVTOCI is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Other income – financial assets at amortised cost	**44,523**	37,415

Bank balances, pledged bank deposits and borrowings are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

Other price risk

The Group is exposed to other price risk through its equity instruments at FVTOCI and financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

If the prices of those financial assets at FVTPL had been 5% higher/lower, the Group's post-tax profit for the year ended December 31, 2024 would increase/decrease by RMB12,965,000 (2023: RMB12,529,000).

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

In order to minimize credit risk, the Group has developed and maintained the credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related parties, other assets, cash in transit, time deposits, restricted bank balances and bank balances and cash.

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Trade receivables – goods and services and amounts due from related parties – trade nature	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's current credit risk grading framework comprises the following categories: (continued)

	Notes	Internal credit rating	12m or lifetime ECL	December 31,2024 Gross amount (RMB'000)	December 31,2023 Gross amount (RMB'000)
Financial assets at amortized cost					
Trade receivables – goods and services	23	note 2	Lifetime ECL	813,564	912,545
Amounts due from related parties	44	note 1a	12m ECL	58,502	87,115
			Lifetime ECL	195	4,309
Other receivables and other non-current assets	23	note 1b	12m ECL	3,702,984	3,981,232
Cash in transit	25	note 4	12m ECL	26,113	36,091
Time deposits	26	note 4	12m ECL	8,100	8,100
Restricted bank balances	26	note 4	12m ECL	8,238,387	3,589,137
Bank balances and cash	26	note 4	12m ECL	1,457,667	2,201,077
Other items					
Trade receivables – automobile operating lease services	23	note 3	12m ECL	40,007	73,274

Notes:

1a: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For the purposes of impairment assessment, amounts due from related parties are considered to have low credit risk as the counterparties to these financial assets have a high credit rating.

For the purpose of impairment assessment for the amounts due from related parties- non trade portion of RMB58,502,000, the Group has applied the 12-month ECL approach. For the amounts due from related parties-trade portion of RMB195,000, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The directors of the Company considered that the 12-month ECL and lifetime ECL allowance are insignificant as at January 1, 2024 and December 31, 2024.

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1b: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

For the purposes of impairment assessment, other receivables and other assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating.

For other receivables and other assets, debtors with significant outstanding balances with gross carrying amounts of RMB3,066 million as at December 31, 2024 were assessed individually. These individually assessed receivables mainly comprised deposits, rebate receivables from certain suppliers of passenger vehicles and other assets as at December 31, 2024. The Group reviews the recoverable amount of each individual balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In order to further minimize the credit risk, the management of the Group delegates teams to deal with these suppliers on expected delivery schedules of inventories, purchase volume, settlement timeline of outstanding balances with suppliers and the suppliers' financial position, etc. And the Group could choose to offset the payables for the passenger vehicles purchase from the suppliers as agreed. The delegated teams also reconcile with these suppliers on outstanding balances and transactions recorded in relevant reporting period annually to ensure trading information is properly recorded. In view of the actions taken by the Group and the fact that the counterparties are the sino-foreign joint ventures of renowned automobile manufacturers with high credit quality, the Group considers that credit risk in rebate receivables and deposits made to suppliers is significantly reduced.

The Group's advances to non-controlling interests of RMB5 million consist of several balances with different non-controlling interests in the PRC and there is no concentration of credit risk. The Group considers that credit risk in advances to non-controlling interests is insignificant.

For the purpose of impairment assessment for the remaining other receivables with carrying amount of RMB676 million the Group has applied the 12-month ECL approach.

The following table provides information about the exposure to credit risk as at December 31, 2024.

Gross carrying amounts at December 31, 2024	**Average loss rate**	**Gross carrying amount**	**Impairment loss allowance**
	%	*RMB'000*	*RMB'000*
1 – 90 days	–	3,563,264	–
More than 90 days	24.05	183,959	44,239
		3,747,223	44,239

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1b: (continued)

The following table shows the movement in lifetime ECL that has been recognized for other receivables and other non-current assets under the simplified approach.

	12m ECL *RMB'000*
As at 31 December 2023	–
Impairment losses recognized	44,239
As at 31 December 2024	44,239

2: For trade receivables – goods and services, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

The Group's trade receivables consist of a large number of customers located in the PRC which poses insignificant concentration of credit risk. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The directors of the Company considered that the life time ECL allowance are insignificant as at January 1, 2024 and December 31, 2024.

3: For trade receivables – automobile operating lease services, the Group has applied the 12m ECL approach in IFRS 9 to measure the loss allowance. The directors of the Company considered that the 12m ECL allowance are insignificant as at January 1, 2024 and December 31, 2024.

4: The credit risk in relation to the Group's cash in transit, time deposits, bank balances and cash and restricted bank balances is not significant because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

During the year ended 31 December 2024, the Group provided RMB44,239,000 (2023: RMB nil) impairment allowance for trade receivables, based on collective assessment.

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants, if any.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date the Group can be required to pay, representing the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the undiscounted amount is derived from the applicable interest rates at the end of each reporting period.

