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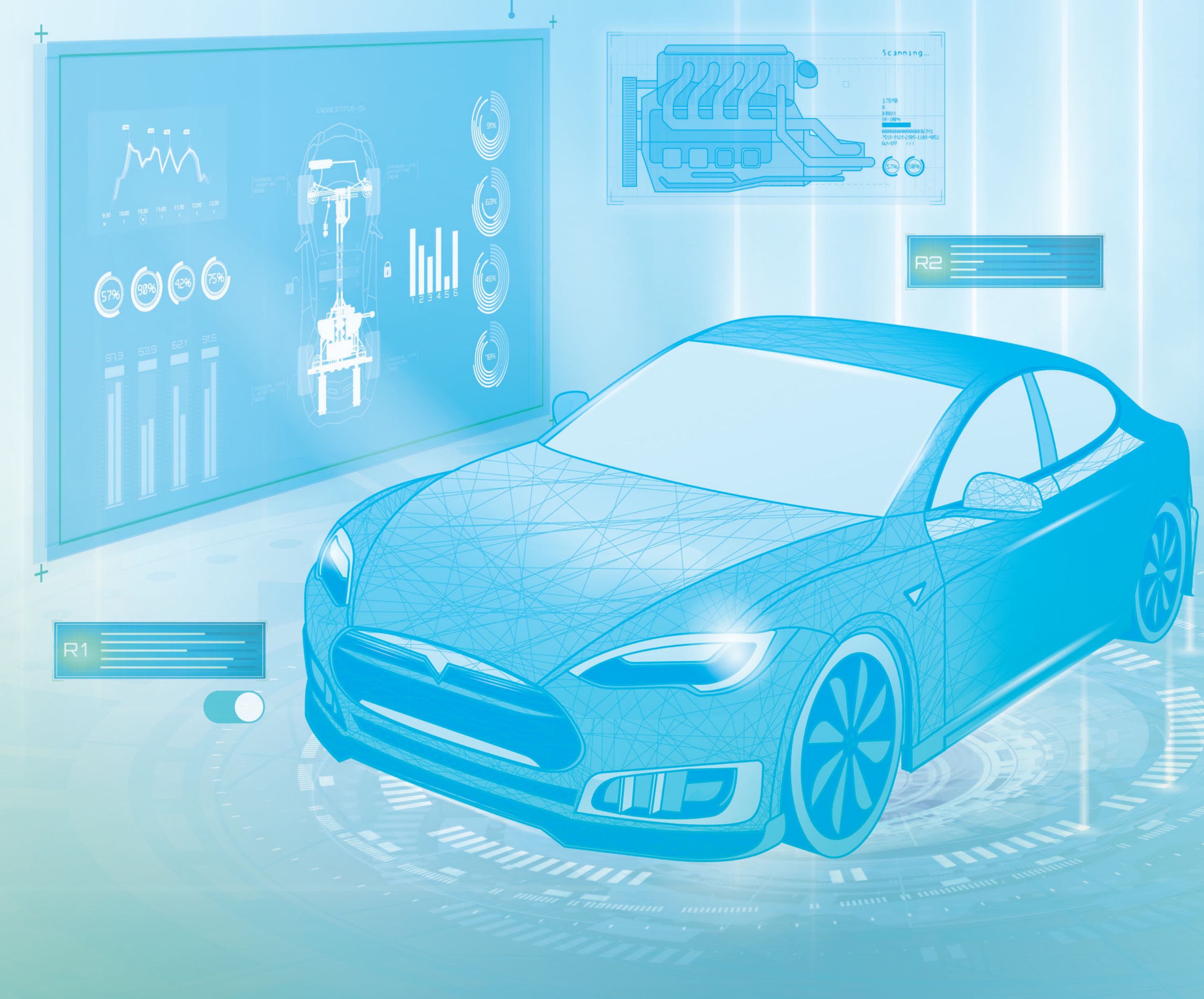
Autostreets Development Limited
汽車街發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2443

2024
ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Aihua
Mr. Yang Hansong *(Chairperson)*
Ms. Gao Kun

Non-executive Directors

Mr. Rob Huting
Ms. Zhu Yi
Ms. Yang Chuyu

Independent Non-executive Directors

Mr. Wang Jianping
Ms. Li Mochou
Mr. Yan Jonathan Jun

AUDIT COMMITTEE

Ms. Li Mochou *(Chairperson)*
Mr. Wang Jianping
Mr. Yan Jonathan Jun

REMUNERATION COMMITTEE

Mr. Wang Jianping *(Chairperson)*
Ms. Li Mochou
Mr. Yan Jonathan Jun

NOMINATION COMMITTEE

Mr. Yang Hansong *(Chairperson)*
Mr. Wang Jianping
Mr. Yan Jonathan Jun

JOINT COMPANY SECRETARIES

Ms. Gao Kun
Ms. Chan Sau Ling

AUTHORIZED REPRESENTATIVES

Ms. Gao Kun
Ms. Chan Sau Ling

REGISTERED OFFICE

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PRC

PRICIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Paul Hastings
22/F, Bank of China Tower
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Central
Hong Kong

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
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Wanchai
Hong Kong

CORPORATE INFORMATION

COMPLIANCE ADVISER

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.

STOCK CODE

2443

COMPANY WEBSITE

www.autostreets.com

LISTING DATE

31 May 2024

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial Performance

	For the year ended 31 December		
	2024	2023	Year-on-year change
	RMB'000	RMB'000	(%)
Revenues	**408,591**	491,968	(16.9)
Gross profit	**255,128**	312,482	(18.4)
Gross profit margin (%)	**62.4**	63.5	(1.1)p.p
Profit/(loss) for the year	**(110,562)**	9,269	(1,292.8)
Adjusted net profit (non-IFRS measure)[(1)]	**58,393**	106,869	(45.4)
Operational Performance			
Number of used vehicles transacted and served (units)[(2)]	**~412,000**	~426,000	(3.3)
— Used Vehicle Auction Business	**~180,000**	~176,000	2.3
— Used Vehicle Value-added Services[(3)]	**~206,000**	~220,000	(6.4)
— Arrangement for Sale of Used Vehicles[(4)]	**~26,000**	~30,000	(13.3)

Notes:

(1) To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measure which is not required by or presented in accordance with IFRS. The adjusted net profit (non-IFRS measure) excludes (i) listing expenses, (ii) fair value changes of convertible redeemable preferred shares, and (iii) fair value changes of warrants. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

(2) The number of used vehicles transacted and served represents the total number of (i) used vehicles transacted in our used vehicle auction business; (ii) used vehicles serviced in our vehicle value-added services; and (iii) customer trade-in vehicles transacted under the arrangement for sale of used vehicles.

(3) Represents the total number of used vehicles which received the following value-added services: pre-acquisition inspection and appraisal, used vehicle acquisition assistance and title transfer services.

(4) Most of these used vehicles were transacted through our transaction platform via auctions, with the remainder transacted through other channels.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

FOUR YEAR FINANCIAL SUMMARY

Results

	For the year ended 31 December			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**408,591**	491,968	467,631	677,687
Gross Profit	**255,128**	312,482	284,821	425,567
Profit/(loss) for the year	**(110,562)**	9,269	68,980	165,086
Adjusted net profit (non-IFRS measure)	**58,393**	106,869	70,407	191,774

Assets and liabilities

	For the year ended 31 December			
	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**1,250,236**	1,146,724	1,025,976	840,549
Total liabilities	**312,708**	751,998	855,975	565,891
Total equity	**937,528**	394,726	170,001	274,658

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND BUSINESS REVIEW

Industry Review

In 2024, the used vehicle market in China exhibited a U-shaped trend. In the first quarter of 2024, the domestic used vehicle market continued the momentum seen at the end of 2023, with transaction volume steadily increasing, showing a year-on-year growth of 7.0%. However, in the second and third quarters of 2024, the used vehicle market experienced a bottoming-out process in sales volume due to the intense impact of price wars in the new vehicle market, with the off-season characteristics becoming notably pronounced. In response to the "Certain Measures on Strengthening Support for Large-Scale Equipment Renewal and Consumer Goods Replacement" (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》) jointly issued by the National Development and Reform Commission and the Ministry of Finance in July 2024, detailed subsidy policies for vehicle replacement and renewal were intensively rolled out across the country starting in September 2024. According to data from the Ministry of Commerce of the People's Republic of China, as of 19 December 2024, nearly 2.7 million vehicles were scrapped and renewed, and over 3.1 million vehicles were replaced and renewed, totaling 5.8 million vehicles. Driven by this policy, the domestic used vehicle market saw a transaction peak in the fourth quarter, with a year-on-year growth of 9.7%. In addition, with the continued advancement of policies such as the abolition of restrictions on the migration of used vehicles compliant with National V emission standard and the deepening of the used vehicle dealership registration system, the cross-regional circulation of used vehicles had improved, with the rate of transfer of ownership increased from 28.0% in 2023 to 30.0% in 2024, while the traditional "brokerage and individual" model saw a decline in its share. These developments facilitated the standardization and scale development of the used vehicle industry.

Meanwhile, the development of the domestic new vehicle market had brought both opportunities and challenges to the used vehicle industry. On one hand, in 2024, new energy vehicles dominated the Chinese passenger vehicle market, with the penetration rate of new energy passenger vehicles reaching 47.6% for the year, a year-on-year increase of 12.0%. For five consecutive months in the second half of the year, the penetration rate exceeded 50.0%, making new energy vehicles the core driving force of the market. The penetration rate of the new energy passenger vehicle market is expected to reach 57.0% in 2025. The continuous rapid development of domestic new energy vehicle technology has significantly boosted the rise of the new energy used vehicle market. Benefiting from policy support, consumption upgrades, and business model innovations, the domestic new energy used vehicle market surged in 2024, with annual transaction volume reaching 1.1 million units, representing a sharp increase of 48.0% compared to the same period in 2023. On the other hand, the ongoing price war in the new vehicle market has introduced risks and challenges to the used vehicle industry. The price war in the new vehicle market led to a general decline in new vehicle prices in 2024, with the prices of fuel vehicles dropping by an average of approximately 6.8% and that of new energy vehicle falling by an average of approximately 9.2%. According to the 2024 China Automobile Circulation Industry Annual Report (《2024中國汽車流通行業年度報告》), the price war caused the profit margin of the automotive industry dropped to 4.3% in 2024, lower than the average level of downstream industrial enterprises and the level in the same period of 2023. In 2024, the gross profit margin of the domestic used vehicle industry generally declined. Among the top 100 used vehicle dealerships, over 70.0% of them reported gross profit margins below 6.0%, with only four dealerships achieving gross profit margins over 10.0%.

Due to the decline in the price of new vehicles, Professional Buyers (refer to used vehicle sales business participants that purchase more frequently (i.e., purchasing three or more used vehicles every year) than typical consumers) and end customers of used vehicles are more cautious when buying used vehicles, leading to a decline in the profit and value retention rate of the used vehicles. According to the China Association of Automobile Manufacturers, the domestic sales volume of new vehicle in 2024 was approximately 31.5 million units, representing an increase of 4.5% compared to the same period in 2023, among which (i) the sales volume of non-EV vehicles is approximately 18.6 million units, representing a year-on-year decrease of 5.4%; and (ii) the sales volume of EV vehicles is approximately 12.9 million units, representing a year-on-year increase of 35.5%.

MANAGEMENT DISCUSSION AND ANALYSIS

The competition in the new vehicle market is increasingly fierce and the decline in new vehicle prices directly affects the used vehicle market. According to data released by the Automobile Dealers Association, in 2024, the cumulative transaction volume of used vehicles in the country was approximately 19.6 million units, representing a year-on-year increase of 6.5%, among which (i) the transaction volume of EV used vehicles was approximately 1.1 million units, accounting for 5.8% of the overall used vehicle transaction volume, representing an increase of 48.0% compared with the same period in 2023; and (ii) the transaction volume of non-EV vehicles was approximately 18.5 million units, accounting for 94.2% of the overall used vehicle trading volume, representing a year-on-year increase of 4.6%.

Business Review

As an intermediary that connects used vehicle buyers and sellers, we primarily provide used vehicle auction services through online-offline integrated auction, which allows used vehicle buyers across China to participate in in-lane auctions either offline in person or online via our mobile application in real-time, meanwhile granting them access to the information and valuation of the used vehicles. With our online-offline integrated auction model, coupled with our full suite of value-added services, we offer end-to-end, highly standardized and reliable solutions for used vehicle transactions, helping our sellers (primarily 4S dealership stores) and buyers (primarily Professional Buyers) optimize their used vehicle transaction process and improve efficiency and profitability of their used vehicle operations. On 31 May 2024 (the "**Listing Date**"), the Company was listed on the Main Board of the Stock Exchange with the stock code "2443".

In 2024, we continued to execute our growth strategies in line with our established strategies, including but not limited to further expanding our auction network, strengthening business development with entrusting party of dealership group, enhancing collaboration and business expansion with OEMs, and launching institutional auction business and quality auction business. According to our business development and to better serve entrusting party and Professional Buyers, during the Reporting Period, the Company constructed new auction sites in Shanghai Pudong, Chongqing Yunan, and Bijie City, upgraded auction sites in both Nanchang and Yichang, and completed the site selection, construction, and relocation of auction sites in 11 cities, including Yangzhou, Jiaxing, Huaian, Nanning, Xi'an, Zhengzhou, Taiyuan, Lanzhou, Qingdao, Shenyang, and Jinan. We continued to deepen long-term, stable cooperation with dealership groups, and by expanding the scope of our auction network services, we steadily and consistently improved both the quantity and quality of vehicles entrusted for auction. Meanwhile, as competition in the new vehicle market intensified, more OEMs placed greater emphasis on and exercised greater control over their used vehicle business. In response, we further strengthened our collaboration and business expansion with OEMs during the Reporting Period, and continued to expand our cooperation with manufacturers under "head-to-head" agreements and maintained existing cooperation with manufacturers. Our bulk vehicle disposal business in collaboration with OEMs, their affiliated financial institutions, and mobility platforms was a key focus for capability enhancement project in 2024, with further improvements and developments expected in 2025. Moreover, In September 2024, we officially launched our institutional auction business, providing disposal solutions for bulk vehicle sources from operational leasing clients, online vehicle-hailing platforms, and online logistics companies. In the second half of 2024, we also advanced our quality auction business. Quality auctions were dedicated sessions designed for high-value vehicles on the platform, aiming to improve procurement efficiency for high-value vehicle buyers and increase transaction rates and premium levels of high-value vehicles disposals by entrusting party, thereby boosting auction platform's revenue and facilitating the entry of Professional Buyers of high-value vehicle onto the platform.

In April 2024, we became an authorized certification body of the China Automobile Dealers Association to issue the "Used Vehicle Appraisal and Evaluation Specialist" (《二手車鑒定評估師》) qualification certificates. In October 2024, we launched a training program to provide instruction for used vehicle appraisal and evaluation specialists nationwide. Our technical expertise in used vehicle appraisal and evaluation has been further recognized.

In 2024, we generated revenue from used vehicle auction and services, used vehicle value-added services, arrangement for sale of used vehicles, exhibition related services and other services.

MANAGEMENT DISCUSSION AND ANALYSIS

Disclosure of key operating data by business segment

	Year ended 31 December	
	2024	2023
Used Vehicle Auction Business		
Number of used vehicles transacted	**~180,000**	~176,000
Average revenue per vehicle (RMB)	**1,458**	1,636
Used Vehicle Value-added Services		
Number of used vehicles[(1)]	**~206,000**	~220,000
Average revenue per vehicle (RMB)	**309**	310
Arrangement for Sale of Used Vehicles		
Number of consumer trade-in vehicles transacted[(2)]	**~26,000**	~30,000
Average revenue per vehicle (RMB)	**1,930**	2,104

Notes:

(1) Represents the total number of used vehicles which received the following value-added services: pre-acquisition inspection and appraisal, used vehicle acquisition assistance and title transfer services.

(2) Most of these used vehicles were transacted through our transaction platform via auctions, with the remainder transacted through other channels.

Used vehicles auction business

Used vehicle auction business is our core business and contributes a significant portion of our revenue. We pioneered a two-pronged, online-offline integrated auction model, comprising online-offline integrated auction and online auction (which is an auction model that supplements our online-offline integrated auction, in an effort to increase the vehicle visibility and enhance our transaction success rate). Our online-offline integrated transaction platform connects upstream sellers with downstream buyers of used vehicles and facilitates efficient and transparent used vehicle auction in large volumes. Meanwhile, online auctions supplement our online-offline integrated auctions and the majority of the used vehicles auctioned in our online auctions are those that were passed in during our online-offline integrated auctions.

In September 2024, we officially launched our institutional auction business, providing disposal solutions for bulk vehicle sources from operational leasing clients, online vehicle-hailing platforms, and online logistics companies. Leveraging our comprehensive and robust offline auction network, when serving such institutional clients, we were able to offer better supporting services such as vehicle delivery, documentation, and transfer services than our competitors, thereby providing more efficient disposal services to our clients. As of 31 December 2024, our institutional auction business had signed consignment auction contracts with over ten national operational leasing clients and online vehicle-hailing platforms in China. Our institutional auction clients also included small and medium-sized logistics companies and used vehicle exporters. Therefore, in our future business development, we also have the opportunity to provide overseas clients with procurement services for bulk domestic vehicle sources.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, we had continued to develop, improve and upgrade the technical systems of our auction platform. In 2024, we carried out targeted development of our institutional auction products, vehicle inspection agency services, and quality assurance card services, and invested manpower and resources to iteratively upgrade our core systems. We enhanced risk control across various systems (including consignment, transactions, payments, logistics orders, and fee settings), to optimize costs while improving service quality and ensuring business standards. These efforts not only strengthened the platform's competitiveness but also drove business growth from both loyal and new clients. As for the auction network expansion, we introduced a self-developed system that can assist business units in quickly identifying suitable auction sites, significantly reducing ineffective search time and improving the efficiency of site deployment.

In 2024, despite the general weak sales and falling price of new vehicles in the market, especially the new non-EV vehicles, we deepened our business cooperation with the existing dealership groups, our main upstream suppliers of used vehicles, and further expanded the channels for used vehicle source. During the Reporting Period, we established cooperation with additional dealership groups and OEMs (total reached 28 OEMs as of 31 December 2024). In addition, we continued to expand cooperation with institutional business partners, and developed strategic cooperation with a total of 11 mobility companies (including Cao Cao Mobility, Chenqi Technology Limited, etc.) and vehicle rental companies as of 31 December 2024. Apart from maintaining and expanding our upstream supply resources, we expanded our downstream business by launching more targeted auctions, such as "special auctions", and upgraded our systems (optimizing used vehicle recommendation algorithms) to effectively improve the auction efficiency and user experience.