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024							
Trade and other payables		12,693,645	–	–	–	12,693,645	12,693,645
Amounts due to related parties		33,398	–	–	–	33,398	33,398
Borrowings	3.20	951,125	672,505	1,399,207	–	3,022,837	2,916,548
		13,678,168	672,505	1,399,207	–	15,749,880	15,643,591
Lease liabilities	3.50-6.00	86,604	173,208	822,503	1,566,315	2,648,630	1,837,382
		13,764,772	845,713	2,221,710	1,566,315	18,398,510	17,480,973

41. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 5 years	After 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023							
Trade and other payables		8,728,326	–	–	–	8,728,326	8,728,326
Amounts due to related parties		70,295	–	–	–	70,295	70,295
Borrowings	3.17	1,060,343	1,400,959	1,651,897	–	4,113,199	3,964,533
		9,858,964	1,400,959	1,651,897	–	12,911,820	12,763,154
Lease liabilities	6.00	82,505	182,267	750,560	1,206,315	2,221,647	1,676,031
		9,941,469	1,583,226	2,402,457	1,206,315	15,133,467	14,439,185

41. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at December 31, 2024 RMB'000	Fair value as at December 31, 2023 RMB'000	Fair value hierarchy	Valuation technique and key inputs
Financial assets at FVTPL	**Listed securities 1,415**	Listed securities 1,286	Level 1	Quoted bid prices in an active market
Financial assets at FVTPL	**Unquoted equity instruments 344,331**	Unquoted equity instruments 332,826	Level 3	Share of the net asset values of the financial asset, determined with reference to the fair value of underlying assets and liabilities and adjustments of related expense, if any; Price-to-Sales multiples of selected comparable listed companies in a similar business model and adjusted for the lack of marketability
Equity instruments at FVTOCI	**Listed securities 4,510**	Listed securities 6,744	Level 1	Quoted bid prices in an active market

There were no transfers among Level 1 and 3 during the year.

41. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL
	RMB'000
At January 1, 2023	310,660
Purchases	5,000
Disposals	(25,388)
Fair value change	42,554
At January 1, 2024	332,826
Purchases	65,183
Disposals	(42,400)
Fair value change	(11,278)
At December 31, 2024	344,331

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Medium-term note	Lease liabilities	Dividend payable	Accrued interest	Advance from non-controlling interests	Consideration payables for acquisition of non-controlling interests	Advance from third parties non-trade	Amounts due to related parties non-trade	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 31)		*(Note 32)*		*(Note 27)*	*(Note 27)*		*(Note 27)*	*(Note 44)*	
At January 1, 2023	3,367,416	369,763	1,782,874	448	25,860	39,211	–	–	85,652	5,671,224
Financing cash flows	597,062	(370,000)	(336,316)	(847,294)	(249,811)	(5,542)	(1,912)	7,830	(24,671)	(1,230,654)
Non-cash changes in finance costs	–	237	99,300	–	227,884	–	(3,500)	–	–	323,921
Net foreign exchange gain	(3,878)	–	–	–	–	–	–	–	–	(3,878)
Disposal due to disposal of subsidiaries	–	–	(1,001)	–	–	–	–	–	–	(1,001)
Leases termination	–	–	(99,759)	–	–	–	–	–	–	(99,759)
New leases entered	–	–	230,933	–	–	–	–	–	–	230,933
Acquisition of non-controlling interests	–	–	–	–	–	–	5,412	–	–	5,412
Dividends recognized as distributions and paid to non-controlling interests	–	–	–	846,846	–	–	–	–	–	846,846
At December 31, 2023	3,960,600	–	1,676,031	–	3,933	33,669	–	7,830	60,981	5,743,044
Financing cash flows	(1,046,477)	–	(416,528)	(249,011)	(201,004)	(3,321)	(60)	372	(32,445)	(1,948,474)
Non-cash changes in finance costs	–	–	98,101	–	199,496	–	–	–	–	297,597
Disposal due to disposal of subsidiaries	–	–	(14,635)	–	–	–	–	–	–	(14,635)
Leases termination	–	–	(130,318)	–	–	–	–	–	–	(130,318)
New leases entered	–	–	624,731	–	–	–	–	–	–	624,731
Acquisition of non- controlling interests	–	–	–	–	–	–	60	–	–	60
Dividends recognized as distributions and paid to shareholders and non-controlling interests	–	–	–	249,011	–	–	–	–	–	249,011
At December 31, 2024	2,914,123	–	1,837,382	–	2,425	30,348	–	8,202	28,536	4,821,016

43. RETIREMENT BENEFITS SCHEME

The employees of the Group are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The total costs charged to the consolidated statement of profit or loss and comprehensive income of RMB168,011,000 for the year ended December 31, 2024 (2023: RMB190,021,000) represent contributions paid and payable to the scheme by the Group for the year.

44. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	2024	2023
	RMB'000	*RMB'000*
Current		
Associates held by the Group		
Shanghai Baocheng Shenjiang	**45,532**	45,001
Guangzhou Xianghe Zhongyue	**470**	470
Yongda Finance Leasing	**59**	4,704
Joint ventures held by the Group		
Yinghua Lexus	**9,689**	9,689
Beijing Miaocheng	**2,935**	4,128
Shanghai Yongda Changrong	**12**	–
Harbin Yongda *(note c)*	**–**	27,432
	58,697	91,424
Analyzed as:		
Trade-related *(note a)*	**195**	4,309
Non trade-related *(note b)*	**58,502**	87,115
	58,697	91,424

Notes:

a. The Group offers at its discretion certain related parties a trade credit period up to 90 days.

b. The maximum amount outstanding related to non trade-related balance during the year ended December 31, 2024 is RMB92,672,000 (2023: RMB200,980,000).

c. During the year ended December 31, 2024, the Group disposed of 41% equity interests in Harbin Yongda to independent third parties.

All the above balances are interest-free, unsecured and repayable on demand.

44. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	2024 RMB'000	2023 RMB'000
Associates held by the Group		
Yongda Finance Leasing	**24,068**	55,919
Shanghai Yongda Fengdu Automobile	**5,000**	5,063
Shanghai Baocheng Shenjiang	**728**	6,191
Guangzhou Xianghe Zhongyue	**60**	–
Joint venture held by the Group		
Shanghai Linheng	**3,414**	3,122
Beijing Miaocheng	**128**	–
	33,398	70,295
Analyzed as:		
Trade-related *(note a)*	**4,862**	9,314
Non trade-related *(note b)*	**28,536**	60,981
	33,398	70,295

Notes:

a. A credit period of not exceeding 90 days is given to the Group by the related parties.

b. Except the balance of finance lease payables to Yongda Finance Leasing, the remaining balances are interest-free, unsecured and repayable on demand.

44. RELATED PARTY DISCLOSURES (continued)

III. Guarantees issued by the Group

	2024 RMB'000	2023 RMB'000
Bank borrowings of a related party under guarantees issued by the Group:		
Yongda Finance Leasing	**172,968**	258,691

IV. Related party transactions

	2024 RMB'000	2023 RMB'000
a) Sales of motor vehicles		
Shanghai Baocheng Shenjiang	**15,462**	55,077
Shanghai Oriental Yongda	**7,183**	3,209
Shanghai Miaocheng	**–**	7,359
Yinghua Lexus	**–**	570
	22,645	66,215
b) Sales of spare parts		
Beijing Miaocheng	**3,612**	205
Shanghai Baocheng Shenjiang	**832**	3,278
Shanghai Yongda Changrong	**112**	704
	4,556	4,187

44. RELATED PARTY DISCLOSURES (continued)

IV. Related party transactions (continued)

	2024 RMB'000	2023 RMB'000
c) Services income from		
Yongda Finance Leasing	**2,581**	12,026
Shanghai Oriental Yongda	**–**	38
	2,581	12,064
d) Finance lease interest expense to		
Yongda Finance Leasing	**2,848**	4,077
e) Purchase of services		
Shanghai Oriental Yongda	**1,708**	3,156
f) Purchase of spare parts		
Shanghai Linheng	**–**	3,122
g) Rental expenses paid or payable to:		
Entities controlled by the shareholders		
Shanghai Yongda Group Company Limited, Shanghai Yongda Transportation Equipment Co., Ltd., and Shanghai Yongda Property Development Co., Ltd. *(note)*	**44,419**	37,918
Associate held by the Group		
Shanghai Yongda Fengdu Automobile	**3,395**	3,234
	47,814	41,152

44. RELATED PARTY DISCLOSURES (continued)

IV. Related party transactions (continued)

Note:

Based on IFRS 16, the minimum amount of rent payable by the Group to related parties under the terms of the lease agreements in connection with the use of leased properties had resulted in recognition of a lease liability with the balance of RMB100,792,000 (2023: RMB nil) and a right-of-use assets with the balance of RMB96,795,000 (2023: RMB nil) as at December 31, 2024. In addition, the Group recorded depreciation of right-of-use assets of RMB48,397,000 (2023: RMB33,023,000) and interest expense of RMB3,663,000 (2023: RMB1,261,000) in the consolidated statement of profit or loss for year ended December 31, 2024.

	2024	2023
	RMB'000	*RMB'000*
h) Compensation of key management personnel		
Salaries and other benefits	**7,398**	10,832
Performance-based bonus	**763**	1,774
Contributions to retirement benefits scheme	**739**	743
Share-based payments	**10,833**	9,684
	19,733	23,033

The remuneration of directors and key executives is determined by the board and its remuneration committee having regard to the performance of individuals and market trends.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company as at December 31, 2024 is as follows:

	NOTE	2024 RMB'000	2023 RMB'000
Non-current asset			
Unlisted investment in a subsidiary and amounts due from subsidiaries		**640,084**	640,084
		640,084	640,084
Current assets			
Other receivables		**15,408**	9,207
Bank balances and cash		**12,893**	30,488
Amounts due from subsidiaries		**2,567,151**	2,706,868
		2,595,452	2,746,563
Current liabilities			
Other payables		**66**	66
Amounts due to subsidiaries		**21,102**	21,042
		21,168	21,108
Net current assets		**2,574,284**	2,725,455
Total assets less current liabilities		**3,214,368**	3,365,539
Net assets		**3,214,368**	3,365,539
Capital and reserves			
Share capital		**15,564**	15,963
Reserves	(a)	**3,198,804**	3,349,576
Total equity		**3,214,368**	3,365,539

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note (a):

	Share premium RMB'000	Treasury shares RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at January 1, 2023	693,003	(46,659)	244,986	1,758,692	2,650,022
Profit for the year	–	–	–	1,545,055	1,545,055
Repurchase and cancellation of shares	(133,080)	34,390	–	–	(98,690)
Recognition of equity-settled share-based payments	–	–	35,609	–	35,609
Dividends recognized as distributions	–	–	–	(782,420)	(782,420)
At December 31, 2023	559,923	(12,269)	280,595	2,521,327	3,349,576
Profit for the year	–	–	–	106,169	106,169
Repurchase and cancellation of shares	(76,631)	4,927	–	–	(71,704)
Recognition of equity-settled share-based payments	–	–	28,850	–	28,850
Dividends recognized as distributions	–	–	–	(214,087)	(214,087)
At December 31, 2024	483,292	(7,342)	309,445	2,413,409	3,198,804