In 2024, with the strong rise of the domestic new energy vehicle market, the traditional fuel vehicle market had been severely impacted. Traditional fuel vehicle dealerships closely associated with our company had experienced significant declines in sales performance. Against this backdrop, we conducted thorough market research and analysis, examining the operations and trade-in methods of used vehicles of various new energy vehicle brands. We actively pursued different forms of collaboration with different brands to mitigate the impact on traditional vehicle supply channels. For brands that handle their own trade-ins (such as BYD), we partnered with OEMs, dealership groups, and individual stores, serving as a third-party used vehicle disposal platform. For brands that outsource their trade-ins (such as Tesla), we collaborated with trade-in service providers to expand the vehicle sources put up for auction through these providers. Thanks to the effort of our team, in 2024, our transaction volume and the number of vehicles put up for auction were approximately 180,000 units and 394,000 units respectively, achieving an increase from approximately 176,000 units and 384,000 units in 2023. During the Reporting Period, our transaction success rate (used vehicle transaction volume as a percentage of the number of used vehicle put up for auctions) was approximately 45.8%, improving slightly from 45.7% in 2023. The increased transaction volume, number of vehicles put up for auction and transaction success rate were all reflection of the improved quality of operation of the Company. The average revenue per vehicle during the Reporting Period decreased to RMB1,458.0 from RMB1,636.0 in 2023, mainly due to the decrease in the auction price per used vehicle from 2023 to the Reporting Period. The significant decline in the average transaction price of used vehicles in 2024 was primarily due to the traditional fuel vehicle market being squeezed by the new energy vehicle market, leading to a general strategy of trading volume for price. The domestic new vehicle market had experienced several rounds of price reductions, and the impact had continuously spread to the used vehicle market, resulting in a substantial depreciation of used vehicle residual values.

Used Vehicle Value-added Services

We provide various used vehicle value-added services, either for a fee or for free, to our upstream sellers and downstream buyers. For sellers, we provide pre-acquisition inspection and appraisal, used vehicle acquisition assistance, provision of our ADMS system, and title transfer services for used vehicles not transacted on our transaction platform. For buyers, we provide used vehicle information lookup and re-inspection services.

For the operation of our used vehicle value-added services during the year of 2024, the number of used vehicles serviced in our used vehicle value-added services during the Reporting Period experienced a decrease to approximately 206,000 units from approximately 220,000 units in 2023, mainly due to the decreased demands of pre-acquisition inspection and appraisal services. The average revenue per vehicle maintained relatively stable at RMB309.0 during the Reporting Period compared to RMB310.0 in 2023.

Arrangement for Sale of Used Vehicles

We arrange for the sale of consumer trade-in vehicles at our collaborating dealership groups' 4S dealership stores to deepen the collaboration with these dealership groups and supplement the used vehicle supply on our transaction platform. Under our arrangement for sale of used vehicle business, we act as an agent for the entrusting party (the used vehicle owner or the dealership group) to dispose of used vehicles that the entrusting party entrusts to us for sale. We selectively conduct this business and primarily work with established and reputable dealership groups, ensuring that we can execute the business opportunities in a commercially viable manner.

In 2024, the new vehicle market experienced a continuous decline in sale price due to the fierce competition in the new vehicle market. Against this backdrop, the transaction price of used vehicles has also been undergoing a decrease correspondingly during the Reporting Period, our collaborating dealership groups tended to be more conservative in acquiring consumer trade-in vehicles and their demand for our arrangement for sale of used vehicle services decreased. Under the specific business model of the arrangement for sale of used vehicles, which makes revenue from the difference between the payment we made for the trade-in used vehicles entrusted to us and the sale price of the same vehicles when they are subsequently disposed of, the revenue in 2024 was adversely influenced by the continuously decreased transaction price of used vehicles. Therefore, the number of consumer trade-in vehicles transacted as well as the average revenue per vehicle during the Reporting Period decreased from 30,000 units and RMB2,104.0 in 2023 to 26,000 units and RMB1,930.0, respectively.

Exhibition Related Services

We provide exhibition related services, primarily including (i) hosting of auto shows and exhibitions primarily for dealership groups and OEMs from time to time and (ii) occasional provision of certain advertisement services. In hosting such events, we are responsible for all material aspects of event organization, including space leasing, layout design and decoration, event promotion, participants invitation and advertisement placement. We generate revenues for our exhibition related services primarily from fees charged for exhibition booths and advertisements to the dealership groups and OEMs that participate in automotive exhibitions we host. During the Reporting Period, we continued to exploit valuable opportunities when hosting auto shows and exhibitions to approach, form strategic collaboration with, and promote our used vehicle auction services to, the participating dealership groups and OEMs.

Revenue from exhibition related services decreased from RMB54.8 million for the year ended 31 December 2023 to RMB14.1 million for the Reporting Period, mainly because (i) the Tianjin May 1st Meijiang International Auto Exhibition hosted by us annually was arranged to be hosted by us on a biennial basis and contributed no revenue during the Reporting Period; (ii) the decreased revenue generated from hosting the Changchun International Automobile Industry Exhibition due to the fewer exhibitors involved in; and (iii) exhibitors tended to cut their budgets for advertisements as affected by the environment of the automobile industry.

Others Business

We continue to address the ad hoc business needs of dealership groups that may arise from time to time, including the provision of title transfer services and GPS installation services for dealership groups' new vehicles. The dealership groups to which we provide new vehicle title transfer services are typically our existing business partners who collaborate with us with respect to its used vehicle auction and/or value-added services.

Outlook

We remain committed to transforming China's used vehicle transaction process and driving China's used vehicle industry toward standardization, efficiency, and transparency. We will continue to (i) expand and optimize our auction site network and upgrade the service facilities to strengthen the management and improve our service quality; (ii) further expand the upstream used vehicles supply sources and downstream Professional Buyer channels to grow our seller and buyer base; (iii) further improve and diversify our service offerings and revenue streams to better serve our upstream and downstream customers; (iv) strengthen our collaboration with new energy OEMs and manufacturers to enhance our ability of inspection, appraisal and trading in new energy used vehicles; (v) enhance our digitalization products and services to build a comprehensive platform for used vehicles' data, and inspection and appraisal; (vi) explore potential opportunities of strategic cooperation and acquisitions.

Material Events after the Reporting Period

Save as disclosed in this report, there have been no events subsequent to the Reporting Period and up to the date of this report which may have a material impact on the Company and the subsidiaries of the Company.

Financial Analysis

Revenue

During the Reporting Period, our revenue was derived from (i) used vehicle auction commission and service fees; (ii) used vehicle value-added services; (iii) arrangement for sale of used vehicles; (iv) exhibition related services; and (v) other vehicle-related services.

During the Reporting Period, we recorded a revenue of RMB408.6 million, representing a decrease of 16.9% as compared with RMB492.0 million for the year ended 31 December 2023, which was primarily due to (i) a decrease in used vehicle auction commission and service fees due to the decreased auction price per used vehicles; (ii) a decrease in revenue from the used vehicle value-added services due to the decreased demands of pre-acquisition inspection and appraisal services; (iii) a decrease in revenue from arrangement for sale of used vehicles given the difference between the payment we made for the trade-in used vehicles entrusted to us and the sale price of the same vehicles when they are subsequently disposed of in 2024 was adversely affected by the decline in the price of new vehicles; and (iv) a decrease in revenue from the exhibition related services due to the decline of marketing needs.

The following table sets forth a breakdown of our revenue by business segment for the years indicated:

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Used vehicle auction commission and service fees	**262,952**	**64.4**	287,202	58.4
Used vehicle value-added services	**69,041**	**16.9**	73,814	15.0
Arrangement for sale of used vehicles	**49,564**	**12.1**	63,567	12.9
Exhibition related services	**14,075**	**3.4**	54,770	11.1
Other services	**12,959**	**3.2**	12,615	2.6
Total	**408,591**	**100.0**	491,968	100.0

Revenue from the used vehicle auction commission and service fees decreased by 8.4% from RMB287.2 million for the year ended 31 December 2023 to RMB263.0 million for the year 31 December 2024, primarily due to the decrease of auction price per used vehicles in 2024 compared to 2023 impacted by the price war in the new vehicle market.

Revenue from used vehicle value-added services decreased by 6.5% from RMB73.8 million for the year ended 31 December 2023 to RMB69.0 million for the Reporting Period, primarily because of the declined demands of pre-acquisition inspection and appraisal services during the Reporting Period compared to 2023.

Revenue from the arrangement for sale of used vehicles decreased by 22.0% from RMB63.6 million for the year ended 31 December 2023 to RMB50.0 million for the Reporting Period, mainly attributable to a decrease in the difference between the payment we made for the trade-in used vehicles entrusted to us and the sale price of the same vehicles when they are subsequently disposed of during the Reporting Period, which was adversely affected by the decline in the price of new vehicles.

Revenue from exhibition related services decreased by 74.3% from RMB54.8 million for the year ended 31 December 2023 to RMB14.1 million for the Reporting Period, mainly because (i) the Tianjin May 1st Meijiang International Auto Exhibition hosted by us annually was arranged to be hosted by us on a biennial basis and contributed no revenue during the Reporting Period; (ii) the decreased revenue generated from hosting the Changchun International Automobile Industry Exhibition due to the fewer exhibitors involved in; and (iii) exhibitors tended to cut their budgets for advertisements as affected by the environment of the automobile industry.

Revenue from other vehicle-related services increased by 2.7% from RMB12.6 million for the year ended 31 December 2023 to RMB13.0 million for the Reporting Period, mainly attributable to a slight growth in ad hoc business needs of dealership groups.

Cost of Sales

Our cost of sales consists of labor cost, professional service cost, intermediary cost and other cost. For the Reporting Period, our cost of sales was RMB153.5 million, representing a decrease of 14.5% as compared to RMB179.5 million for the year ended 31 December 2023. This was mainly attributable to the decrease in revenue of approximately 16.9% for the Reporting Period as compared to the same period in 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing and primarily due to the decreased revenue, our gross profit during the Reporting Period decreased by 18.4% from RMB312.5 million for the year ended 31 December 2023 to RMB255.1 million, and our gross profit margin maintained relatively stable at 62.4% during the Reporting Period compared to 63.5% in the same period in 2023.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 10.7% to RMB80.4 million during the Reporting Period from RMB90.0 million in the year ended 31 December 2023, primarily attributable to the strategy of cost reduction and efficiency improvement adopted by the Group in 2024. Given the translations of used vehicles were adversely affected by the decreased price of new vehicles, the Group have adopted the strategy of cost reduction and efficiency improvement (including streamlining staff, adjusting the operating venues of auction sites and controlling business travelling expenses, etc.) during the Reporting Period to make a big effort for cost reduction. As a result, our selling and distribution expenses decreased during the Reporting Period compared to the same period in 2023.

Administrative Expenses

Administrative expenses decreased by 3.4% to RMB134.1 million during the Reporting Period from RMB138.8 million in the year ended 31 December 2023, primarily attributable to the strategy of cost reduction and efficiency improvement adopted by the Group in 2024.

Other Expenses

Our other expenses primarily included the expenses in relation to subleasing certain areas of our auction sites to third parties and compensation paid to buyers for deviation in the condition of used vehicles from our inspection reports. During the Reporting Period, our other expenses decreased by 32.6% to RMB2.9 million from RMB4.2 million in the year ended 31 December 2023, primarily attributable to (i) a 71.0% decrease in sublease costs as compared to 2023 due to the reduction in the number of subleased auction sites; and (ii) a 26.0% decrease in arbitration claims in 2024 as compared to 2023 due to the Company's enhanced inspections on vehicle condition to reduce the valuation error rate, which in turn resulted in a decrease in claim expenses during the Reporting Period.

Other Income and Gains, Net

Other income and gains, net decreased by 50.4% to RMB9.3 million during the Reporting Period from RMB18.8 million in the year ended 31 December 2023, primarily attributable to (i) a decrease of approximately RMB5.4 million in interest income from assistant funds to business partners, and (ii) a decrease of approximately RMB7.3 million in government grants.

Finance Costs

Finance costs increased by 9.6% to RMB6.3 million during the Reporting Period from RMB5.8 million in the year ended 31 December 2023, primarily attributable to an increase in interest expense in line with our increased bank borrowings.

Share of Profits and Losses of Associates

Our share of profits and losses of associates decreased by 97.3% to RMB0.01 million during the Reporting Period from RMB0.4 million in the year ended 31 December 2023, primarily attributable to a decrease in profits from our associates.

Fair Value Change of Financial Assets and Liabilities at Fair Value Through Profit or Loss

We recorded gains of nil in fair value change of financial assets at fair value through profit or loss in both the year ended 31 December 2023 and the same period in 2024.

We recorded losses of RMB75.0 million and RMB142.3 million for fair value change of financial liabilities at fair value through profit or loss in the year ended 31 December 2023 and the same period in 2024, this increase was primarily due to the increase in the Company's valuation and it is expected that no such fair value losses will be incurred in the future as all convertible redeemable preferred shares were automatically, converted into ordinary shares upon the completion of the global offering on 31 May 2024.

(Loss)/Profit before Tax

As a result of the foregoing, our loss before tax was RMB101.4 million in the Reporting Period, representing a decrease of 662.9% from a profit of RMB18.0 million in 2023.

Income Tax Expenses

Income tax expenses increased by 4.1% from RMB8.8 million in the year ended 31 December 2023 to RMB9.1 million in the same period in 2024, primarily due to the reversal of deferred income tax.

(Loss)/Profit for the year

As a result of the foregoing, our loss for the Reporting Period was RMB110.6 million, representing a decrease of 1,292.8% from a profit of RMB9.3 million in 2023, primarily due to (i) a decrease in revenue; (ii) a decrease in gross profit; (iii) an increase in loss recorded for fair value change of financial liabilities at fair value through profit or loss; and (iv) the listing expenses occurred.

Adjusted Profit (Non-IFRS Measure)

The following table reconciles our adjusted net profit (non-IFRS measure) for the years presented in accordance with IFRS, which is (loss)/profit for the year:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
(Loss)/Profit for the year	**(110,562)**	9,269
Adjust for:		
Listing expenses(1)	**26,662**	22,597
Fair value changes of convertible redeemable preferred shares(2)	**142,293**	85,929
Fair value changes of warrants(2)	**–**	(10,926)
Adjusted net profit (non-IFRS measure)	**58,393**	106,869

Notes:

(1) Listing expenses relate to this Global Offering of the Company.

(2) The changes in fair value of convertible redeemable preferred shares and warrants were primarily due to changes in fair market value of convertible redeemable preferred shares and warrants issued to our investors.

Capital Management, Funding and Financial Policies

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the Company's shareholders' (the "**Shareholders**") value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the Reporting Periods.

The Group aims to maintain a balance between continuity of funding and flexibility. The Group's policy is to regularly monitor the current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms. Financing activities of the Group include deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Liquidity and Capital Resources

During the Reporting Period, we have financed our operating activities through cash generated from operations and bank borrowings. Our cash and cash equivalents primarily consist of cash on hand and bank balances. As of 31 December 2024, our cash and cash equivalents increased by 11.9% to RMB1,046.6 million from RMB935.4 million as of 31 December 2023.

Borrowings

As of 31 December 2024, our outstanding borrowings amounted to RMB129.5 million, representing an increase of 86.3% from RMB69.5 million as of 31 December 2023. All of the borrowings of the Group bear interest at fixed rate.

The Board and the Audit Committee of the Company constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Gearing Ratio

As of 31 December 2024, our gearing ratio (calculated by dividing the total debt by total assets) was 25.0%. As of 31 December 2023, the gearing ratio was 65.6%. The lower gearing ratio as of 31 December 2024 was mainly attributable to the conversion of convertible redeemable preferred shares to ordinary shares.

Significant Investments

We did not make or hold any significant investments (including any investment in an investee company with a value of 5.0% or more of the Group's total assets as of 31 December 2024) during the Reporting Period.

Material acquisitions and/or disposals of subsidiaries

We did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the Reporting Period.

Pledge of assets

The Group had no pledge of assets as at 31 December 2024.

Future plans for material investments and capital assets

As of the date of this report, we did not have other plans for material investments and capital assets.

Employees and Remuneration

As of 31 December 2024, we had 686 employees, representing a decrease from 845 employees as of 31 December 2023. We believe we offer our employees competitive compensation packages. The Group's remuneration package is determined with reference to the experience and qualifications of the individual employees and general market conditions. Bonus is linked to the Group's operating result as well as individual performance. The Group provides training to its new employees to familiarise them with the working environment and work culture. The Group also provides on-the-job training to the employees, which aims at developing their skills so as to meet the strategic goals and customer requirements. During the Reporting Period, the total employee benefit expense (including directors' remuneration and excluding those included in the cost of used vehicles auction commission and service fees) were RMB115.2 million, as compared to RMB130.8 million for the year ended 31 December 2023.

Contingent Liabilities

As of 31 December 2024, we did not have significant contingent liabilities.

Foreign Currency Risk and Investment Risk

Our major businesses are in the PRC and the majority of our transactions are conducted in RMB. Most of our assets and liabilities are denominated in RMB. We do not believe that we currently have any material foreign currency risk. Therefore, we currently do not engage in any hedging by financial instruments in respect of foreign currency risk. However, our management monitors the foreign currency risk closely and will consider suitable hedging measures in the future if necessary.

During the Reporting Period, we purchased financial products offered by licensed financial institutions that are considered low-risk and offer higher rates of return as compared with time deposits. Our financial assets at fair value through profit or loss were RMB3.3 million as of 31 December 2024 and RMB3.5 million as of 31 December 2023. We have adopted internal policies and guidelines to manage our investment in financial products to monitor and control the investment risks. Led by our chief financial officer and executive director, Ms. Gao Kun, who has extensive financial accounting experience, our financial department will closely monitor the performance of our financial products.

DIRECTORS' REPORT

The Board of Directors presents the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL BUSINESS

We are a used vehicle transaction service provider that connects used vehicle buyers and sellers with a wide range of used vehicle related services to facilitate used vehicle transactions. We primarily provide used vehicle auction services through online-offline integrated auction, which allows used vehicle buyers across China to participate in in-lane auctions either offline in person or online via our mobile application in real-time, meanwhile granting them access to the information and valuation of the used vehicles. To meet the varied and evolving needs of used vehicle sellers and buyers, we complement our online-offline integrated auction services with a full suite of value-added services (primarily including pre-acquisition inspection and appraisal, used vehicle acquisition assistance, provision of ADMS system and title transfer services offered to used vehicle sellers) and other services (primarily including arrangement for sale of used vehicles, exhibition related services, and other services) throughout the entire used vehicle transaction cycle for our used vehicles sellers and buyers.

BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

Please refer to the section "Management Discussion and Analysis" in this annual report. The section "Management Discussion and Analysis" constitutes a component of this Directors' report.

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS OF THE COMPANY

We aspire to become a leader in Environmental, Social and Governance ("**ESG**") responsibilities by exploring ways to protect the environment and supporting social causes. We are committed to social responsibilities, and consider ESG essential to our continuous business development and success. We have adopted a variety of measures to minimize any environmental impact from our business. We believe our business model itself is underpinned by a strong ESG cause, and our platform serves as a highly efficient used vehicle disposal channel that helps save energy and reduces emission for the industry as a whole.

For details of the Company's environmental protection, social responsibility and governance, etc., please refer to the 2024 Environmental, Social and Governance Report which will be published on the websites of the Company and Stock Exchange on the same date.

LEGAL PROCEEDINGS AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the knowledge of the Board of Directors and the management, during the Reporting Period, the Group has complied with the relevant laws and regulations which have a material impact on the business and operation of the Group in all material aspects. For the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS' REPORT

MAJOR RISKS AND UNCERTAINTIES

Risks related to Business and Industry

Our business is affected by various industry-wide risks related to China's used vehicle industry, including but not limited to: (i) the growth and evolution of China's automotive industry in general; (ii) people's general preference for passenger vehicles as the means of transportation, which may affect the mileage driven per vehicle and overall vehicle usage, which in turn may affect the frequency of vehicle disposal and transaction price of used vehicles; (iii) fluctuations in the sales and prices of new vehicles, which in turn could affect the sales and prices of used vehicles. For instance, changes of retail prices for new vehicles (including those due to OEM's rebates and incentives) relative to that for used vehicles may affect consumers' relative preferences for new vehicles and used vehicles; (iv) government policies relating to used vehicles in China, such as taxes and other incentives or disincentives related to used vehicle purchases and ownership; retail prices of used vehicles, including the pressure created by the decrease in sales price of new vehicles (including both NEVs and ICEs); (v) the cost of energy, including fuel prices, and the cost of vehicle license plates in various cities with license plate lottery or auction systems; (vi) consumer acceptance of used vehicles; (vii) awareness, credibility and popularity of auction as a way for used vehicle transactions; (viii) vehicle-related environmental concerns and measures taken to address these concerns; (ix) change in the proportion of new energy use in overall energy use, and the increase in the proportion of NEVs in overall passenger car parc in China; (x) the improvement of the highway system and availability of parking facilities; (xi) cost and convenience of the used vehicle transaction process, including title transfer and ease of directly transacting used vehicles with consumers, which in turn may affect upstream buyers' preference for disposing of used vehicle through our transaction platform; (xii) ride sharing, public transportation networks, charging network, and other fundamental changes in transportation pattern; and (xiii) other industry-wide issues, including supply and demand of used vehicles, age distribution of vehicles and supply chain challenges.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SHARE CAPITAL

Details of the change in the total share capital of the Company for the year ended 31 December 2024 are set out in Note 28 of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the change in the property, plant and equipment of the Group for the Reporting Period are set out in Note 15 of the financial statements.

At the end of the Reporting Period, saved as disclosed above, the Group does not possess other investment properties or properties held for development and/or sale the percentage of which (as defined under Rule 14.07 of the Listing Rules) is over 5%.

CHARITABLE DONATIONS

The Group did not make any charitable donation for the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers mainly included (i) Professional Buyers, who purchase used vehicle through our transaction platform, and (ii) dealership groups, to whom we provided our used vehicle value-added services and arrangement for sale of used vehicles. For the year ended 31 December 2024, the five largest customers of the Company account for approximately 32.6% of the total sales of the Company, and the sales of the largest customer account for approximately 18.6% of our sales for the year.

Our suppliers primarily included dealership groups, third-party service providers for services such as title transfer, logistics and advertisement, as well as lessors of exhibition sites. For the year ended 31 December 2024, the five largest suppliers of the Company account for approximately 25.5% of the total purchase of the Company, among which the total purchase from the largest supplier accounts for approximately 13.8% of the cost of sales of that year.

For the year ended 31 December 2024, to the knowledge of the Directors, none of the Directors, their associates or Shareholders who are interested in more than 5% of the share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group during the year.

MAJOR RELATIONSHIP WITH STAKEHOLDERS

We acknowledge the importance of maintaining a good relationship with our stakeholders (including shareholders, employees, suppliers, customers and other business partners) is the key to the success of the Group. We will continue to ensure to have an effective communication in place, and to maintain a good relationship with its respective stakeholders. For details of the major relationship of the Company with its stakeholders, please refer to the 2024 Environmental, Social and Governance Report which will be published on the websites of the Company and Stock Exchange on the same date.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the Group has entered into the following partially-exempt continuing connected transactions during the year ended 31 December 2024. For further details, please refer to the section headed "Connected Transactions — Continuing Connected Transactions — Partially Exempt Continuing Connected Transactions" in the Prospectus.

Used vehicle value-added and arrangement for sale services framework agreement

On 20 May 2024, Guizhou Xintong and Guizhou Tongyuan Investment entered into a used vehicle value-added and arrangement for sale services framework agreement (the "**Used Vehicle Services Agreement**") effective upon Listing until 31 December 2026, pursuant to which our Group would provide certain used vehicle related value-added and arrangement for sale of used vehicles services to Guizhou Tongyuan Investment Group.

Guizhou Tongyuan Investment owns 33% equity interests in Guizhou Xintong, a non-wholly owned subsidiary of our Company, and therefore Guizhou Tongyuan Investment and its subsidiaries are connected persons of our Company under Rules 14A.07(1) and 14A.13(1) of the Listing Rules.

The annual caps in respect of the transactions contemplated under the Used Vehicle Services Agreement are as follows:

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	(in thousand of RMB)		
Used vehicle value-added and arrangement for sale services fees payable by Guizhou Tongyuan Investment Group to our Group	86,800	86,800	86,800

For the year ended 31 December 2024, the transaction amount of the above transactions was RMB59,673 (in thousand of RMB), which did not exceed its annual cap.

Supporting services framework agreement

On 20 May 2024, Guizhou Xintong and Guizhou Tongyuan Automobile entered into a supporting services framework agreement (the "**Supporting Services Agreement**"), effective upon Listing until 31 December 2026, pursuant to which Guizhou Tongyuan Automobile Group would provide used vehicles related services ancillary to the daily operation of our Group's in its normal course of business and cooperation with the Group.

Mr. Zang Fengjiang, a director of Guizhou Xintong, a subsidiary of our Company, controls more than 30% voting rights in Guizhou Tongyuan Automobile. Therefore, Guizhou Tongyuan Automobile and its subsidiaries are connected persons of our Company under Rule 14A.07(4) and 14A.12(1) of the Listing Rules.

The annual caps in respect of the transactions contemplated under the Supporting Services Agreement are as follows:

	Proposed annual caps for the year ending 31 December		
	2024	2025	2026
	(in thousand of RMB)		
Supporting Services fees payable by our Group to Guizhou Tongyuan Automobile Group	12,900	12,900	12,900

For the year ended 31 December 2024, the transaction amount of the above transactions was RMB8,793 (in thousand RMB), which did not exceed its annual cap.

Confirmation by independent non-executive Directors and the auditor

The independent non-executive Directors have reviewed the continuing connected transactions outlined above, and confirmed that such continuing connected transactions had been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Auditor has performed the relevant procedures regarding the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing its findings and conclusions in respect of the above mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Nothing has come to the auditor's attention that causes it to believe that the above-mentioned continuing connected transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) have exceeded the annual caps of the transactions.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the year ended 31 December 2024 are set out in Note 33 of the financial statements. During the year ended 31 December 2024, save as disclosed in "Partially Exempt Continuing Connected Transactions" of this annual report, none of such related party transaction constitutes "connected transaction" or "continuing connected transaction" which required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to these continuing connected transactions entered into by the Group during the Reporting Period.

PRE-EMPTIVE RIGHTS

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's shares were listed on the Stock Exchange on 31 May 2024. The net proceeds raised from the Global Offering, after deduction of the estimated listing expenses payable based on final offer price, were approximately HK$83.0 million. As of 31 December 2024, HK$8.4 million out of the net proceeds have been utilized in the manner consistent with that disclosed in the prospectus dated 31 May 2024 (the "**Prospectus**") under the section headed "Future Plan and Use of Proceeds". Set out below is the status of use of proceeds from the Global Offering as of 31 December 2024. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company expects to fully utilize the residual amount of the net proceed in accordance with such intended purpose by December 2028.

	Percentage (%)	Net proceeds from the Global Offering (HK$ million)	Unutilized amount as of 31 December 2024 (HK$ million)	Utilization during the Reporting Period (HK$ million)	Expected timeline of full utilization of the unutilized proceeds
Expansion of the geographic coverage of our auction site network	40%	33.2	32.2	1.0	By December 2028
• Opening 19 new auction sites	28.0%	23.2	22.7	0.5	By December 2028
• Renovation of existing 7 auction sites	12.0%	10.0	9.5	0.5	By December 2028
Enhancing our relationship with existing sellers and buyers and attract new sellers and buyers to our platform	10.0%	8.2	6.6	1.6	By December 2028
• Enhancing our business relationships with existing upstream sellers and downstream buyers	5.0%	4.1	3.3	0.8	By December 2028
• Expanding our seller base and buyer base	5.0%	4.1	3.3	0.8	By December 2028
Developing and diversifying our service offering and exploring new growth areas	15.0%	12.5	10.5	2.0	By December 2028
• Expanding and upgrading our ADMS system with additional functions	2.6%	2.2	2.0	0.2	By December 2028

	Percentage (%)	Net proceeds from the Global Offering (HK$ million)	Unutilized amount as of 31 December 2024 (HK$ million)	Utilization during the Reporting Period (HK$ million)	Expected timeline of full utilization of the unutilized proceeds
• Providing additional services to buyers	1.3%	1.1	0.8	0.3	By December 2028
• Continuously upgrading our mobile app and technology	3.3%	2.7	2.2	0.5	By December 2028
• Providing services and developing digital tools that assist other market participants in carrying out their used vehicle business	3.4%	2.8	2.3	0.5	By December 2028
• Recruiting additional talent and establishing relevant training programs	4.4%	3.7	3.2	0.5	By December 2028
Investing in research and development	15.0%	12.5	10.7	1.8	By December 2028
• Developing a QR code-based, AI-assisted intelligent inventory management system	3.6%	3.0	3.0	–	By December 2028
• Developing and optimizing a used vehicle pricing model	2.5%	2.1	1.6	0.5	By December 2028
• Enhancing our IT infrastructure	2.1%	1.7	1.4	0.3	By December 2028
• Upgrading our big data analytics capabilities	3.0%	2.5	2.0	0.5	By December 2028
• Developing AI-empowered digital tools for detecting and analyzing images used vehicles	2.4%	2.0	1.6	0.4	By December 2028
• Developing technology and systems that facilitate the transaction process of NEVs	0.7%	0.6	0.6	–	By December 2028

	Percentage (%)	Net proceeds from the Global Offering (HK$ million)	Unutilized amount as of 31 December 2024 (HK$ million)	Utilization during the Reporting Period (HK$ million)	Expected timeline of full utilization of the unutilized proceeds
• Increasing the digitalization level of our business operation	0.7%	0.6	0.5	0.1	By December 2028
Forming potential strategic partnerships and alliances with our business partners and making investments and/or acquiring controlling interest in target companies	10.0%	8.3	8.3	–	By December 2028
Used for our working capital and general corporate purposes	10.0%	8.3	6.3	2.0	
Total	100.0%	83.0	74.6	8.4	

In the event that the net proceeds are not immediately utilized for the purposes as previously disclosed in the Prospectus, we intend to deposit the net proceeds into an interest-bearing account with a licensed commercial bank or financial institution in the PRC or Hong Kong. We will comply with the PRC laws in relation to foreign exchange registration and remittance of proceeds.

DIRECTORS' REPORT

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

During the period from the Listing Date up to 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's securities (including sale of treasure shares) listed on the Stock Exchange. As of 31 December 2024, the Company did not hold any treasury shares.

DEBENTURES IN ISSUE

The Group does not issue any debentures during the Reporting Period and as of the date of this annual report.

DIRECTORS

Followings are the Directors during the Reporting Period and as of the date of this annual report:

Executive Directors

Yang Aihua
Yang Hansong *(Chairman)*
Gao Kun

Non-executive Directors

Rob Huting
Zhu Yi
Yang Chuyu

Independent Non-executive Directors

Wang Jianping
Li Mochou
Yan Jonathan Jun

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board had at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each of the independent non-executive Directors a written annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

SERVICE CONTRACTS OF DIRECTORS

Each of our executive Directors has entered into a service contract with us under which they agreed to act as executive Directors for an initial term of three years since the Listing Date, which may be terminated in accordance with the terms and conditions of the service agreement or by not less than three months notice in writing served by either the executive Directors or us.

Each of our non-executive Directors and independent non-executive Directors has signed an appointment letter with us for an initial term of three years or until the third annual general meeting of our Company since the Listing Date, subject to the Articles and the Listing Rules (whichever is sooner).

The above appointments are subject to the provisions of retirement of Directors under our articles of association.

During the Reporting Period, none of the Directors entered into a service contract with the Company or its subsidiaries which could not be terminated within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the Reporting Period, none of the Directors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Company, to which the Company or any of its subsidiaries was a party.

RESERVES AVAILABLE FOR DISTRIBUTION

As of the end of the Reporting Period, our Company had no reserves available for distribution to our Shareholders.

PERMITTED INDEMNITY

Subject to the relevant regulations, every Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his or her office or which may attach thereto. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, none of the Company or its subsidiaries had entered into any arrangements which enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.

DIRECTORS' REPORT

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

EQUITY-LINKED AGREEMENT

During the Reporting Period, the Company has not entered into any equity-linked agreement, or if there is such agreement subsisted.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had engaged in or had any interest in any business which, directly or indirectly, competes or is likely to compete with the businesses of the Group and which is required to be disclosed under Rule 8.10 of the Listing Rules.

ADMINISTRATIVE MANAGEMENT CONTRACTS

The Company did not sign any administrative management contract for all or main businesses of the Company during the Reporting Period.

CORPORATE GOVERNANCE

Report on the key corporate governance practice adopted by the Company is set out in the section "Corporate Governance Report" of this annual report.

AUDITOR

The Shares were listed on 31 May 2024, and there has been no change in auditor since the Listing Date up to 31 December 2024. The consolidated financial statements of the Group have been audited by Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditors, who will retire and, being eligible, offer themselves for reappointment at our upcoming annual general meeting.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ASSOCIATE CORPORATIONS

As at 31 December 2024, the interests and short position of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associate 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("**Model Code**"), were as follows:

Name of Director	Position	Nature of interest	Number of Shares held[1]	Approximate percentage of holding
Yang Aihua	Executive Director	Interest in a controlled corporation[2]	100,000,000 (L)	12.01%
Yang Hansong	Executive Director and Chairman	Interest in a controlled corporation[3]	45,000,000 (L)	5.40%
Gao Kun	Executive Director, Chief Financial Officer and Joint Company Secretary	Interest in a controlled corporation[4]	25,000,000 (L)	3.00%
Zhao Hongliang	Chief Executive Officer	Interest in a controlled corporation[5]	7,685,800 (L)	0.92%

Notes:

(1) All interests stated are long positions. The calculation is based on the total number of 832,662,428 ordinary shares in issue as of 31 December 2024.

(2) Extensive Prosperous Investments Limited is wholly owned by Orient Rich Investment Development Limited, which is held by Extensive Success Holding Limited. TMF (Cayman) Ltd., as the trustee of Yang's Family Trust, directly holds all the interests in Extensive Success Holding Limited. Mr. Yang Aihua is the settlor and the beneficiaries of the trust are the descendants and remoter issue of Mr. Yang Aihua. As such, Mr. Yang Aihua is deemed to be interested in the 100,000,000 Shares held by Extensive Prosperous Investments Limited.

(3) World Key Investment Trading Limited is wholly owned by Mr. Yang Hansong. By virtue of the SFO, Mr. Yang Hansong is deemed to be interested in the Shares in which World Key Investment Trading Limited is interested in.

(4) Longkun Investment Development Limited is wholly owned by Ms. Gao Kun. By virtue of the SFO, Ms. Gao Kun is deemed to be interested in the Shares in which Longkun Investment Development Limited is interested in.

(5) Hongrun Investment Development Limited is wholly owned by Mr. Zhao Hongliang. By virtue of the SFO, Mr. Zhao Hongliang is deemed to be interested in the Shares in which Hongrun Investment Development Limited is interested in.