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows:

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31, 2024 %	2023 %	Principal activities @
Directly held:						
Sea of Wealth International Investment Company Limited ("Sea of Wealth") 富海國際投資有限公司	The British Virgin Islands	November 15, 2011	80,000,000 shares of HK$1.00 each	100	100	Investment holding
Hongda Automobiles Co., Ltd. *(note 4)* 弘達汽車有限公司	HK	November 12, 2003	HK$89,334,092	–	100	Investment holding
Grouprich International Investment Holdings Limited ("Grouprich International") 匯富國際投資集團有限公司	HK	September 10, 2004	1,000,000 shares of HK$1.00 each	100	100	Investment holding
Indirectly held:						
Shanghai Yongda Investment Holdings Group Co., Ltd. 上海永達投資控股集團有限公司 (formerly known as Shanghai Yongda Investment Co., Ltd.) *(note 2)* 上海永達投資有限公司)	PRC	September 25, 2003	RMB2,320,000,000	100	100	Investment holding
Shanghai Yongda Automobile Group Co., Ltd. 上海永達汽車集團有限公司 (formerly known as Shanghai Yongda Automobile International Investment Management Co., Ltd.) *(note 1)* 上海永達汽車國際投資管理有限公司)	PRC	September 15, 2003	RMB1,893,204,250	100	100	Investment holding
Shanghai Yongda Automobile Leasing Co., Ltd. operating *(note 2)* 上海永達汽車租賃有限公司	PRC	February 21, 2000	RMB150,000,000	100	100	Automobile lease services