Save as disclosed above, as at 31 December 2024, to the best of the Company's knowledge, information and belief, none of the Directors or chief executives of the Company had or was deemed to have interests and 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which were required under the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as our Directors are aware, the following persons (other than the Directors and chief executives of Company, whose interests have been disclosed in this report) had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register kept by the Company:

Name of Director	Nature of interest	Number of Shares held(1)	Approximate percentage of holding(1)
Extensive Prosperous Investments Limited(3)	Beneficial owner	100,000,000	12.01%
Orient Rich Investment Development Limited(3)	Interest in controlled corporation	100,000,000	12.01%
Extensive Success Holding Limited(3)	Interest in controlled corporation	100,000,000	12.01%
TMF (Cayman) Ltd.(3)	Trustee	100,000,000	12.01%
Mr. Yang Aihua.(2)	Founder of a trust	100,000,000	12.01%
Manheim Investments, Inc.(4)	Beneficial owner	90,000,000	10.81%
Cox Automotive(4)	Interest in controlled corporation	90,000,000	10.81%
Cox Enterprises, Inc.(4)	Interest in controlled corporation	90,000,000	10.81%
James C. Kennedy(4)	Trustee	90,000,000	10.81%
Alexander C. Taylor(4)	Trustee	90,000,000	10.81%
John M. Dyer(4)	Trustee	90,000,000	10.81%
Zhuoheng Holding Limited(5)	Beneficial owner	69,615,754	8.36%
Han Zhuoheng(5)	Interest in controlled corporation	69,615,754	8.36%
World Key Investment Trading Limited(6)	Beneficial owner	45,000,000	5.40%
Yang Hansong(5)	Interest in controlled corporation	45,000,000	5.40%
China Grand Automotive Services Group Co., Ltd.(7)	Interest in controlled corporations	62,500,000	7.50%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 832,662,428 ordinary shares in issue as of 31 December 2024

(3) Extensive Prosperous Investments Limited is wholly owned by Orient Rich Investment Development Limited, which is held by Extensive Success Holding Limited. TMF (Cayman) Ltd., as the trustee of Yang's Family Trust, directly holds all the interests in Extensive Success Holding Limited. Mr. Yang Aihua (楊愛華) is the settlor of the trust and the beneficiaries are the descendants and remoter issue of Mr. Yang Aihua. By virtue of the SFO, each of Orient Rich Investment Development Limited, Extensive Success Holding Limited, TMF (Cayman) Ltd. and Mr. Yang Aihua (楊愛華) is deemed to be interested in the Shares in which Extensive Prosperous Investments Limited is interested in.

(4) Manheim Investments, Inc. is wholly-owned by Cox Automotive, which in turn is wholly-owned by Cox Enterprises, Inc. All of the voting securities of Cox Enterprises, Inc. are held by the Cox Family Voting Trust (the "**Cox Trust**"). The trustees of the Cox Trust are James C. Kennedy, Alexander C. Taylor and John M. Dyer. There is no settlor of the Cox Trust and no beneficiary directly owns 10% or more of the equity of Cox Enterprises, Inc. By virtue of the SFO, each of Cox Automotive, Cox Enterprises, Inc., James C. Kennedy, Alexander C. Taylor, and John M. Dyer is deemed to be interested in the Shares in which Manheim Investments, Inc. is interested in.

(5) Zhuoheng Holding Limited is wholly-owned by Mr. Han Zhuoheng (韓卓恒). By virtue of the SFO, Mr. Han Zhuoheng (韓卓恒) is deemed to be interested in the Shares in which Zhuoheng Holding Limited is interested in.

(6) World Key Investment Trading Limited is wholly owned by Mr. Yang Hansong (楊漢松). By virtue of the SFO, Mr. Yang Hansong (楊漢松) is deemed to be interested in the Shares in which World Key Investment Trading Limited is interested in.

(7) Grand Baoxin Auto Group Limited, an entity held as to 68.56% by China Grand Automotive Services Group Co., Ltd. ("**CGA**"), directly held 21,000,000 Shares. Baoxin Auto Finance I Limited, a wholly-owned subsidiary of CGA, held 41,500,000 Shares. CGA is a company listed on the Shanghai Stock Exchange (stock code: 600297). By virtue of the SFO, CGA is deemed to be interested in the aggregate of Shares held by Baoxin Auto Finance I Limited and Grand Baoxin Auto Group Limited. As of 31 December 2024, Mr. Yang Aihua is indirectly interested in 7.73% of Grand Baoxin Auto Group Limited through a discretionary trust that Ms. Yang Chuyu set up with TMF (Cayman) Ltd. As of 31 December 2024, Mr. Yang Hansong is interested in approximately 1% shareholding interest in Grand Baoxin Auto Group Limited.

Save as disclosed above, as at 31 December 2024, to the best of the Company's knowledge, information and belief, there were no other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required to be kept.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this report.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"), in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (as amended from time to time), comprising of three members, being Ms. Li Mochou, Mr. Wang Jianping and Mr. Yan Jonathan Jun, with Ms. Li Mochou (being the Company's independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee, among other things, to consider issues in relation to the external auditors and their appointments, oversee the financial reporting system, risk management and internal control system of the Group, review the financial information of the Group and review policies and practices in relation to corporate governance.

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2024 in conjunction with the Company's external auditor and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members. The Audit Committee is of the opinion that the audited consolidated financial statements comply with the applicable accounting standards and requirements, and that adequate disclosure has been made.

PUBLIC FLOAT

According to the information publicly available and to the knowledge of the Directors of the Company, the Company maintains the sufficient public float as required by the Listing Rules during the Reporting Period.

By order of the Board
Autostreets Development Limited
Mr. Yang Hansong
Chairman and Executive Director

DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHIES OF DIRECTORS

Executive Directors

Mr. Yang Aihua (楊愛華), aged 63, is the founder and executive Director of our Company. Since founding our Group in 2014, Mr. Yang has brought in extensive industry expertise and leveraged his reputation and relationship from his previous experience in building our business. Mr. Yang has been primarily responsible for the overall formation of corporate development plan and strategy of the Group, in particular, on forging business relationship with other industry leaders and maintaining strategic relationship with Cox Automotive. Mr. Yang was first appointed as our Director on 12 August 2022 and was redesignated as our executive Director on 20 June 2023. Mr. Yang had over 30 years of experience in the automotive industry in China. Since 1999, Mr. Yang founded Baoxin Auto Group Limited (寶信汽車集團有限公司) (currently named as Grand Baoxin Auto Group Limited (廣匯寶信汽車集團有限公司), which has been a company listed on the Stock Exchange (stock code: 1293)) ("**Baoxin Auto**"). Mr. Yang has been the chairman of Baoxin Auto until June 2016. Mr. Yang also served as a chairman at Shanghai Kailong Automobile Trading Co., Ltd.* (上海開隆汽車貿易有限公司) ("**Shanghai Kailong**") from 1999 to 2004 and the chairman of Shanghai Baoxin Automobile Sales & Services Co., Ltd.* (上海寶信汽車銷售服務有限公司) from 2004 to 2007. Mr. Yang was appointed as an executive director of Baoxin Auto in November 2011, and later resigned as executive director and chairman of Baoxin Auto in June 2016 and has not been involved in the management or operations of Baoxin Auto since then. Mr. Yang obtained an EMBA degree from Dalian University of Technology in January 2006. Mr. Yang received a certificate of completion after attending the Global Finance GFD held by the Tsinghua University PBC School of Finance from September 2017 to July 2019. In February 2021, Mr. Yang obtained a PhD degree in advanced studies in applied finance from the Graduate Institute of Finance of the University of Geneva, Switzerland. Mr. Yang Aihua (楊愛華) is the brother of Mr. Yang Hansong (楊漢松) and Mr. Yang Zehua (楊澤華), both of which are indirect Shareholders of the Company.

Mr. Yang Hansong (楊漢松), aged 62, is the Chairman and an executive Director of our Company. Mr. Yang is primarily responsible for the overall formation and execution of development plan and strategy, and overall management of our Group. Mr. Yang was first appointed as our Director on 27 March 2018 and was redesignated as our executive Director on 20 June 2023. Mr. Yang also served as the chief executive officer of the Company from April 2021 to March 2022. Mr. Yang also serves as an executive director and legal representative at Shanghai Xinbao Botong since June 2014. Mr. Yang had over 30 years of experience in the automotive industry in China. Prior to joining our Group, he served as the vice chairman of Shanghai Kailong, a subsidiary of Baoxin Auto from 1999 to 2002. From 2002 to 2004 he was the general manager of Shanghai Pacific Sands Automobile Sales Service Co., Ltd.* (上海太平洋金沙汽車銷售服務有限公司). From 2004 to 2008, Mr. Yang was an executive director of Suzhou Baoxin Automobile Sales Service Co., Ltd.* (蘇州寶信汽車銷售服務有限公司). Mr. Yang was appointed as a director and president of Baoxin Auto in 2008. He was later appointed as the vice chairman and the chief executive officer of Baoxin Auto and ceased to act as the president in September 2013. Mr. Yang resigned as an executive director and vice chairman of Baoxin Auto in June 2016 and has not been involved in the management or operations of Baoxin Auto since then. Mr. Yang has been serving as the vice chairman of the China Automobile Dealers Association. In 2006, he was selected as one of the top ten influential figures of China's first MBA/EMBA Group Awards by CCTV. Mr. Yang has been awarded the title of Global Sales Master (全球銷售大師) by General Motors during 2008 to 2015. Mr. Yang obtained a bachelor's degree in history from Jiangxi Normal University in 1983. Mr. Yang received a master's degree in business administration from Dalian University of Technology in 2006 and a doctoral degree in management from the same university in April 2014 and received his doctoral degree in professional advanced studies in applied finance from the Geneva Finance Research Institute of the University of Geneva in Switzerland in February 2023.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Gao Kun (高鵾), aged 48, is the executive Director, chief financial officer and joint company secretary of our Group. Ms. Gao is primarily responsible for the overall financing and accounting management of our Group. Ms. Gao was first appointed as our Director on 29 July 2017 and was redesignated as our executive Director on 20 June 2023. Ms. Gao served as the Chief Financial Officer of the Company since September 2014. Ms. Gao also holds the following positions in other members of our Group:

Other members of the Group	Positions held with other members of the Group	Date of appointment
Shanghai Xuntongjie Consulting Management Co., Ltd.* (上海勛通捷諮詢管理有限公司)	Executive Director, Manager	December 2021
Wenzhou Changxin Automobile Sales Service Co., Ltd.* (溫州常信汽車銷售服務有限公司)	Supervisor	June 2023
Guizhou Xintong Used Vehicle Auction Co., Ltd.* (貴州信通二手車拍賣有限公司)	Director	December 2019
Suzhou Huarunde Used Motor Vehicle Trading Market Co., Ltd.* (蘇州華潤德舊機動車交易市場有限公司)	Supervisor	June 2023
Shenyang Changxin Auction Co., Ltd* (瀋陽常信拍賣有限公司)	Supervisor	June 2023
Cixi Tianyue Used Vehicle Trading Co., Ltd.* (慈溪市天悦二手車銷售有限公司)	Supervisor	May 2023
Hunan Litianfuzhu Automobile Sales Service Co., Ltd.* (湖南力天福駐汽車銷售服務有限公司)	Supervisor	June 2023
Shantou Xinghui Automobile Sales Service Co., Ltd.* (汕頭星徽汽車銷售服務有限公司)	Supervisor	June 2023
Changchun Baorui International Exhibition Co., Ltd.* (長春寶瑞國際會展有限公司)	Executive Director, Manager	June 2023
Xinbao Botong (Tianjin) Used Vehicle Business Co., Ltd.* (信寶博通(天津)二手車經營有限公司)	Director	August 2018
Shanghai Yichang Logistics Co., Ltd.* (上海翌暢物流有限公司)	Executive Director, Manager	July 2017
Beijing Kaokesi Auto Technical Co., Ltd.* (北京考科斯汽車科技有限公司)	Supervisor	May 2017
Quanzhou Huachuang Auction Co. Ltd.* (泉州華創拍賣有限公司)	Director	September 2022
Changchun Haozheng Culture Media Co., Ltd.* (長春浩正文化傳媒有限公司)	Executive Director, Manager	June 2023
Tianjin Haoterni Exhibition Co., Ltd.* (天澤浩特瑞展覽有限公司)	Executive Director, Manager	June 2023

Ms. Gao joined our Group in 2014. Prior to joining our Group, she served as the senior audit manager of Ernst & Young Hua Ming LLP at its Shanghai branch from August 1998 to February 2012. Ms. Gao obtained her bachelor's degree in business administration from Shanghai University of Finance and Economics in July 1998. She then received a master's degree in Finance from Durham University in September 2007. Ms. Gao has been a certified public accountant of the Chinese Institute of Certified Public Accountants since March 2002.

Non-Executive Directors

Mr. Rob Huting, aged 57, was appointed as our Director on 27 March 2018 and was redesignated as a non-executive Director on 20 June 2023. Mr. Huting is responsible for overall strategic liaison of cooperation between Cox Automotive and our Group. Mr. Huting has served as the corporate development, vice president at Cox Automotive since August 2000. Mr. Huting has served as a director in Shanghai Youyue Information Technology Co., Ltd.* (上海優約信息技術有限公司), a non-wholly owned subsidiary of Jingzhengu Holdings Limited since April 2015, and he served as a director at Bitauto Holdings Ltd. (a company previously listed on the NYSE (stock code: BITA) from January 2018 to November 2020. Mr. Huting obtained a bachelor's degree in business administration from the Nijenrode Business University in May 1988 and received a master's degree in international business from the University of South Carolina in May 1990.

Ms. Zhu Yi (朱奕), aged 48, was appointed as our Director on 12 August 2022 and was redesignated as a non-executive Director on 20 June 2023. Ms. Zhu is responsible for providing professional opinion and judgment to the Board. Ms. Zhu has over 20 years of experience in the investment banking industry. Ms. Zhu joined Morgan Stanley group in May 2002 and worked in Morgan Stanley group of companies until February 2020 with her last position during the above period as a Managing Director. She focused on the automotive, industrial and infrastructure industries, and led her team on research in automotive and industrial sectors. Ms. Zhu subsequently joined Shanghai Huasheng Youge Equity Investment Management Co., Ltd* (上海華晟優格股權投資管理有限公司), a company ultimately controlled by China Renaissance Holdings Ltd, where she served as partner since 2020, and she has demonstrated outstanding professional and leadership skills in project management and various transactions. Ms. Zhu also serves as an independent non-executive director of Ferretti S.p.A., a company listed on the Stock Exchange (stock code: 9638) since February 2024. Ms. Zhu obtained a bachelor's degree in economics and a master's degree in finance from Shanghai University of Finance and Economics in June 1998 and February 2001 respectively.

Ms. Yang Chuyu, aged 35, was appointed as our Director on 3 September 2014 and was redesignated as a non-executive Director on 20 June 2023. Ms. Yang is responsible for providing professional opinion and judgment to the Board. Ms. Yang Chuyu is the daughter of Mr. Yang Aihua (楊愛華), one of the executive Directors of our Company. Ms. Yang was appointed as a Director of our Company in 2014. Prior to joining our Group, Ms. Yang worked in investment management department of Baoxin Auto from 2012 to 2016. Ms. Yang obtained a bachelor's degree in economics and finance from the University of Toronto in June 2011 and received a master's degree in risk management from the University of Nottingham in December 2013.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Wang Jianping (王建平), aged 60, was appointed as our independent non-executive Director on 20 June 2023, with effect on 23 May 2024. Mr. Wang is responsible for providing independent advice to the Board. Mr. Wang has over 30 years of experience in finance management. He served as an assistant director at the accounting division of Hunan Branch at PBOC. Mr. Wang subsequently joined China Minsheng Banking Corp., Ltd. where he held a number of management positions, including the director of the accounting department of the head office, general manager of the planning and finance department, general manager of the financial management department, president and the secretary of the branch party committee of the Shanghai branch, and member of the party committee at the head office until 2014. Mr. Wang then served as the chairman at Minsheng E-commerce Co., Ltd* (民生電子商務有限責任公司) from March 2014 to December 2014, and he also served as the vice president and chief financial officer at China Minsheng Investment Co., Ltd* (中國民生投資股份有限公司) from April 2014 to June 2018. Mr. Wang has also served as an independent non-executive director of Pan Asia Data Holdings Inc., a company listed on the Stock Exchange (stock code: 1561), from December 2018 to December 2021, Aier Eye Hospital Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300015), from June 2015 to November 2019, Chongqing Lummy Pharmaceutical Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300006), from February 2016 to June 2020, and Shandong Yulong Gold Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601028), since October 2019. Mr. Wang obtained a bachelor's and a master's degree in finance from Hunan University (formerly known as Hunan University of Finance) in July 1982 and July 1999 respectively. He then received a master's degree in business administration from Wuhan University in June 2006.

Ms. Li Mochou (李莫愁), aged 43, was appointed as our independent non-executive Director on 20 June 2023, with effect on 23 May 2024. Ms. Li is responsible for providing independent advice to the Board. Ms. Li currently serves as an associate professor in accounting, and a graduate adviser at the faculty of business administration at Donghua University since September 2017. Ms. Li served as the Deputy Director of the Accounting Department at Donghua University School of Business Administration from June 2017 to June 2020. Ms. Li specializes in financial analysis, valuation, and auditing theory and practice, with extensive experience in teaching these subjects at Donghua University. Ms. Li has significantly contributed to research in these areas by publishing academic journals. As recognition of her outstanding achievement, Ms. Li has received awards such as the Excellent Award in the Second Shanghai Youth Teacher Teaching Competition. Ms. Li has also served as an independent non-executive director and a member of the audit committee of Shanghai Sanyou Medical Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 688085) since July 2022, and a director of MeetFuture China Co., Ltd.* (彌費科技(上海)股份有限公司) since November 2022. Ms. Li obtained a bachelor's degree in public administration and a master's degree in public finance from Shanghai University of Finance and Economics in July 2004 and January 2007 respectively. She further received a PhD in accounting from Fudan University in June 2013. Ms. Li has been a certified public accountant of the Chinese Institute of Certified Public Accountants since March 2011. Ms. Li is also our independent non-executive Director with appropriate professional accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules through her qualifications and experiences listed above.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yan Jonathan Jun (嚴駿), aged 62, was appointed as our independent non-executive Director on 20 June 2023, with effect on 23 May 2024. Mr. Yan is responsible for providing independent advice to the Board. Mr. Yan served as the general manager of Ecole Fashion Consulting (Beijing) Ltd.* (意國時尚管理諮詢(北京)有限公司) from 2006 to 2013. Mr. Yan subsequently served as the director of the Global Finance Development Education Center of PBC School of Finance, Tsinghua University from 2013 to 2020. He has been the president of China Global Philanthropy Institute since September 2020. Mr. Yan has served as an independent director of Haisco Pharmaceutical Group Co. Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002653) from January 2017 to August 2023. He has also served as an independent director of Guangdong Baolihua New Energy Stock Co. Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000690) since May 2019, and an independent director of HICHAIN Logistics Co. Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300873) since May 2022. Mr. Yan also serves as an independent non-executive director of Huabao International Holdings Limited, a company listed on the Stock Exchange (stock code: 336) since May 2019 and an independent non-executive director of Shandong Hi-speed Holdings Group Limited, a company listed on the Stock Exchange (stock code: 412), since May 2020. Mr. Yan obtained a master's degree in management from University of Technology, Sydney in May 1998.

BIOGRAPHIES OF SENIOR MANAGEMENT

Please refer to the section "Biographies of Directors" above for the biographical details of Ms.Gao Kun.

Mr. Zhao Hongliang (趙宏良), aged 58, is the chief executive officer of our Company. Mr. Zhao is primarily responsible for the supervision of execution of strategic development and overall management of our Company. Mr. Zhao has served as the president of the Company from October 2020 to March 2022, and Mr. Zhao was appointed as the chief executive officer of the Company in March 2022. Mr. Zhao also holds the following positions in other members of our Group:

Other members of the Group	Positions held with other members of the Group	Date of appointment
Cixi Tianyue Used Vehicle Trading Co., Ltd.* (慈溪市天悅二手車銷售有限公司)	Executive Director, Manager	May 2023
Xinjiang Huihan Automobile Auction Service Co., Ltd.* (新疆匯瀚機動車拍賣服務有限公司)	Executive Director, Manager	September 2023
Wenzhou Changxin Automobile Sales Service Co., Ltd.* (溫州常信汽車銷售服務有限公司)	Executive Director, Manager	June 2023
Wuhan Botong Auction Co., Ltd.* (武漢市博通拍賣有限公司)	Supervisor	August 2021
Guangzhou Jiangjunjiang Business Service Co., Ltd.* (廣州江軍江商務服務有限公司)	Executive Director, Manager	June 2023
Shantou Xinghui Automobile Sales Service Co., Ltd.* (汕頭星徽汽車銷售服務有限公司)	Director	June 2023

Mr. Zhao had over 25 years of experience in the automotive industry. Mr. Zhao served as the deputy general manager of Shanghai Kailong from 1999 to 2001, and was appointed as the general manager of Shanghai Kailong from 2002 to 2006. Mr. Zhao then served as the vice president of Baoxin Auto from 2008 to 2016 and the executive director of Baoxin Auto from 2011 to 2016. He worked as the executive vice president at China Rundong Auto Group Limited* (中國潤東汽車集團有限公司) from April 2019 to August 2021. Mr. Zhao obtained a master's degree in business administration in March 2005 by completing the program jointly offered by the University of Management and Technology and Fudan University.

Mr. Liu Ming (劉鳴), aged 58, is the president of our Company. Mr. Liu is primarily responsible for the business management and operation, in particular, making decisions on all major operation affairs of the Group. Mr. Liu served as the executive vice president of our Company from January 2021 to March 2022, and the president of our Company since March 2022. Mr. Liu also holds the following positions in other members of our Group:

Other members of the Group	Positions held with other members of the Group	Date of appointment
Suzhou Huarunde Used Motor Vehicle Trading Market Co., Ltd.* (蘇州華潤德舊機動車交易市場有限公司)	Executive Director, Manager	June 2023
Shenyang Changxin Auction Co., Ltd* (瀋陽常信拍賣有限公司)	Executive Director, Manager	June 2023
Hunan Litianfuzhu Automobile Sales Service Co., Ltd.* (湖南力天福駐汽車銷售服務有限公司)	Executive Director, Manager	June 2023
Shantou Xinghui Automobile Sales Service Co., Ltd.* (汕頭星徽汽車銷售服務有限公司)	Chairman, Manager	June 2023
Changzhou Changxin Auction Co., Ltd.* (常州常信拍賣有限公司)	Director	December 2022
Shanghai Changxin Auction Co., Ltd.* (上海常信拍賣有限公司)	Supervisor	February 2023
Xinjiang Huihan Automobile Auction Service Co., Ltd.* (新疆匯瀚機動車拍賣服務有限公司)	Supervisor	September 2023

Mr. Liu has extensive experience in regional management in the automotive industry and is familiar with dealership operations and OEM management in the automobile dealers' industry. Prior to joining our Group, Mr. Liu held various positions including sales manager, regional director and sales director in the sales department of Faw-Volkswagen Co., Ltd. (一汽 — 大眾汽車有限公司) from 2007 to 2020. Mr. Liu obtained a bachelor's degree from Changchun Normal University in the PRC in July 1990.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Luo Ming (羅明), aged 46, is the senior vice president of our Company. Mr. Luo studied at Tsinghua University and RWTH Aachen University in Germany from 1997 to 2004, where he obtained a bachelor's degree in industrial engineering and a dual master's degree in management science and engineering and manufacturing engineering. Mr. Luo has 20 years of experience in the automotive industry. From June 2021 to December 2023, Mr. Luo served as the head of Peugeot China, the general manager of the brand of Dongfeng Peugeot and a member of the executive committee of Dongfeng Peugeot. He joined the Company in August 2024 as a senior vice president. Mr. Luo also holds the following positions in other members of our Group:

Other members of the Group	Position	Date of appointment
Tianjin Jiexin Auction Co., Ltd* (天津捷信拍賣有限公司)	Director	November 2024
Quanzhou Huachuang Auction Co. Ltd.* (泉州華創拍賣有限公司)	Director	October 2024
Changzhou Changxin Auction Co., Ltd.* (常州常信拍賣有限公司)	Director	November 2024
Shantou Xinghui Automobile Sales Service Co., Ltd.* (汕頭星徽汽車銷售服務有限公司)	Director	October 2024

Ms. Zhang Yanni (張燕妮), aged 46, is the vice president of our Company. Ms. Zhang is primarily responsible for the management of human resources, administrative and legal affairs of our Company. Ms. Zhang joined our Company in November 2017 as the vice president. Ms. Zhang has nearly 20 years of experience in managing human resources affairs, with more than 15 years of human resources management experience in the automotive industry. Prior to joining our Group, Ms. Zhang served as a director of the management department of E-Space (Shanghai) Exhibition LTD from September 2016 to October 2017. Ms. Zhang obtained a bachelor's degree in Economics from Nanchang University in July 2003, and master's degree in business administration from the Business School Netherlands in the Netherlands in September 2015.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT IN ACCORDANCE WITH RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed in this annual report, there is no change in information regarding the Directors and senior management that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as of the date of this annual report.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2024

CORPORATE GOVERNANCE PRACTICE

Compliance with the Corporate Governance Code

The Company and the Directors are committed to maintaining the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. The Company has complied with all the code provisions set out in Appendix C1 of the Corporate Governance Code throughout the period from the Listing Date up to the date of this report.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code and maintain a high standard of corporate governance practices of the Company.

THE BOARD

Responsibility

The Board is responsible for the overall leadership of the Group and oversees the Group's strategic decisions and monitors the business and performance. The Board has delegated authority and responsibility for the daily management and operation of the Group to the senior management of the Group. For the purpose of overseeing specific areas of the Company's affairs, the Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee (the "**Remuneration Committee**") and the Nomination Committee (the "**Nomination Committee**") (collectively, the "Board Committees"). The Board has delegated to these Board Committees the responsibilities set out in their respective terms of reference.

All Directors shall ensure that, based on the principle of acting in good faith, they will comply with applicable laws and regulations and at all times perform their duties in a manner consistent with the interests of the Company and the Shareholders.

The Company has arranged appropriate liability insurance in respect of legal proceedings against the Directors and will review the scope of this insurance on an annual basis.

Composition of the Board

As at the date of this annual report, the Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors, details of which are set out below:

Executive Directors
Yang Aihua
Yang Hansong *(Chairman)*
Gao Kun

Non-executive Directors
Rob Huting
Zhu Yi
Yang Chuyu

Independent Non-executive Directors
Wang Jianping
Li Mochou
Yan Jonathan Jun

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

During the period from the Listing Date to 31 December 2024, the Board has complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive directors (at least one of whom should possess appropriate professional qualifications or accounting or related financial management expertise).

During the period from the Listing Date to 31 December 2024, the Company has also complied with Rule 3.10A of the Listing Rules in relation to the appointment of independent non-executive Directors equivalent to one-third of the Board.

Save as disclosed in the biographies of the Directors and senior management as set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors or senior managers has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director, chief executive or other senior managers.

All Directors, including the independent non-executive Directors, bring to the Board a diverse range of valuable business experience, knowledge and expertise to enable it to operate efficiently and effectively. The independent non-executive Directors have been invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

In relation to code provision C.1.5 of the CG Code, which provides that the CG Code relates to the requirement for a director to disclose to the issuer the number and nature of his or her positions in public companies or organizations and other material commitments, as well as the identity of the public companies or organizations and the length of time invested in them, the Director has agreed to disclose his or her commitments, and any subsequent changes, to the Company in a timely manner.

Mechanism to ensure independent views and opinions

In order to put in place a mechanism to ensure that the Board has access to independent views and opinions, the Board has appointed four independent non-executive Directors in accordance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, which stipulate that there must be at least three independent non-executive directors on the Board and that independent non-executive directors must be appointed at a ratio of at least one-third of the Board. In addition, the Board Committees have endeavored to appoint independent non-executive Directors to ensure that the Board is provided with independent opinions. The Board is of the view that the following mechanisms adopted by the Company are effective in ensuring that independent views and inputs are available to the Board:

- The Board comprises at least 50% of non-executive Directors.

- Directors are free to express their views at the Board meetings, material decisions will only be made after thoughtful discussion. Directors can upon reasonable request seek independent professional advice at the Company's expenses to discharge their duties. When necessary, each of the Board Committees could seek independent professional opinions at the Company's expense in order to perform their respective responsibilities.

- Directors are required to abstain from voting in matters in which he has material interest.

- Apart from being the Directors of the Company, our independent non-executive Directors do not hold any other position in the Company, and do not have any relationship with the Company or the substantial shareholders of the Company that can affect them from making independent and objective judgements, and they do not have any business or financial interest in the Company or its subsidiaries. Thus, during the Reporting Period, the participation of the independent non-executive Directors can effectively ensure there is a strong and abundant independence in the Board.

- In assessing suitability of the Director candidates, the Board will consider their profiles, including their character, experience, qualifications and time commitment; the Board will also consider the Board's overall composition and skill matrix as well as the Company's diversity policy.

- The Board will review each Director's time commitment to the Company's business annually.

- The Board will assess non-executive Directors' independence upon appointment and annually.

- The Board will review the implementation and effectiveness of the aforementioned mechanisms on an annual basis.

The Company has received from each of the independent non-executive Directors a written annual confirmation of his or her independence pursuant to the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of the Board independence evaluation mechanisms and considers them to be effective and appropriate.

Board Diversity Policy

We have adopted a diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve diversity to strengthen the performance of the Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board and determining the optimum composition of the Board, including but not limited to skills, experience, cultural and educational background, geographical, industry and professional experience, ethnicity, gender, age, knowledge and length of service. At present, the Board considers that the above current gender diversity is satisfactory and targets to maintain at least the current level of female representation.

Our Directors have a balanced mix of knowledge and skills, including in overall management and strategic development, finance and accounting, policy research and corporate governance, as well as industry experience in automotive industry. They obtained degrees in various areas such as accounting, economics and history. The ages of our Directors range from 35 to 63 years old.

We have taken steps to promote gender diversity of our Board and currently our Board comprises four female Directors and five male Directors. Going forward, we will continue to ensure gender diversity of our Board through measures to be implemented by our Nomination Committee in accordance with the Board Diversity Policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members and reviewing the Board Diversity Policy from time to time to ensure its effectiveness.

As at 31 December 2024, the proportion of female and male employees (including senior management) of the Group was approximately 25.7% and 74.3% , respectively. Thus, the Company considers that its team is generally gender diverse. The Group continues to encourage gender diversity in the office and endeavors to increase the proportion of female employees at different levels, including in recruitment. In order to achieve labor diversity, the Group has implemented appropriate recruitment and selection procedures to consider diverse job applicants. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities with the aim of building a team with diverse skills and experience.

During the Reporting Period, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of the Board Diversity Policy and confirmed that the Board has the right mix of skills and experience to implement the Company's strategy.

Entry and Continuing Professional Development

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

All newly appointed Directors are provided with the necessary induction and information to ensure that they have an appropriate level of understanding of the Company's operations and business as well as their obligations to the Company under the relevant statutes, laws, rules and regulations. The Company also arranges seminars for the Directors on a regular basis to update them on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the performance, status and prospects of the Company to enable the Board as a whole and each of the Directors to fulfil their responsibilities.

The Company encourages all Directors to undertake continuous professional development to develop and update their knowledge and skills. The joint company secretaries of the Company update and provide written training materials on the roles, functions and responsibilities of Directors from time to time.

Based on the information provided by the Directors, a summary of the training received by the Directors during the year ended 31 December 2024 is set out below:

Name of Director	**Nature of Continuing Professional Development Sessions**
Executive Directors	
Yang Aihua	A, B, C and D
Yang Hansong *(Chairman)*	A, B, C and D
Gao Kun	A, B, C and D
Non-executive Directors	
Rob Huting	A, B, C and D
Zhu Yi	A, B, C and D
Yang Chuyu	A, B, C and D
Independent Non-executive Directors	
Wang Jianping	A, B, C and D
Li Mochou	A, B, C and D
Yan Jonathan Jun	A, B, C and D

Notes:

A: Attend at seminars and/or conferences and/or forums and/or briefings

B: Deliver speeches at seminars and/or conferences and/or forums

C: Attend training provided by solicitors, training related to the business of the company

D: Reading materials on a wide range of topics, including corporate governance, directors' duties, the Listing Rules and other relevant legislation

Appointments and Re-Election of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract with the Company, and is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Details of the Directors to be re-elected at the forthcoming annual general meeting of the Company to be held on 27 June 2025 (the "**AGM**") are set out in the circular to the Shareholders to be dispatched before the AGM.

Board Meetings

The Company was listed on the Stock Exchange on 31 May 2024. Since the Listing Date and up to 31 December 2024, the Company convened one Board meeting, one Audit Committee meeting and one general meeting, but did not convene any Remuneration Committee meeting and the Nomination Committee meeting. The Company shall convene at least four Board meetings annually, approximately once every quarter, in full compliance with code provision C.5.1 of the CG Code. All Directors shall be given not less than 14 days' notice of a regular Board meeting so that all Directors shall have an opportunity to attend the regular meeting and discuss the business on the agenda.

For other Board and Board committee meetings, reasonable notice will be given. The agenda and relevant Board papers will be included in the notice of meeting and distributed at least three days before the date of the Board or Board committee meeting to ensure that the Directors have sufficient time to review the papers and are fully prepared to attend the meeting. If a Director or committee member is unable to attend the meeting, he/she will be informed of the matters to be discussed and will be given an opportunity to inform the chairman of his or her views prior to the meeting. The joint company secretaries shall keep minutes of meetings and provide copies of such minutes to all Directors for their information and records.

Minutes of Board meetings and committee meetings will record in detail the matters considered and decisions reached by the Board and Board committees, including any question raised by Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to each Director for their consideration within a reasonable time after the meeting is held. Minutes of Board meetings are open for inspection by all Directors.

Attendance Record of Directors and Committee Members

A summary of the records of attendance of each Director at Board meetings, Board committee meetings and general meetings during the period from the Listing Date to 31 December 2024 is set out below*:*

	Number of Meeting Attended/Qualified to Attend				
Name of Director	**The Board**	**The Audit Committee**	**The Remuneration Committee**	**The Nomination Committee**	**General Meeting**
Executive Directors					
Yang Aihua	2/2	–	–	–	1/1
Yang Hansong *(Chairman)*	2/2	–	–	–	1/1
Gao Kun	2/2	–	–	–	1/1
Non-executive Directors					
Rob Huting	2/2	–	–	–	1/1
Zhu Yi	2/2	–	–	–	1/1
Yang Chuyu	2/2	–	–	–	1/1
Independent Non-executive Directors					
Wang Jianping	2/2	1/1	–	–	1/1
Li Mochou	2/2	1/1	–	–	1/1
Yan Jonathan Jun	2/2	1/1	–	–	1/1

In addition to regular Board meetings, the Chairman of the Board also held one meeting with the Independent Non-executive Directors in the absence of other Executive Directors during the Reporting Period.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code since the Listing Date up to 31 December 2024.

Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with provision D.3.1 of the CG Code, which include:

(a) Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) Review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) Develop, review and monitor the code of conduct and compliance manual (if any) for the Company's employees and Directors; and

(e) Review the Company's compliance with the CG Code and the disclosures in the Company's corporate governance report.

The Board has performed the abovementioned corporate governance functions during the Reporting Period.

BOARD COMMITTEES

The Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of Ms. Li Mochou, Mr. Wang Jianping and Mr. Yan Jonathan Jun. The chairperson of the Audit Committee is Ms. Li Mochou. None of them is a partner or former partner in the preceding two years of the existing auditors of the Company, or has or had in the preceding two years any financial interest in the existing auditors.

The main duties of the Audit Committee are to, including but not limited to, review and supervise the financial reporting process and risk management and internal control systems of the Group, review the Group's financial information, consider the appointment, independence and remuneration of the auditors and any matters related to the removal and resignation of the auditors, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Audit Committee also serves as a channel of communication between the Board and the external auditor. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, the Audit Committee mainly performed the following duties:

(a) reviewed the Group's audited annual results for the year ended 31 December 2023 and the unaudited interim results for the six months ended 30 June 2024, met with the external auditors to discuss such interim results and annual results without the presence of the Company's management, and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

(b) reviewed the accounting principles and practices adopted by the Group, the terms of engagement, independence and remuneration of the external auditor and recommended the appointment of the external auditor; and

(c) assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

During the period from the Listing Date to 31 December 2024, the Audit Committee held one Audit Committee meetings and attendance of each Audit Committee member is set out in the section headed "Attendance Record of Directors and Committee Members" above.

The Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules.The Nomination Committee consists of Mr. Yang Hansong, Mr. Wang Jianping and Mr. Yan Jonathan Jun. The chairperson of the Nomination Committee is Mr. Yang Hansong.

The primary duties of the Nomination Committee include but not limited to: (i) reviewing the Board composition; (ii) developing the criteria for identifying candidates for nomination and appointment of Directors; (iii) assessing the independence of independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; (v) evaluating candidates or incumbents based on the criteria of integrity, experience, skills, and time and effort devoted to the performance of their duties; and (vi) developing a policy concerning diversity of Board members, and disclosing the policy or a summary of the policy in the corporate governance report and reviewing at least annually the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board and where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee's major work during the Reporting Period includes:

(a) reviewing and monitoring the implementation of the board diversity policy;

(b) reviewing and assessing the structure, size, composition and diversity of the Board;

(c) reviewing the re-election of Directors and its schedule;

(d) reviewing the proposed election of Ms. Yang Marjorie Mun Tak as an independent non-executive Director, and providing suggestions to the Board; and

(e) reviewing and assessing the independence of the independent non-executive Directors.