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024	2023	
				%	%	
Shanghai Baozen Automobile Sales and Services Co., Ltd. *(note 3)* 上海寶誠汽車銷售服務有限公司	PRC	January 6, 2004	RMB80,000,000	**100**	100	4S dealership
Shanghai Baozen Zhonghuan Automobile Sales and Services Co., Ltd. *(note 3)* 上海寶誠中環汽車銷售服務有限公司	PRC	August 30, 2007	RMB50,000,000	**100**	100	4S dealership
Taiyuan Baozen Automobile Sales and Services Co., Ltd. *(note 3)* 太原寶誠汽車銷售服務有限公司	PRC	October 23, 2007	RMB15,000,000	**60**	60	4S dealership
Wuxi Yicheng Automobile Sales and Services Co., Ltd. *(note 3)* 無錫翼誠汽車銷售服務有限公司	PRC	October 13, 2011	RMB48,000,000	**100**	100	4S dealership
Nantong Baocheng Automobile Sales and Services Co., Ltd. *(note 3)* 南通寶誠汽車銷售服務有限公司	PRC	September 1, 2006	RMB30,000,000	**100**	100	4S dealership
Wuxi Yongda Oriental Automobile Sales and Services Co., Ltd. ("Wuxi Yongda Oriental") *(note 3)* 無錫永達東方汽車銷售服務有限公司	PRC	April 15, 2011	RMB50,000,000	**95**	95	4S dealership
Shanghai Yongda Infiniti Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達英菲尼迪汽車銷售服務有限公司	PRC	September 18, 2006	RMB20,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Shanghai Yongda Infiniti Qibao Automobile Sales and Services Co., Ltd. *(note 4)* 上海永達英菲尼迪七寶汽車銷售服務有限公司	PRC	August 14, 2009	RMB25,000,000	–	100	4S dealership
Guangzhou Yongda Automobile Rental Co., Ltd. ("Guangzhou Yongda Automobile Rental") *(note 3)* 廣州永達汽車租賃有限公司	PRC	July 6, 2012	RMB30,000,000	100	100	Automobile operating lease services
Linyi Yubaohang Automobile Sales and Services Co., Ltd. *(note 3)* 臨沂宇寶行汽車銷售服務有限公司	PRC	October 26, 2006	RMB30,000,000	100	100	4S dealership
Lishui Jiacheng Automobile Sales and Services Co., Ltd. *(note 3)* 麗水市嘉誠汽車銷售有限公司	PRC	May 17, 2010	RMB50,000,000	100	100	4S dealership
Jiangyin Leichi Automobile Sales and Services Co., Ltd. *(note 3)* 江陰雷馳汽車銷售服務有限公司	PRC	August 23, 2010	RMB35,000,000	88	88	4S dealership
Haerbin Baozen Automobile Sales and Services Co., Ltd. *(note 3)* 哈爾濱寶誠汽車銷售服務有限公司	PRC	March 7, 2015	RMB40,000,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 **%**	2023 %	
Tianjin Zhongshun Jinbao Automobile Sales and Services Co., Ltd. *(note 3)* 天津市中順津寶汽車服務有限公司	PRC	March 31, 2015	RMB45,000,000	**100**	100	4S dealership
Wuxi Baozen Automobile Sales and Services Co., Ltd. *(note 3)* 無錫寶尊汽車銷售服務有限公司	PRC	August 31, 2015	RMB20,000,000	**100**	100	4S dealership
Guangdong Yongda South Investing Group Co., Ltd. *(note 3)* 廣東永達南方投資集團有限公司	PRC	June 09, 2014	RMB266,000,000	**70**	70	Investment holding
Linfen Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 臨汾寶誠汽車銷售服務有限公司	PRC	July 10, 2009	RMB30,000,000	**90**	90	4S dealership
Yongjia Baozen Automobile Sales Service Co., Ltd. *(note 3)* 永嘉寶誠汽車銷售服務有限公司	PRC	January 19, 2010	RMB20,000,000	**70**	70	4S dealership
Jiangyin Infinite Automobile Sales Service Co., Ltd. *(note 3)* 江陰無限汽車銷售服務有限公司	PRC	December 5, 2014	RMB20,000,000	**88**	88	4S dealership
Nantong Oriental Yongda Jiachen Automobile Sales and Services Co., Ltd. *(note 3)* 南通東方永達佳晨汽車銷售服務有限公司	PRC	November 16, 2011	RMB40,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Shanghai Yongda Shenjie Automobile Sales and Services Co., Ltd. *(note 4)* 上海永達申傑汽車銷售服務有限公司	PRC	March 3, 2011	RMB30,000,000	–	100	4S dealership
Shanghai Yongda Jiawo Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達嘉沃汽車銷售服務有限公司	PRC	March 1, 2011	RMB30,000,000	100	100	4S dealership
Rui'an Yongda Lujie Automobile Sales and Services Co., Ltd. *(note3)* 瑞安市永達路捷汽車銷售服務有限公司	PRC	March 5, 2014	RMB42,000,000	100	100	4S dealership
Kunshan Yongda Lujie Automobile Sales and Services Co., Ltd. *(note 3)* 昆山永達路捷汽車銷售服務有限公司	PRC	March 15, 2014	RMB60,000,000	100	100	4S dealership
Changshu Yongda Lujie Automobile Sales and Services Co., Ltd. *(note 3)* 常熟永達路捷汽車銷售服務有限公司	PRC	June 8, 2014	RMB30,000,000	100	100	4S dealership
Shanghai Yongda Hongjie Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達弘傑汽車銷售服務有限公司	PRC	July 5, 2011	RMB60,000,000	100	100	4S dealership
Shanghai Yongda Qiming Automobile Sales and Services Co., Ltd. *(note 3)* 上海永達啟明汽車銷售服務有限公司	PRC	January 27, 2015	RMB22,000,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024	2023	
				%	%	
Wuxi Baocheng Automobile Sales and Services Co., Ltd. ("Wuxi Baocheng") *(note 3)* 無錫寶誠汽車銷售服務有限公司	PRC	September 13, 2004	RMB100,000,000	**88**	88	4S dealership
Jiangsu Baozun Investment Group Co., Ltd. *(note 3)* 江蘇寶尊投資集團有限公司	PRC	April 25, 2011	RMB1,074,910,000	**100**	100	Investment holding
Changzhou Xin Baozun Automobile Sales and Services Co., Ltd. *(note 3)* 常州新寶尊汽車銷售服務有限公司	PRC	October 29, 2009	RMB10,000,000	**100**	100	4S dealership
Changzhou Kaidi Automobile Sales and Services Co., Ltd. *(note 3)* 常州凱帝汽車銷售服務有限公司	PRC	August 29, 2012	RMB10,000,000	**100**	100	4S dealership
Changzhou Changtong Auto Sales and Service Co., Ltd. *(note 3)* 常州常通汽車銷售服務有限公司	PRC	January 9, 2003	RMB23,000,000	**100**	100	4S dealership
Changzhou Zunyue Automobile Sales and Services Co., Ltd. *(note 3)* 常州尊越汽車銷售服務有限公司	PRC	June 25, 2007	RMB10,000,000	**100**	100	4S dealership
Dezhou Shengbao Automobile Sales Service Co. Ltd. *(note 3)* 德州聖寶汽車銷售服務有限公司	PRC	October 17, 2013	RMB99,890,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Yancheng Baocheng Automobile Sales and Service Co., Ltd. *(note 3)* 鹽城寶誠汽車銷售服務有限公司	PRC	December 9, 2008	RMB30,000,000	**100**	100	4S dealership
Yancheng Yongda Zhongcheng Automobile Sales Service Co., Ltd. *(note 3)* 鹽城永達眾誠汽車銷售服務有限公司	PRC	July 22, 2012	RMB30,000,000	**100**	100	4S dealership
Guangzhou Tengyue New Energy Vehicle Sales Service Co., Ltd. *(note 3)* 廣州騰悦新能源汽車銷售服務有限公司	PRC	June 11, 2015	RMB10,000,000	**70**	70	4S dealership
Shenzhen Baohua Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 深圳寶華寶誠汽車銷售服務有限公司	PRC	May 14, 2015	RMB20,000,000	**70**	70	4S dealership
Shenzhen Tengyue New Energy Vehicle Sales Service Co., Ltd. *(note 3)* 深圳騰悦新能源汽車銷售服務有限公司	PRC	August 3, 2015	RMB10,000,000	**66**	66	4S dealership
Shenzhen Yuebao Automobile Sales Service Co., Ltd. *(note 3)* 深圳市悦寶汽車銷售服務有限公司	PRC	July 19, 2016	RMB2,000,000	**60**	60	4S dealership
Guangzhou Nanfang Lujie Automobile Sales Service Co., Ltd. *(note 4)* 廣州南方路捷汽車銷售服務有限公司	PRC	June 2, 2017	RMB2,000,000	**–**	70	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Shanghai Yongda Used Car Chain Management Co., Ltd. *(note 3)* 上海永達二手車連鎖經營有限公司	PRC	November 26, 2014	RMB38,000,000	85	85	Used car business
Weifang Shengbao Automobile Sales Service Co. Ltd. *(note 2)* 濰坊聖寶汽車銷售服務有限公司	PRC	October 10, 2013	RMB20,000,000	100	100	4S dealership
Zibo Shengbao Automobile Sales Service Co. Ltd. *(note 2)* 淄博聖寶汽車銷售服務有限公司	PRC	October 18, 2013	RMB10,000,000	100	100	4S dealership
Dongying Yibaoxuan Automobile Sales Service Co. Ltd. *(note 2)* 東營宜寶軒汽車銷售服務有限公司	PRC	March 1, 2011	RMB10,000,000	100	100	4S dealership
Yulin Baitai Automobile Sales and Services Co., Ltd. *(note 3)* 榆林百泰汽車銷售服務有限公司	PRC	May 24, 2012	RMB102,000,000	100	100	4S dealership
Fujian Quanzhou Baitai Automobile Sales and Services Co., Ltd. *(note 3)* 福建省泉州百泰汽車銷售服務有限公司	PRC	March 23, 2011	RMB85,000,000	100	100	4S dealership
Fujian Baitai Automobile Sales and Services Co., Ltd. *(note 3)* 福建百泰汽車銷售服務有限公司	PRC	December 19, 2013	RMB95,000,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Haina Automobile Insurance Sales Co., Ltd. *(note 3)* 海納汽車保險銷售有限公司	PRC	May 4, 2012	RMB50,000,000	**100**	100	Insurance services
Changzhou Baozun Automobile Sales and Services Co., Ltd. *(note 3)* 常州寶尊汽車銷售服務有限公司	PRC	May 11, 2006	RMB22,220,000	**100**	100	4S dealership
Zhenjiang Dongfang Meiya Lexus Automobile Sales Service Co., Ltd. *(note 3)* 鎮江東方美亞雷克薩斯汽車銷售服務有限公司	PRC	October 15, 2021	RMB30,000,000	**100**	100	4S dealership
Nantong Dongfang Jiayu Lexus Automobile Service Sales Co., Ltd. *(note 3)* 南通東方嘉宇雷克薩斯汽車銷售服務有限公司	PRC	November 2, 2021	RMB10,000,000	**100**	100	4S dealership
Wujiang Baozhi Automobile Sales Service Co., Ltd. *(note 3)* 吳江寶致汽車銷售服務有限公司	PRC	October 18, 2021	RMB20,000,000	**100**	100	4S dealership
Nantong baozhihang Automobile Sales Service Co., Ltd. *(note 3)* 南通寶致行汽車銷售服務有限公司	PRC	October 18, 2021	RMB50,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024	2023	
				%	%	
Nanchong Yongda Lujie Automobile Sales Service Co., Ltd. *(note 3)* 南充永達路捷汽車銷售服務有限公司	PRC	April 3, 2014	RMB64,500,000	**70**	70	4S dealership
Chengdu Xin Jin Feng Automobile Sales and Services Co., Ltd. *(note 3)* 成都新錦豐汽車銷售服務有限責任公司	PRC	February 22, 2013	RMB62,300,000	**100**	100	4S dealership
Mianyang Xinjincheng Automobile Sales and Services Co., Ltd. *(note 3)* 綿陽新錦程汽車銷售服務有限責任公司	PRC	May 23, 2014	RMB81,000,000	**100**	100	4S dealership
Nanchong Xinshuangli Automobile Sales Service Co. Ltd. *(note 3)* 南充新雙立汽車銷售服務有限責任公司	PRC	April 4, 2014	RMB26,700,000	**100**	100	4S dealership
Jiangyin Shengda Automobile Sales Service Co. Ltd. *(note 3)* 江陰市盛達汽車銷售服務有限公司	PRC	April 25, 2001	RMB10,000,000	**100**	100	4S dealership
Jiangyin Shengda Toyota Automobile Sales Service Co. Ltd. *(note 3)* 江陰市盛達豐田汽車銷售服務有限公司	PRC	October 27, 1999	RMB20,000,000	**100**	100	4S dealership
Jiangyin Shengda Yintian Automobile Sales Service Co. Ltd. *(note 3)* 江陰市盛達穎田汽車有限公司	PRC	November 16, 2005	RMB10,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Jiangyin Yinda Automobile Sales Service Co. Ltd. *(note 3)* 江陰市穎達汽車銷售有限公司	PRC	May 15, 2007	RMB12,100,000	100	100	4S dealership
Jiangyin Shengda Jiayin Automobile Sales Service Co. Ltd. *(note 3)* 江陰市盛達佳穎汽車銷售有限公司	PRC	September 5, 2007	RMB5,000,000	100	100	4S dealership
Jiangyin Shengsheng Automobile Sales Service Co. Ltd. *(note 3)* 江陰盛升汽車有限公司	PRC	August 4, 2009	RMB15,000,000	100	100	4S dealership
Shanghai Yongda Zhixing Automobile Sales and Service Co., Ltd. *(note 3)* 上海永達之星汽車銷售服務有限公司	PRC	July 25, 2013	RMB30,000,000	100	100	4S dealership
Shanghai Dezhilin Automobile Co., Ltd. *(note 3)* 上海德之林汽車有限公司	PRC	July 25, 2013	RMB40,000,000	100	100	4S dealership
Qingruo Investment (Shanghai) Co., Ltd. *(note 3)* 慶若投資(上海)有限公司	PRC	March 1, 2013	RMB480,610,806	100	100	Investment holding
Nanchang Yongda Yongcheng Automobile Sales Service Co., Ltd. *(note 3)* 南昌永達永誠汽車銷售服務有限公司	PRC	November 9, 2017	RMB2,100,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024	2023	
				%	%	
Jiujiang Yongda Zhixing Automobile Sales Service Co., Ltd. *(note 3)* 九江永達之星汽車銷售服務有限公司	PRC	October 25, 2017	RMB80,164,740	**100**	100	4S dealership
Shaoxing Yongda Lexus Automobile Sales Service Co., Ltd. *(note 3)* 紹興永達雷克薩斯汽車銷售服務有限公司	PRC	February 28, 2007	RMB112,438,960	**100**	100	4S dealership
Nanchang Yongda Automobile Sales Service Co., Ltd. *(note 3)* 南昌永達汽車銷售服務有限公司	PRC	June 1, 2011	RMB65,366,600	**100**	100	4S dealership
Nanning Baocheng Automobile Service Co., Ltd. *(note 3)* 南寧寶誠汽車服務有限公司	PRC	November 11, 2015	RMB20,000,000	**70**	70	4S dealership
Kunming Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 昆明寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB200,000,000	**100**	100	4S dealership
Dali Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 大理寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB80,000,000	**100**	100	4S dealership
Yuxi Baocheng Automobile Service Co., Ltd. *(note 3)* 玉溪寶誠汽車服務有限公司	PRC	October 22, 2020	RMB53,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Baoshan Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 保山寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB21,000,000	100	100	4S dealership
Yibin Baozun Automobile Sales Service Co., Ltd. *(note 3)* 宜賓寶尊汽車銷售服務有限公司	PRC	October 22, 2020	RMB52,000,000	100	100	4S dealership
Dazhou Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 達州寶誠汽車銷售服務有限公司	PRC	October 22, 2020	RMB72,000,000	100	100	4S dealership
Changzhou Lubao Automobile Sales Service Co., Ltd. *(note 3)* 常州路寶汽車銷售服務有限公司	PRC	September 1, 2022	RMB20,000,000	100	100	4S dealership
Shanghai Yongda Honglin Automobile Sales Service Co., Ltd. *(note 3)* 上海永達虹林汽車銷售服務有限公司	PRC	July 20, 2022	RMB23,000,000	100	100	4S dealership
Kunshan Yongda Yicheng Automobile Sales and Service Co., Ltd *(note 3)* 昆山永達翼誠汽車銷售服務有限公司	PRC	April 8, 2013	RMB50,000,000	100	100	4S dealership
Hainan Yongda Automobile Sales and Service Co., Ltd *(note 3)* 海南永達汽車銷售服務有限公司	PRC	August 23, 2007	RMB30,000,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31, 2024 %	2023 %	Principal activities @
Anhui Yongda Baoyi Automobile Sales and Service Co., Ltd *(note 3)* 安徽永達寶易汽車銷售服務有限公司	PRC	January 6, 2011	RMB20,000,000	**72**	72	4S dealership
Suzhou Yongbao Automobile Sales and Service Co., Ltd *(note 3)* 蘇州永保汽車銷售服務有限公司	PRC	November 17, 2014	RMB50,000,000	**100**	100	4S dealership
Linyi Dajie Automobile Sales and Service Co., Ltd *(note 3)* 臨沂達捷汽車銷售服務有限公司	PRC	June 14, 2017	RMB41,000,000	**100**	100	4S dealership
Xiangyang Baodian Automobile Sales and Service Co., Ltd *(note 3)* 襄陽保典汽車銷售服務有限公司	PRC	March 27, 2018	RMB30,000,000	**100**	100	4S dealership
Shanghai Yongda Tengjun Automobile Sales and Service Co., Ltd *(note 3)* 上海永達騰駿汽車銷售服務有限公司	PRC	December 6, 2018	RMB50,000,000	**100**	100	4S dealership
Beijing Baocheng Baiwang Automobile Sales and Service Co., Ltd *(note 3)* 北京寶誠百旺汽車銷售服務有限公司	PRC	August 5, 2009	RMB30,000,000	**100**	100	4S dealership
Kunshan Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 昆山寶誠汽車銷售服務有限公司	PRC	November 4, 2009	RMB40,000,000	**100**	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Taicang Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 太倉寶誠汽車銷售服務有限公司	PRC	August 5, 2009	RMB10,000,000	100	100	4S dealership
Changzhi Baocheng Lufu Automobile Sales and Service Co., Ltd *(note 3)* 長治寶誠潞府汽車銷售服務有限公司	PRC	January 29, 2010	RMB20,000,000	100	100	4S dealership
Yuncheng Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 運城市寶誠汽車銷售服務有限公司	PRC	February 3, 2010	RMB14,000,000	100	100	4S dealership
Jiangyin Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 江陰寶誠汽車銷售服務有限公司	PRC	August 15, 2007	RMB30,000,000	88	88	4S dealership
Wuxi Baocheng Gaohui Automobile Sales Co., Ltd *(note 3)* 無錫寶誠高惠汽車銷售有限公司	PRC	May 21, 2010	RMB5,000,000	88	88	4S dealership
Jiangyin Xiangyue Baocheng Automobile Sales Service Co., Ltd *(note 3)* 江陰享悅寶誠汽車銷售服務有限公司	PRC	November 4, 2021	RMB40,000,000	100	100	4S dealership
Shengzhou Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 嵊州市寶誠汽車銷售服務有限公司	PRC	March 15, 2012	RMB40,000,000	100	100	4S dealership