During the period from the Listing Date to 31 December 2024, the Nomination Committee did not held any meetings.

The Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of Mr. Wang Jianping, Ms. Li Mochou and Mr. Yan Jonathan Jun. The chairperson of the Remuneration Committee is Mr. Wang Jianping.

The primary duties of the Remuneration Committee include but not limited to: (a) making recommendations to the Board on the remuneration packages and the Company's policy and structure for remuneration for all Directors and senior management; (b) reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time; (c) establishing formal and transparent procedures for developing remuneration policy and structure to ensure that no Director or any of his or her associates will participate in deciding his or her own remuneration; and (d) advising shareholders of the Company on how to vote in respect of any service contracts of Directors that require shareholders' approval in accordance with the Listing Rules. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee's major work during the Reporting Period includes: (a) review compensation and benefits framework and structure; and (b) review of director and management compensation scheme.

During the period from the Listing Date to 31 December 2024, the Remuneration Committee did not held any meetings.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 10 and 11 to the consolidated financial statements.

The remuneration of Directors and senior management is determined based on each Director and senior management's responsibilities, qualification, position and seniority. None of the Directors has waived any remuneration for the Reporting Period. The remuneration bands of the Directors and senior management of the Company for the year ended 31 December 2024 are set out below:

Remuneration Bands (HK$)	Number of Persons
HKD1,000,001 to HKD1,500,000	1
HKD1,500,001 to HKD2,000,000	1
HKD2,000,001 to HKD2,500,000	1
TOTAL	3

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

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

The statement of the independent auditor of the Company, Ernst & Young, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

DIVIDEND POLICY

We have adopted our dividend policy and any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, contractual restrictions of our Company and subsidiaries, and any other relevant factors when considering the declaration and payment of dividends.

Additionally, we are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur. Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of each of their registered capitals. Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, where appropriate.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Company recognizes that risk management is critical to the success of the business operation. Accordingly, we have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, and human resources, and have conducted regular (at least once a year) risk assessments to ensure the effective operation of our risk assessment management and internal control systems. During the Reporting Period, the Board conducted an annual review on the effectiveness on the risk management and internal control system of the Company and considered the system effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

*The Company does not have an internal audit function to carry out independent reviews of the adequacy and effectiveness of its risk management and internal control systems. The risk management and internal controls are self-assessed by the management and reviewed by the Board on an on-going basis. *The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary.

The Audit Committee, and ultimately the Board, supervise the implementation of risk management policies. Our audit committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

WHISTLEBLOWING POLICY

The Group endeavors to maintain a high standard of business ethics, and encourage its employees and partners to participate in the system of monitoring the ethical operation of the Company, and to report any non-compliance incidents such as corruption and duty-related crimes. Corresponding whistleblowing channels are established, so that employees and partners can report any suspected cases in an anonymous way.

ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

The Company has established an Anti-corruption and Anti-bribery Policy and all Directors and employees of the Group are bound by such policy and shall refrain from committing any forms of corruption, bribery, extortion, fraud and money-laundering. The Group also organizes the employees to carry out compliance and integrity training every year to enhance the integrity awareness across the organization. The compliance and integrity trainings are given to Directors, senior management and staff of the Company.

During the Reporting Period, the Group does not have any non-compliance incident regarding corruption, extortion, fraud and money-laundering, and there is no concluded legal cases regarding corrupt practices brought against the Group or its employees.

AUDITOR'S REMUNERATION

The approximate remuneration of the auditors for audit services provided to the Group for the year ended 31 December 2024 is set out below. The auditors did not provide any non-audit services to the Company.

Service Type	**Amount** (RMB'000)
Audit service	2,200
Total	2,200

JOINT COMPANY SECRETARIES

Ms. Gao Kun ("**Ms. Gao**"), the executive Director and Chief Financial Officer of the Company, is the joint company secretary of the Company and is responsible for making recommendations to the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations.

In order to maintain good corporate governance and to ensure compliance with the Listing Rules and the applicable laws of Hong Kong, the Company has also appointed Ms. Chan Sau Ling ("**Ms. Chan**"), a director of corporate services of Tricor Services Limited, as another joint company secretary of the Company to assist Ms. Gao in discharging her duties as the company secretary of the Company. Ms. Chan's main contact person in the Company is Ms. Gao.

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company recognizes the importance of effective communication with its shareholders in order to strengthen investor relations and to enable investors to understand the Group's business, performance and strategy. The Company also believes in the importance of timely and non-selective disclosure of information about the Company to enable shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides an opportunity for direct communication between shareholders and directors. The Chairman of the Company and the chairmen of the Board committees of the Company will attend the annual general meeting to answer shareholders' questions. The auditors will also attend the annual general meeting and answer questions on the conduct of the audit, the preparation and contents of the auditor's report, the accounting policies and auditor independence.

In order to facilitate communication between the Company, its shareholders and the investment community, the Company from time to time organizes performance briefings, meetings and non-deal roadshows with shareholders, potential investors and analysts. Directors and employees of the Company who have contacts or dialogues with investors, analysts, the media or other interested third parties are subject to the disclosure obligations and requirements under the Listing Rules and applicable laws and regulations.

SHAREHOLDER COMMUNICATION POLICY

In order to facilitate effective communication, the Company has adopted a Shareholder Communication Policy which aims to establish mutual relationship and communication between the Company and its shareholders and has a website (www.autostreets.com) where the Company publishes up-to-date information on its business operations and development, financial data, corporate governance practices and other information for public consumption.

The Company considers that maintaining an effective communication with shareholders is critical for enhancing the investor relationship and the investor understanding on the business performance and strategy of the Group. The Company endeavors to maintain a continuous communication with shareholders, especially through the means of annual general meeting and other general meetings. Directors (or their representatives, if applicable) will meet the shareholders and answer the enquires at the annual general meeting. The auditor will also attend the annual general meeting to answer the questions raised regarding audit, the preparation and contents of the auditor's report, the accounting policy and the independence of auditor. The Company encourages its shareholders to participate the annual general meeting and other general meetings, and shareholders can exchange their opinion with the Board and exercise their voting rights at the meeting.

During the year ended 31 December 2024, the Company has reviewed the implementation and effectiveness of the Shareholder Communication Policy. The Company is of the opinion that the Company's Shareholder Communication Policy promotes adequate shareholder communication and considers the policy to be effective and adequate.

SHAREHOLDERS' RIGHTS

In order to protect the interests and rights of the Shareholders, separate resolutions will be proposed at general meetings on various matters, including the election of individual Directors.

All resolutions proposed at the general meetings will be voted on by way of a poll in accordance with the Listing Rules and the poll results will be published on the websites of the Company and the Stock Exchange in a timely manner after each of the general meetings.

CONVENING AND PROPOSALS FOR AN EXTRAORDINARY GENERAL MEETING

Pursuant to the Articles of Association, the Shareholders may put forward proposals for consideration at a general meeting of the Company and any one or more Members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at general meetings of the Company shall at all times have the right, by requisition, to require an extraordinary general meeting of the Company. Such requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

If the Board fails to proceed to convene such meeting within 21 days of the deposit of the requisition, the requisitionist(s) himself (themselves) may convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 days period.

The procedures for proposing a person for election as a Director are available on the Company's website.

ENQUIRY TO THE BOARD

Shareholders may send their enquiries and concerns to the at the following:

Address: 6/F, Kailong Center, 2251 Zhenbei Road, Putuo District, Shanghai, PRC

Fax: 021-33291764

E-mail: ir@autostreets.com

CHANGES TO CONSTITUTIONAL DOCUMENTS

There was no change in the Company's amended and restated memorandum and articles of association during the year ended 31 December 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. INTRODUCTION

1. Top Message

Dear colleagues, business partners, and friends from all sectors of society:

At this pivotal moment when Autostreets is forging a new chapter in sustainable development, I would like to present the ESG Report for the year 2024 on behalf of the management of the Company.

For Autostreets, 2024 marks the start of a new phase. Through our relentless efforts, we gained public visibility, and while accepting public scrutiny, we also contributed to society's sustainable development. As a transaction platform connecting used vehicle buyers and sellers, we recognize that every completed transaction represents not merely a deal but also a driving force for the efficient allocation of automotive resources. Established in 2014, we have been committed to transforming China's used vehicle transaction processes and driving the industry toward standardization, efficiency, and transparency for eleven years, accumulating in-depth industry expertise.

We take environmental impacts into account before conducting our business. As a used vehicle transaction service provider, we do not engage in any physical manufacturing activities, and therefore, we do not emit a significant amount of greenhouse gases, wastes, or pollutants from our business operations. Moreover, our business model itself contributes to reducing carbon emissions and improving energy efficiency by facilitating the safe reuse of used vehicles and extending their useful lives. Notwithstanding the emission-friendly and low-carbon nature of our business, we have implemented and plan to continue to implement various measures to improve energy and water efficiency in our daily business operations. As we further expand and upgrade the size of our auction sites, we expect to account for annual electricity, gasoline, and water consumption in our business operations on a per-vehicle basis.

According to data released by China Automobile Dealers Association, in 2024, the cumulative volume of used vehicles traded nationwide was approximately 19.60 million units, representing a year-on-year increase of 6.50%, of these: (i) the volume of used electric vehicles traded was approximately 1.10 million units, accounting for 5.8% of the cumulative volume of used vehicles traded, representing an increase of 48.00% from the same period in 2023; and (ii) the volume of non-electric vehicles traded was approximately 18.50 million units, accounting for 94.20% of the cumulative volume of used vehicles traded, representing an increase of 4.60% from the same period in 2023. While intensifying competition in the new vehicle market presents challenges, it reinforces our strategic direction.

We are deepening cooperation with existing dealer groups (the primary upstream suppliers of used vehicles) and further expanding used vehicle supply channels. As of December 31, 2024, we have established strategic partnerships with eight new energy vehicle OEMs (Original Equipment Manufacturers). Additionally, we continued to establish partnerships with institutional business partners to facilitate the circulation of the used vehicle market. As of December 31, 2024, we have established strategic partnerships with 11 mobility companies (including CaoCao Inc. and ONTIME) and car leasing companies. To enhance market competitiveness in used new energy vehicle transactions, we plan to establish a professional R&D team dedicated to developing customized service solutions and support systems for used new energy vehicles. Upon implementation, this initiative will significantly strengthen the platform's service capabilities in the used new energy vehicle transactions, driving the optimization and upgrading of trading processes through technological innovation to achieve more efficient and transparent transaction experiences.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Amidst the accelerating green and digital transformation of the automotive industry, we proactively integrate ESG principles (Environmental, Social, and Governance) into our business model, striving to become a builder of the green circulation ecosystem.

Environment (E): Scaling Auctions to Drive the Circular Economy

— Carbon reduction and efficiency improvement: The nationwide auction network shortens the vehicle circulation cycle and reduces energy wastage in the intermediate stages, so that the platform facilitates the efficient circulation of 180,000 used vehicles annually on average, effectively reducing the industry's overall carbon emissions level.

— Green operations: Mobile applications enable real-time participation in lane auctions, with warehousing and logistics prioritizing partnerships with low-carbon transportation service providers.

Social (S): Fairness and Empowerment to Reshape Industry Trust

— Transparent bidding: Leveraging professional and high-standard inspections and blockchain-based evidence storage to ensure vehicle condition information cannot be tampered with, eliminating information asymmetry between buyers and sellers.

— Empowerment of small and medium-sized vehicle dealers: Provide supporting services such as finance and logistics to lower the entry barriers for vehicle dealers in remote areas and promote balanced development of regional markets.

— Talent responsibility: Conducting professional training for used vehicle appraisers to supply the industry with standardized and professional technical expertise.

Governance (G): Auction Compliance with Technology Application

— Risk prevention and control: Establishing a scientific pricing mechanism through a pricing center to generate benchmark reference prices.

— Data security: Safeguarding customer transaction data and privacy through a data security system.

— Ethical procurement: Signing auction agreements with suppliers, inspecting and rejecting accident-damaged and illegally modified vehicles, and committing to anti-corruption practices.

Our Solemn Commitments

In the future, the platform will explore more ESG innovation practices.

— Collaborate with industry associations to formulate the *ESG Standards for Used Vehicle Auctions*, promoting industry standardization;

— Achieve 30.00% renewable energy consumption in electricity usage by 2028;

— Become one of the most sustainable used vehicle transaction platforms in Asia by 2030.

2. Basics of the Report

This report, released annually, is the first ESG report publicly released by Autostreets Development Limited (stock code: 2443, HK) since its listing, aiming to respond to stakeholder expectations and comprehensively demonstrate the Company's philosophy, actions, and achievements in environmental, social, and corporate governance. This report has been reviewed and approved by the Board of Directors to ensure that there are no untrue records, misleading statements, or material omissions in its contents.

(1) Reporting Principles

This report is prepared in accordance with the principles of "Materiality," "Quantification," and "Consistency" as set out in the *Environmental, Social and Governance Reporting Guide* and the Guidelines issued by the Hong Kong Exchanges and Clearing Limited. The content is primarily determined based on the assessment of material topics and stakeholder feedback.

"Materiality" principle: The Company comprehensively identifies key stakeholder groups, conducts an in-depth analysis of substantive ESG topics that are material or relevant to the Company and stakeholders, and makes full disclosure in this report accordingly.

"Quantification" principle: Key performance indicators disclosed in this report are scientifically measured to ensure data accuracy and verifiability, enabling readers to clearly understand the Company's environmental, social, and governance performance.

"Consistency" principle: This is Autostreets' first Environmental, Social, and Governance (ESG) report. Given this context, comparative historical data is not presented, except for work-related fatality statistics for 2022-2024.

(2) Period Covered

This report covers the period from January 1, 2024, to December 31, 2024. Some of the statements and data are not within the above period and will be explained when involved.

(3) Organizations Covered

The reporting entity is Autostreets Development Limited and its subsidiaries. The financial data used is from the Company's annual report, and other data is from official documents and statistical reports of the Company (previous years' data should be based on the disclosure in this report).

(4) Definitions

For the convenience of presentation and readability, "Autostreets Development Limited" is also referred to in the report as "Autostreets", "the Company", or "we".

(5) Referenced Standards

The preparation of this report is about *GRI Sustainable Development Reporting Standards* (GRI Standards) issued by Global Sustainability Standards Board (GSSB), *International Financial Reporting Sustainability Disclosure Standard No. 1 — General Requirements for Disclosure of Sustainability-related financial Information* (IFRS S1) and *International Financial Reporting Sustainability Disclosure Standard No. 2 — Climate-related Disclosure issued by International Sustainability Standards Board (ISSB), Environmental, Social and Governance Reporting Guide* issued by the Hong Kong Exchanges and Clearing Limited, and a series of relevant standards issued by the Task Force on Climate-related Financial Disclosures (TCFD), and it also discloses Autostreets' contributions to the United Nations Sustainable Development Goals (SDGs).

(6) Publication

This report is available in Simplified Chinese, Traditional Chinese, and English for readers' reference. In case of any discrepancies among the versions, the simplified, the Simplified Chinese version shall prevail. You can download and read the PDF electronic version of the report on the Company's official website (https://www.autostreets.com/) and the Hong Kong Stock Exchange website (http://www.hkex.com.hk/) to obtain more information about our Environmental, Social, and Corporate Governance (ESG) practices.

(7) Contact for Inquiries

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Tel: 021-33291771
Postcode: 200333
Email: info@autostreets.com
Reporting and Complaint Handling Email: hr@autostreets.com

3. Corporate Profile

(1) Company Overview

Autostreets Development Limited, listed on the Main Board of The Stock Exchange of Hong Kong Limited in May 2024 (stock code: 2443.HK), is a leading automotive transaction service platform in China established in June 2014 with its headquarters in Shanghai. The Company was jointly established and funded by Manheim and SINO RICH INVESTMENT under Cox Automotive of the United States, and the core top 100 dealership groups led by the China Automobile Dealers Association. Since its establishment, Autostreets has shouldered the responsibility of promoting the development of the used vehicle industry. As a transaction service platform focused on enhancing used vehicle business value, Autostreets is committed to transforming China's used vehicle transaction processes. Through its online-offline integrated auction model and comprehensive value-added services, the Company has developed an end-to-end standardized used vehicle transaction solution for buyers and sellers, leading China's used vehicle industry toward standardization, efficiency, and transparency. Autostreets' services cover used vehicle auctions, used vehicle value-added services, used vehicle acquisition and sales arrangements, exhibition business, and other automotive-related services.

To date, Autostreets' service network spans across all provinces in mainland China except Tibet, establishing a multi-level, cross-regional comprehensive service network system for national used vehicle auctions. This network not only has extensive reach but, through its robust service capabilities and professional expertise, has successfully established deep partnerships with over 340 dealership groups. It continuously injects strong momentum into the value enhancement of Autostreets' used vehicle businesses and makes Autostreets an industry benchmark.

(2) *History of Development*

In 2014, The Company was founded, and we held the first vehicle auction in Shanghai and launched our mobile application.

In 2016, we began our domestic expansion and established auction centers and auction hubs in 9 provinces and 3 municipalities, which enabled us to hold online-offline integrated auctions for used vehicles in these regions.

In 2017, we launched the ADMS system, which provides tools for dealership groups to facilitate the management of the used vehicles business.

2019 Completed Series A financing and raised a total of USD15,000,000 from Image Frame Investment (HK) Limited Inc.)(Image Frame or Tencent) (a wholly-owned subsidiary of Tencent Holdings Limited) and Dazzling Calcite Limited (Dazzling or JD) (a wholly-owned subsidiary of JD.com, Inc.)

In 2020, we conducted business with over 50% of the top 100 dealership groups (in terms of revenue in 2020) and provided services related to the disposal and management of used vehicles.

2021 We have established a total of 73 offline auction sites by the end of 2021, providing online and offline used vehicle transaction services in 28 provinces and municipalities in China, and the transaction volume of our platform reached 260,000 units.