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024	2023	
				%	%	
Jiaxing Zhibao Automobile Sales and Service Co., Ltd *(note 3)* 嘉興之寶汽車銷售服務有限公司	PRC	July 12, 2012	RMB45,000,000	**100**	100	4S dealership
Shijiazhuang Baohe Automobile Sales and Service Co., Ltd *(note 3)* 石家莊寶和汽車銷售服務有限公司	PRC	July 4, 2005	RMB27,000,000	**100**	100	4S dealership
Zhangjiakou Xuanzhibao Automobile Sales and Service Co., Ltd *(note 3)* 張家口軒之寶汽車銷售服務有限公司	PRC	April 13, 2011	RMB50,000,000	**–**	51	4S dealership
Ningbo Baocheng Automobile Sales and Service Co., Ltd *(note 3)* 寧波寶誠汽車銷售服務有限公司	PRC	October 28, 2013	RMB40,000,000	**100**	100	4S dealership
Guangzhou Palladium Auto Parts Co., Ltd. *(note 3)* 廣州鈀特汽車配件有限公司	PRC	February 22, 2017	RMB250,000	**79**	72	Passage vehicle related service
Guangzhou South Zhongyue Auto Products Co., Ltd. *(note 3)* 廣州南方眾悅汽車用品有限公司	PRC	September 3, 2018	RMB1,000,000	**85**	85	Passage vehicle related service
Suzhou Suiyue Auto Technology Co., Ltd. *(note 3)* 蘇州隨悅汽車科技有限公司	PRC	July 2, 2018	RMB6,500,000	**100**	100	Automobile operating lease service
Guangzhou Guanghang Automobile Service Co., Ltd. *(note 3)* 廣州廣行汽車服務有限公司	PRC	November 1, 2018	RMB10,000,000	**100**	100	Automobile operating lease service