2022 Completed Series B Financing and raised a total of USD15,000,000 from CR Matrix Limited (CR Matrix)

2023 As of December 31, 2023, we have established strategic partnerships with eight new energy vehicle OEMs.

2024 Listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(3) ESG-Related Recognition

1. Outstanding Enterprise in the Auto Auction Industry 2024

2. Top 30 Shanghai Enterprises in the Auction Industry by Transaction Value 2024

(4) Corporate Culture

Positioning: A one-stop transaction service platform dedicated to enhancing the value of used vehicle businesses

Vision: To become one of the most influential auction transaction platforms in China

Core Values: Unity, Diligence, Care, Passion, Innovation

***(5) Sustainable Growth Strategy*[1]**

Expand and upgrade the network of auction sites; increase the base of buyers and sellers; diversify service offerings and revenue streams; and continue to implement digitalization initiatives and strategic partnerships or acquisitions.

4. ESG Key Performance Data

In 2024, the Company made significant achievements in a number of areas, including economic, environmental, social, and corporate governance, demonstrating its excellence and strong commitment to sustainable development.

Economic performance: In 2024, the Company achieved operating revenue of RMB409 million, with approximately 180,000[2] used vehicles transacted and around 394,000 vehicles listed for auction, representing year-on-year growth rates of 2.27% and 2.60%, respectively. The transaction success rate (the percentage of used vehicle transactions to the number of used vehicles listed for auction) was approximately 45.69%. Over 7,000 new energy vehicles were sold, with their transaction volume accounting for 8.72% of the transaction volume from traditional business.

Environmental performance: In 2024, the Company's total water consumption reached 9,000 tons, representing a year-on-year decrease of 33.46%, equivalent to planting 2,489 trees; total electricity consumption reached 1.02 million kilowatt-hours, representing a year-on-year reduction of 19.37%. With 34 R&D personnel, the Company invested RMB10.77 million in R&D throughout the year, and 4 new patents were granted in 2024[3].

Social performance: Autostreets is committed to creating a diverse and inclusive work environment. As of the end of 2024, its network covers 326 cities, partners with over 7,800 4S stores, and serves more than 55,000 downstream customers. Female employees account for 25.66% of the Company's workforce, and the total employee training duration reached 4,719.50 hours. The Company places great importance on consumer rights protection, customer relationships, and product/service quality. In 2024, the customer complaint resolution rate was 100.00%, and customer satisfaction was 97.90%.

Corporate governance performance: Female employees account for 25.66% of Autostreets' workforce, and there are 4 female directors, accounting for 44.44% of the Board of Directors, demonstrating the Company's efforts in gender diversity.

1 Note: Source: Autostreets Post-hearing Documentation Set (First Submission)
2 Note: Number of used vehicle transactions sourced from Autostreets 2024 Annual Results Announcement
3 The patent certificates are as follows:
Invention: Remote Stream Control Method and Apparatus Certificate No. 7265815 Publication date (authorization): August 6, 2024
Invention: Data Processing Method and Apparatus for Vehicle Transaction Management Certificate No. 6624614 Publication date (authorization): January 16, 2024
Invention: Chatroom-based Data Processing Method and Apparatus Certificate No. 7458447 Publication date (authorization): October 22, 2024
Invention: Plugin-based Development Method, Apparatus, and Storage Medium Certificate No. 6791238 Publication date (authorization): March 15, 2024

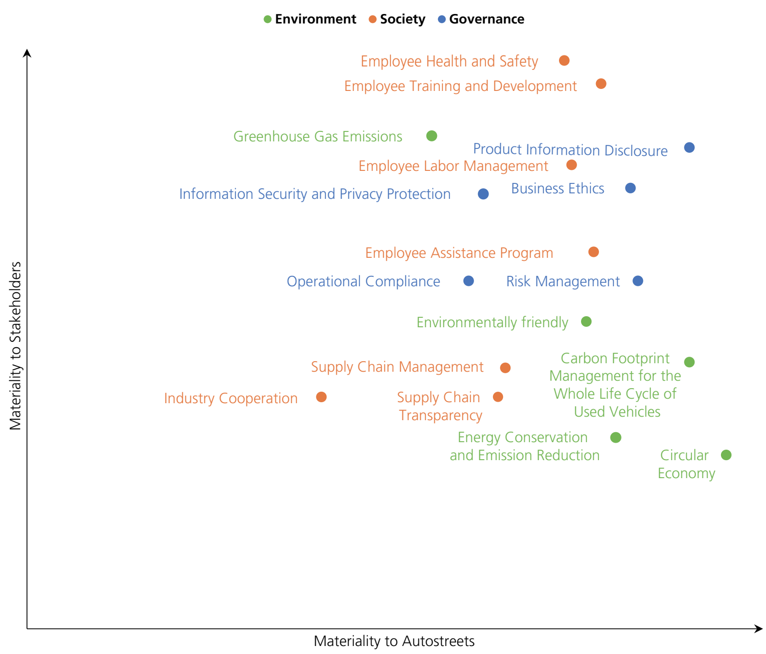
5. Analysis of Material Topics

As a comprehensive used vehicle transaction platform, Autostreets' development is influenced by multiple factors. Through in-depth analysis of material topics such as the industry competitive landscape, consumer needs, technological innovation, and policy environment, as well as communication and engagement with internal and external stakeholders, we conduct a comprehensive assessment from two dimensions — "importance to stakeholders" and "importance to Autostreets" — to develop a material topics matrix for managing key topics and disclosing relevant information. This matrix provides clear guidance so that we can focus more on advancing our sustainable development efforts and contributing to the harmonious coexistence of the economy, society, and the environment.

Material Topics of Autostreets in 2024

Topics	Environment	Society	Governance
	Carbon Footprint Management for the Whole Life Cycle of Used Vehicles	Employee Training and Development	Product Information Disclosure
	Circular Economy	Employee Health and Safety	Business Ethics
	Environmentally friendly	Employee Labor Management	Risk Management
	Energy Conservation and Emission Reduction	Employee Assistance Program	Information Security and Privacy Protection
	Greenhouse Gas Emissions	Supply Chain Management Supply Chain Transparency Industry Cooperation	Operational Compliance

Matrix for Material Topics of Autostreets in 2024



6. Engagement with Stakeholders

We recognize that stakeholder engagement is fundamental to corporate sustainability. Therefore, we place significant emphasis on developing and maintaining diverse communication channels and mechanisms and are committed to ensuring transparency and bilateral interaction. We have identified key stakeholders, including government and regulatory authorities, shareholders and investors, employees, community residents, customers, and value chain partners, and we conduct targeted and effective communication tailored to their respective concerns. By listening to feedback and addressing concerns, we continuously optimize our actions to achieve shared development and value co-creation with stakeholders.

Stakeholders	Expectations and Appeals	Responses
Government and Regulatory Organizations	Responding to National Strategies Compliance with Laws and Regulations and Operational Compliance Boosting Local Economy Anti-corruption	Support for National Strategies Legal Operations Promoting Local Employment and Development Public Disclosure of Information Debriefing and Communication of Daily Operations
Shareholders and Investors	Shareholder Returns Disclosure of Information Risk Management and Control Corporate Governance Business Performance	Annual General Meeting Annual Reports and Periodic Information Releases Official Website Investor Relations Column Investor Hotline and Mailbox
Employees	Employee Rights and Interests Protection Employee Training and Development Democratic Communication Remuneration and Benefits Employee Life Care Employee Diversity	Employee Representative Conference Employee Training Employee Hotline Staff Activities Support for Employees in Difficulty

Stakeholders	Expectations and Appeals	Responses
Customer	Information Security and Privacy Protection Integrity and High-quality Service Product Quality and Safety After-sales Service	Protecting Customer Privacy Customer Feedback Collection Customer Satisfaction Survey Customer Complaint Hotline Customer Online and Offline Activities
Value Chain Partners	Transparent and Honest Cooperation Fair Trade Mutual Development Supply Chain Sustainability Business Ethics	Supplier Review Signing of Cooperation Agreements Benchmarking Review and Evaluation
Public Welfare and Charity Organizations	Supporting Social Public Welfare Fulfilling Social Responsibilities	Organization of Public Welfare Activities
Industry Association & Organizations	Promoting the Development of the Industry Technology and Experience Sharing Healthy and Harmonious Industry Development Environment	Industry Seminars Project Cooperation Exchanges and Learning
Media and Public	Service and Product Quality Corporate Social Responsibilities Financial Performance Openness and Transparency of Information	Official Website and WeChat Media Interviews and Cooperation Disclosure of Information News Promotion

7. Response to the United Nations SDGs

The Company adheres to the concept of sustainable development, integrating the core elements of Environmental, Social, and Corporate Governance (ESG) with the United Nations 2030 Sustainable Development Goals (SDGs) and setting clear and challenging development goals in multiple dimensions. Through continuous optimization of its ESG governance structure and practices, the Company consistently enhances its overall governance level, actively fulfills its social responsibilities, and contributes to achieving global sustainable development goals with concrete actions, remaining steadfast in its commitment to advancing along the path of sustainable development.

Fields	Sustainable Development Goals	Our Actions
Introduction		
Environmental Performance (E)	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Improvement of the Environment Management System Energy Management Use Clean Technologies Promoting Green Office Paperless Transactions Implementation of Carbon Reduction Plans
Social Performance (S)	1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS	Industry Cooperation and Development Sustainable Supply Chains Quality Management Customer Satisfaction Management Consumer Privacy Protection Anti-corruption Education Employment Opportunity Equality Employee Diversity Enhancing Employee Communication Focusing on Employee Health and Safety Protecting Employee Benefits Perfect Training System Upholding Intellectual Property Rights Enhancing Stakeholder Engagement
Governance Performance (G)	8 DECENT WORK AND ECONOMIC GROWTH; 13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS	Reuse of Existing Resources Operating in Compliance with the Law Optimizing the Management and Governance Structure Information Security and Privacy Protection
Future Objectives	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION	Office Environment Management and Compliance Responding to Climate Change and Carbon Emission Reduction Green Mobility and Promotion of New Energy Vehicles

II. CIRCULAR VEHICLE ECOSYSTEM FOR LOW-CARBON MOBILITY, GREEN TRAVEL FOR SUSTAINABLE FUTURE

1. Circular Vehicle Ecosystem for Low-Carbon Mobility

The circular economy is a framework of systemic solutions addressing global challenges such as climate change, biodiversity loss, waste, and pollution. Transitioning from the traditional linear "take-make-dispose" model to a circular production and consumption model is beneficial, for example, it promotes prosperity, employment, and resilience while reducing greenhouse gas emissions, waste, and pollution.

We believe our transaction platform positively impacts low-carbon circulation through: 1. Enabling consumers to reuse existing used vehicles instead of purchasing new ones; 2. Enhancing transaction efficiency of used vehicles; 3. Extending the service life of vehicles, delaying and potentially reducing the environmental impacts associated with vehicle disposal. Specifically:

(1) According to the *Automotive Industry Chain Collaborative Carbon Reduction Evaluation Report* 2024, the transportation industry accounts for about 16% of global greenhouse gas emissions, with the processing and manufacturing process of raw materials such as steel and aluminum being the carbon emission hotspots in the automotive industry chain. In 2024, approximately 180,000 used vehicles were successfully transacted on our platform, reducing the industry's share of global greenhouse gas emissions compared to new vehicle purchases.

(2) We continuously promote the improvement and upgrade of the technical system of the auction platform. By strengthening risk controls across consignment auctions, transactions, payments, and logistics ordering processes, we optimize costs while enhancing service quality. Cooperate with our two major online-offline integrated auction models, including simultaneous auctions and online auctions (this auction model complements our simultaneous auctions, thereby increasing vehicle exposure and improving our transaction success rate). Our online-offline integrated transaction platform connects upstream sellers and downstream buyers in the used vehicle market, facilitating high-volume, efficient, and transparent used vehicle auctions. Under rigorous quality control in vehicle inspections and high-performance transaction models, we enhance vehicle exposure and transaction efficiency, significantly promoting the safe recycling and reuse of used vehicles.

(3) Disposal of end-of-life vehicles may cause environmental pollution, including leakage of refrigerant, disposal of hazardous waste such as vehicle batteries, and disposal of waste electronic components. Reusing end-of-life vehicles is more environmentally friendly than direct disposal. Additionally, the Chinese government is issuing and implementing regulations to guide the processing of end-of-life vehicles, making the overall process more efficient and environmentally friendly. Therefore, if the reuse of used vehicles facilitated by our platform delays their end-of-life, there is a greater chance that they will eventually be disposed of in a more environmentally friendly way as regulations and related technologies develop.

2. Ecological Conservation and Responsible Contributions

(1) GHG Management Initiatives and Results

1) GHG Emission Reduction Targets

To improve atmospheric environmental quality, the government has increasingly strict regulations on the environmental compliance of used vehicles. We will conduct strict emission testing on used vehicles and establish a complete testing information file for each one, ensuring their environmental compliance and avoiding the pollution transfer caused by vehicles with excessive emissions. On this basis, the Company actively responds to national policies, integrating environmental protection concepts throughout operations.

The Company is committed to maintaining GHG emissions control targets, ensuring that Scope I and Scope II emissions do not exceed the 2024 baseline levels. Additionally, we will strictly control major emissions, including volatile organic compounds (VOCs), nitrogen oxides (NO_x), and PM2.5, ensuring their emission intensities consistently comply with the latest national standards. The Company aims to achieve a dynamic balance between total emissions and emission intensity as its business scale expands through continuous optimization of energy efficiency and strengthening of end-of-pipe treatment measures.

In terms of energy-saving and decarbonization, the Company is systematically promoting the following:

1. Implementation of refined energy management;

2. Implementing strictly environmental standards in core business processes, such as vehicle testing;

3. Continuously explore the application of innovative technologies to enhance the efficiency of resource use.

We are committed to implementing the above initiatives to achieve significant reductions in Scope 1 and Scope 2 greenhouse gas emissions during our operations, minimizing our impact on the climate and environment, leading the green transformation of the testing industry, and promoting collaborative development of corporate sustainable development and ecological and environmental protection.

2) GHG-Related Data

Indicator name	2024 data	Unit
Greenhouse gas emissions (Scope 1)	12.21[4]	Tons of carbon dioxide equivalent
Greenhouse gas emissions (Scope 2)	551.74[5]	Tons of carbon dioxide equivalent

4 National Greenhouse Gas Emission Factor Database https://data.ncsc.org.cn GB/T 2589-2020 General Rules for Calculating Comprehensive Energy Consumption GB 17930-2016 Petrol for Vehicle Use.
Scope 1 carbon emissions = Owned vehicle fuel consumption * Emission factor * Average status calorific value * Petrol density/10^9

5 National Greenhouse Gas Emission Factor Database https://data.ncsc.org.cn
Scope 2 carbon emissions = Electricity purchased * Emission factor * 10^(-3)

3) *GHG Management Systems*

In order to further improve greenhouse gas emission reduction, strengthen greenhouse gas management, and promote green and low-carbon development of the enterprise, Autostreets strictly abides by the *Environmental Protection Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Administrative Measures for Carbon Emission Trading (Trial)* and other national laws and regulations and combines them with the characteristics of the industry and the Company's actual operating conditions.

4) *GHG Emission Reduction Measures*

In the promotion of low-carbon offices, we have advocated for our employees to adopt double-sided printing, reduce paper use, and take other measures to reduce resource consumption throughout the workday. We have expanded the use of energy-efficient home appliances and office equipment, such as energy-efficient air-conditioners and energy-efficient computers, to reduce energy consumption in the office area, thereby cutting down greenhouse gas emissions accordingly. Promoting green travel, traveling to low-carbon passenger transport options, and reducing greenhouse gas emissions.

(2) Water Resources Management

1) *Water Resources Management Objectives*

Autostreets attaches importance to water resources protection and continues to improve water efficiency and reduce water consumption through measures such as optimising water-using equipment, strengthening monitoring, and staff training. The Company uses a municipal water supply for production, which is stable and reliable, and the water quality is up to standard. There are no current or future water-related risks. We will continue to practise the responsibility of water efficiency and contribute to the protection of water resources.

2) *Water Resources Management-Related Data*

Indicator name	2024 data	Unit
Municipal water consumption	8,999.72[6]	Tons
Municipal water consumption per unit of floor area	65.51	(Tons/1,000 square meters)
Quantity of drinking water	35.07	Tons
The quantity of drinking water per person	0.05	Tons/person

[6] Water consumption statistics originate from the office, the auction house and the warehouse.

3) *Water Resources Management Systems*

To fulfill water conservation goals, intensify water management, Autostreets strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China,* and *the Circular Economy Promotion Law of the People's Republic of China*, among other laws and regulations. We attach importance to water resource management, implement the concept of sustainable development, actively promote the management of water resources in terms of utilisation of water resources, and encourage our employees to conserve water in work and life through relevant initiatives.

4) *Water Resources Conservation Measures*

Autostreets attaches high importance to the efficient usage of water resources. In order to implement the rational utilisation of water resources, we encourage our staff to reduce the wastage of fresh water resources in terms of water consumption and efficiency. We have posted reminders in prominent places in our facilities to create awareness of water usage conservation among our employees. At the same time, we are concerned about water conservation from the source, The office area is equipped with sensor taps, water-saving toilets, and other equipment to reasonably save water.

(3) Energy Management

1) Energy Objectives

In order to further implement the requirements of the theme of "Energy Saving, Decarbonization and Green Development", comply with the green development trend, and integrate the concept of environmental protection into business development and operation, the Company has further improved the management of the Company's energy management.

2) Energy Management-Related Data

Indicator name	2024 data	Unit
Purchased electricity consumption	1,028,223.26	Kilowatt hours
Indirect energy consumption per unit of income	2,516.51	Kilowatt hours/RMB million
Petrol consumption for owned vehicles	5,520.90	Liter
Direct energy consumption per unit of income	48,939.34	Kilowatt hours/RMB million

3) Energy Management Measures

We use the OA system to handle the daily affairs of our employees to effectively reduce the use of paper, thus enabling us to digitally transform into a paperless office with our operations in different cities, we have adopted a variety of digital office modes, such as videoconferencing, remote collaboration, etc., to reduce enough consumption and improve efficiency, which helps to create a more environmentally friendly operation. And we work with property companies to separate waste, improve supervision, and optimize recycling facilities. We are well aware that small initiatives can drive big change, and every paperless office initiative helps to reduce the number of trees cut down on the planet and shape a greener, better future.