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of the Company's principal subsidiaries at December 31, 2024 and 2023 are as follows: (continued)

Name of subsidiaries # ^	Place of incorporation/ establishment/ operations	Date of incorporation/ establishment	Issued and fully paid share/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company at December 31,		Principal activities @
				2024 %	2023 %	
Wenzhou Baocheng Automobile Sales Service Co., Ltd. *(note 3)* 溫州寶誠汽車銷售服務有限公司	PRC	September 3, 2008	RMB30,000,000	**100**	100	4S dealership
Fujian Yongda Tongcheng Automobile Sales Service Co., Ltd. *(note 3)* 福建永達通誠汽車銷售服務有限公司	PRC	July 8, 2015	RMB10,000,000	**100**	100	4S dealership

\# Except for Sea of Wealth, Hongda Automobiles Co., Ltd. and Grouprich International which are limited liability companies, all subsidiaries are domestic limited liability enterprises.

^ The English names of all subsidiaries established in the PRC are translated for identification purpose only.

@ 4S dealership represents an automobile dealership authorized by an automobile manufacturer to engage in the four businesses relating to sales, spare parts, services and survey.

Notes:

1. This Company is a sino-foreign equity joint venture (including HK,Taiwan and Macao).
2. This Company is a wholly-foreign owned enterprise (including HK,Taiwan and Macao).
3. This Company is a domestic owned enterprise.
4. This Company is cancelled in 2024.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Financial Summary

For the year ended December 31, 2024

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial information and financial statements is set out below.

	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
Continuing operations					
REVENUE	**63,420,229**	74,295,499	73,520,561	79,205,118	69,300,351
Profit before tax	**208,568**	740,317	2,072,667	3,374,762	2,139,562
Income tax expense	**(43,198)**	(154,566)	(601,371)	(837,027)	(523,704)
Profit for the year from continuing operations	**165,370**	585,751	1,471,296	2,537,735	1,615,858
Discontinued operations					
Profit for the year from discontinued operations – net				80,338	117,227
Profit for the year	**165,370**	585,751	1,471,296	2,618,073	1,733,085
Other comprehensive income	**(2,234)**	(1,291)	(1,254)	(3,532)	2,289
Total comprehensive income for the year	**163,136**	584,460	1,470,042	2,614,541	1,735,374
Profit for the year attributable to:					
Owners of the Company	**200,773**	572,579	1,411,824	2,480,098	1,624,961
Non-controlling interests	**(35,403)**	13,172	59,472	137,975	108,124
	165,370	585,751	1,471,296	2,618,073	1,733,085
Total comprehensive income for the year attributable to:					
Owners of the Company	**198,539**	571,288	1,410,570	2,476,566	1,627,250
Non-controlling interests	**(35,403)**	13,172	59,472	137,975	108,124
	163,136	584,460	1,470,042	2,614,541	1,735,374
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**35,046,263**	32,693,051	32,464,731	31,566,638	34,737,491
TOTAL LIABILITIES	**(20,829,585)**	(18,294,600)	(17,742,135)	(17,277,773)	(22,381,832)
NON-CONTROLLING INTERESTS	**(335,401)**	(458,331)	(506,530)	(580,399)	(523,923)
	13,881,277	13,940,120	14,216,066	13,708,466	11,831,736

Note: For details of the restatement, please refer to the note in the financial statements in the relevant annual report.