3. Pioneering Efforts to Address Climate Change

(1) "Carbon Peaking and Carbon Neutrality" Goals

China's *Fourteenth Five-Year Plan for the Development of the Circular Economy* encourages the "Internet + Second-hand product" model to promote the trading and circulation of second-hand vehicles in the market. This brings new opportunities for the Company's growth. We safeguard the environmental compliance of second-hand car products, strive to improve the standardization and efficiency of second-hand car transactions, extend the life cycle of automobiles, promote the circular use of resources, and effectively drive the green development of the industry.

(2) Climate Risk Management and TCFD Framework Response

The Task Force on Climate-Related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB), issued recommendations on climate-related financial disclosures in 2017. The TCFD also introduced a voluntary disclosure framework and developed recommendations on the disclosure of climate-related financial information. The framework is designed to help a variety of organizations, including businesses, investors, and policymakers, access information that will assist them in their decision-making or that is potentially influential in identifying their climate-related risks and financing opportunities as they make the transition towards achieving their low-carbon economic goals.

Corporate Governance
Governance of the organization in relation to climate-related risks and opportunities

Strategic
The actual and potential impacts of climate-related risks and opportunities on the organization's operational, strategic, and financial planning

Risk Management
The processes for implementing, assessing, and managing relevant risks in the organization

Indicators and Targets
Indicators and targets for assessing and managing relevant climate-related risks and opportunities

Four Elements of TCFD Climate-Related Disclosure of Information

In accordance with the *Guidelines for Disclosure of Climate-Related Financial Information*, we make every possible effort to improve the Company's risk management and to capitalize on market opportunities related to climate change. By identifying and assessing climate-related risks and opportunities on a regular basis, and analyzing the impact of climate risks on the Company's strategy, risk management, business layout, and financial performance.

TCFD Recommendations	Autostreets Response
Governance: disclosing organizational governance around climate-related risks and opportunities	
Describe the Board's oversight of climate-related risks and opportunities	Under the supervision and guidance of the Board of Directors, the Company integrates ESG development concepts into its strategic planning and implements them into its day-to-day operations and management.
Describe management's role in assessing and managing climate-related risks and opportunities.	The Company's senior management has identified climate-related risks and opportunities, and plans and regularly evaluates the Company's response to climate risks.

TCFD Recommendations	Autostreets Response
Strategic: Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's operations, strategic and financial planning is primary.	
Describe the climate-related risks and opportunities identified by the organisation in the short, medium, and long term.	The Company has identified risks and opportunities related to environmental factors, including climate change: Physical risks: Extreme weather caused by climate change (e.g., heavy rainfall, hurricanes, etc.) may affect the Company's continuing operations and assets. Extreme weather conditions may cause logistical delays, leading to transaction disputes. Thunderstorms may cause regional signal disruptions, which may affect the stability of the online auction system. Transition risks: Policy changes may result in additional operating costs for the Company. Carbon emissions from operations cannot be effectively controlled or reduced. Opportunities: With China's Peak Carbon and Carbon Neutral targets and related incentives for second-hand cars, investors may be more interested in investing in sectors and projects that can effectively address climate change. The usage of renewable energy sources can help reduce operational costs.
Describe the impact of climate-related risks and opportunities on the organization's business, strategic, and financial planning.	The Company has identified climate-related risks and opportunities and has incorporated them into its future growth strategy. In response to the requirements of the national "Carbon Peaking and Carbon Neutrality" strategy, we will accelerate the construction of a green supply chain system, and systematically promote the climate flexibility of the industrial chain through innovative means such as the digital carbon management platform, and continue to promote the transformation of low-carbon operations.
Describe the flexibility of the organization's strategy, considering different climate-related scenarios, including 2°C or lower.	The Company plans to introduce an assessment tool for climate-related risks and opportunities to analyse the impacts of different scenarios on its strategy, operations, and financial performance, and to use them as a basis for business decisions.

TCFD Recommendations	Autostreets Response
Risk management: disclose how the organization identifies, assesses, and manages climate-related risks.	
The processes for identifying, assessing, and managing climate-related risks in the organization	In accordance with the *Guidelines on Climate Change Related Financial Disclosure (TCFD)*, we analyze the impact of climate risk on the Company's strategy, risk management, business layout, and financial performance by regularly identifying and assessing climate-related risks and opportunities.
Describe the processes for managing climate-related risks in the organization.	The Company plans to manage ESG risks on a regular basis to identify and effectively manage ESG risks in a timely and effective manner.
Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management of the organization.	In the top-level design of the risk management system, the Company plans to integrate ESG risks into its overall risk management system. Under the supervision of the Board of Directors, the Company holds regular risk management meetings to review the current status and policies of the Company's risk management. We will incorporate ESG factors into our investment analyses and decision-making process in order to develop a responsible investment policy.
Indicators and targets: Disclosure of indicators and targets used to assess and manage relevant climate-related risks and opportunities is important information.	
Disclose the indicators used by the organization to assess climate-related risks and opportunities in accordance with the strategy and risk management processes of the organization	The Company uses the following indicators in assessing climate-related risks and opportunities: Scope 1 GHG emissions: 12.21 tCO_2e GHG emissions per capita: 0.02 tCO_2e/person Scope 2 GHG emissions: 551.74 tCO_2e GHG emissions per capita: 0.80 tCO_2e/person The Company will further disaggregate relevant environmental indicators to achieve more effective climate change and ESG governance.
Disclosure of scope 1, scope 2, and scope 3 (where applicable) greenhouse gas (GHG) emissions and related risks	The Company regularly discloses scope 1 and scope 2 GHG emissions, GHG emissions per capita, and climate-related risks in its ESG reports.
Describe the organization's objectives for managing climate-related risks and opportunities and the performance against those objectives.	The Company disclosed its plans to address climate-related issues in FY2024 to identify and seize opportunities presented by climate change. Autostreets will continue its efforts to publish climate-related goals and implementation plans.

III. FAIRNESS AND EMPOWERMENT TO RESHAPE TRUST IN THE INDUSTRY

1. Employment

Autostreets strictly complies with national laws and regulations in the employment of employees, upholds the principles of lawfulness, fairness, and equity, and is committed to creating a high-quality working environment and broad development space for every employee. Autostreets strictly complies with the *Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Employment Promotion Law of the People's Republic of China*, and other relevant laws and regulations, and protects the legitimate rights and interests of employees in all aspects. Autostreets has carefully constructed a highly competitive compensation and benefit system, which motivates employees to give full play to their potential through a scientific and reasonable salary structure and rich and diverse benefit programs.

(1) *Recruitment Management*

Autostreets has always regarded human resource management as the cornerstone of enterprise development, through the construction of a scientific and comprehensive system and a standardized and efficient recruitment process, to build a solid talent foundation for the sustainable development of the enterprise. Autostreets has carefully established a comprehensive human resource management system covering *Employee Management System, Salary Management System, and Performance Management System* in combination with various standard systems for quality management, occupational health, environmental safety, and social responsibility. Based on this, we have further improved the *Recruitment Management System and Employee Promotion and Transfer System*, clarified the recruitment process, job requirements, hiring criteria, and entry procedures, and other key aspects, to ensure the strictness and transparency of the recruitment work. During the recruitment process, Autostreets widely publishes recruitment information through various channels, including but not limited to recruitment websites, social media platforms, university cooperation, and internal recommendations, to widely attract the convergence of outstanding talents and inject innovative vitality for the sustainable development of the enterprise.

(2) *Diverse Composition of the Workforce*

Autostreets is committed to building a diverse and varied talent workforce by upholding the concept of inclusiveness and diversity. Autostreets had a total of 686 employees, of which 510, or 74.34%, were male and 176, or 25.66%, were female. With 679 full-time employees, accounting for 98.98% of the total, the Company is a solid pillar for its stable development; 7 part-time employees, accounting for 1.02% of the total, provide strong support for the Company's flexible response to business changes. Employees under 30 years old 143 employees, accounting for 20.85%, they are active in thinking, full of innovation, for the Company to bring unlimited creativity and vitality; 30–50 years old employees 518 employees, accounting for 75.51%, as the Company's backbone, with a wealth of experience and mature professional skills, to ensure that the sound promotion of various businesses; 50 years of age and above 25 employees, accounting for 3.64%, they contribute valuable wisdom to the Company's development with their profound industry accumulation. Employees with undergraduate education, 457, accounting for 66.62% of the total number of employees; 209 with a bachelor's degree, accounting for 30.46%; 20 with a master's degree and doctoral degree or above, accounting for 2.92%. In addition, Autostreets's service network has covered all provinces in mainland China except Tibet, with employees from all over the world. 334 in East China, or 48.69%; 92 in Central China, or 13.41%; 89 in Southwest China, or 12.97%; 75 in North China, or 10.93%; 42 in Northeast China, or 6.12%; 35 in Northwest China, or 5.10%; and 19 in South China, or 2.78%. Employees from different regions come together, integrating the cultural characteristics and ways of thinking of each place, forming an inclusive corporate culture, and laying a solid foundation for the Company's business expansion across the country.

Chart 1: Gender Distribution of Employees in 2024 (Unit: %)

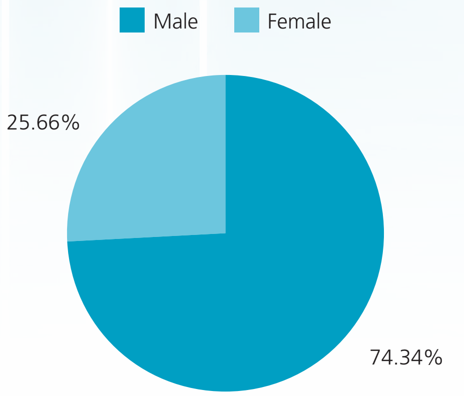


Chart 2: Type Distribution of Employees in 2024 (Unit: %)

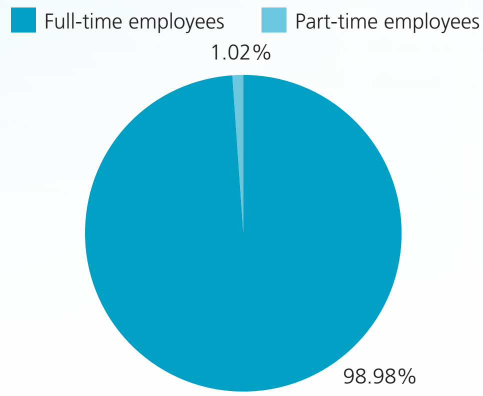


Chart 3: Age Group Distribution of Employees in 2024 (Unit: %)

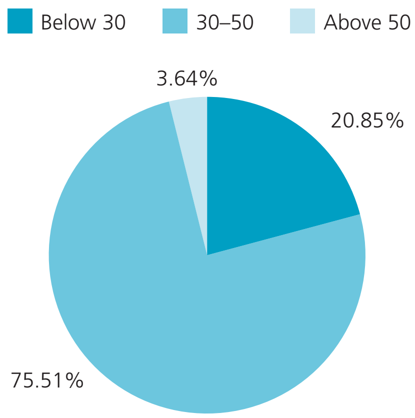


Chart 4: Employee Education Distribution in 2024 (Unit: %)

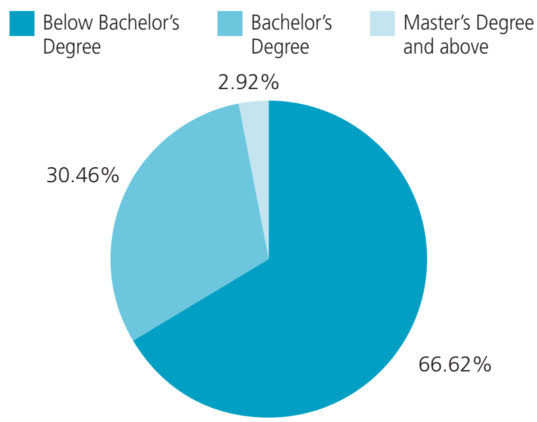
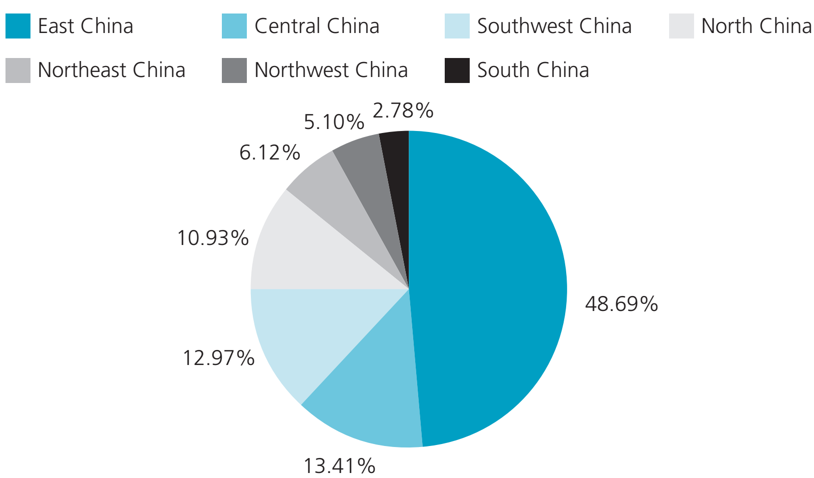


Chart 5: Employee Origin Distribution in 2024 (Unit: %)



Data source: Autostreets internal human resources system

In 2024, 343 employees left Autostreets, 238 or 69.39% were male, and 105 or 30.61% were female. 76 employees under 30 years of age left the Company, accounting for 22.16%; 255 employees between 30 and 50 years of age left the Company, accounting for 74.34%; and 12 employees over 50 years of age left the Company, accounting for 3.50%. Divided by region, employees leaving the Company in each region were: 126 in East China, accounting for 36.73%; 47 in Central China, accounting for 13.70%; 49 in Southwest China, accounting for 14.29%; 20 in North China, accounting for 5.83%; 64 in Northeast China, accounting for 18.66%; 18 in Northwest China, accounting for 5.25%; and 19 in South China, accounting for 5.54%.

(3) Employee Promotion

Autostreets attaches high importance to the career development and promotion of employees, aiming to provide fair and transparent career development opportunities for employees. Therefore, Autostreets has elaborately formulated the *Autostreets Employee Promotion and Transfer System* and other related systems, which clearly regulate the basic operating procedures and rules for employee promotion and transfer, aiming to create a clear career development path for employees and help them realize their personal values and career aspirations within the enterprise. In order to ensure that newly promoted managers can adapt to the new role and effectively perform the management duties, Autostreets has tailor-made training programs for newly promoted managers at different levels. These training programs cover a wide range of aspects such as management concepts, team building, communication skills, etc. Through systematic training and practical guidance, they help managers to quickly improve their management skills and integrate into their new work roles.

(4) Employee Treatment and Welfare

Autostreets has always been committed to creating a healthy, harmonious, and caring working environment for the employees, placing the well-being of the employees at the centre of the Company's development. The Company operates a standard working hour system, i.e., 5 days a week and 8 hours a day, to ensure that employees have sufficient rest time and maintain a work-life balance. In addition to employees enjoying national statutory holidays such as two-day weekend, statutory holidays, marriage leave, bereavement leave, maternity leave, paternity leave, etc., the Company also strictly enforces the annual leave system in line with the national *Regulations on Paid Annual Leave for Employees and the Measures for the Implementation of Paid Annual Leave for Enterprise Employees*, to ensure that the employees are able to fully enjoy the right to paid leave, alleviate the pressure of work, and improve the quality of life.

1) *Holiday leisure: Warm benefits bring a joyful time*

The Company will carefully plan activities and prepare benefits for every important festival in Autostreets, so that employees can fully feel the care and warmth of the enterprise. At the Spring Festival, the Company issues carefully selected food gift boxes for each employee, which contain all kinds of nuts, candies, pastries, etc. These foods are not only the enjoyment on the tip of the tongue, but also carry the wonderful blessings of the New Year, so that the employees can spend the festive season with their families with the full flavor of the New Year and the joy of it. When it comes to the Mid-Autumn Festival, the mooncake gift box becomes a carrier for conveying warmth. The mooncakes inside the exquisite package come in a variety of flavors to satisfy the preferences of different employees, so that everyone can feel the reunion atmosphere of the Mid-Autumn Festival while tasting the mooncakes. And on Christmas Day, the Company organized a fun desktop bowling activity, where staff gathered together after work to participate in the game in a relaxed and pleasant atmosphere, with laughter and cheers, which not only relieved the pressure of work, but also enhanced the relationship between colleagues, so that everyone could spend a vibrant Christmas in joy.

Christmas Table Bowling Event

2) *Women's Day: Public Health Checkups to Protect Women's Health*
On the special day of Women's Day, Autostreets has always been mindful of the health and well-being of female employees, and actively organized female employees to participate in the street's public welfare physical examination activities. This activity focuses on the key areas of women's health, mainly focusing on screening for common gynecological diseases such as gynecological diseases and breast diseases. At the site of the activity, professional medical staff were conscientious and responsible, and with the help of advanced medical equipment, they carried out detailed examinations for each participating female employee. Through this public welfare medical checkup activity, the female employees had a clearer understanding of their own health status and enhanced their health awareness.

Street Women's Public Welfare Physical Examination Activity

3) *Healthy living: badminton competition to enhance team cohesion*
Autostreets actively promotes a healthy lifestyle and enhances the physical fitness and team cohesion of its staff by organizing colorful sports activities. The Company held sports activities such as badminton competitions at the right time, which attracted the active participation of many employees. The atmosphere of the competition site was enthusiastic, and the employees sweated on the field, showing a positive mental outlook and excellent ball skills. Through such activities, Autostreets not only provides a platform for employees to show themselves, but also promotes communication and cooperation among employees and creates a healthy and harmonious corporate culture atmosphere.

Badminton Competition

2. Health and Safety

Autostreets highly values the health and safety of its employees and has always made safeguarding the well-being of its employees a top priority in its corporate development. The Company is in strict compliance with the *Labour Law of the People's Republic of China*, GB/T 45001-2020, ISO 45001, and other authoritative standards at home and abroad, and has established a comprehensive and efficient employee health and safety management system. We ensure the safety of our employees through scientific planning of vehicle routes, avoiding the mixing of pedestrian and automobile lanes, equipping with weatherproof assessment tents, guaranteeing the safety of operations, etc. During the three-year period from 2022 to 2024, there were 0 work-related deaths in Autostreets, and the number of workdays lost due to work-related injuries was 0. This data fully demonstrates the unremitting efforts and remarkable achievements of the Company regarding occupational health and safety. On top of that, we will make continuous improvements, conduct regular safety training, and continuously optimize the working environment to create a safe, healthy, and comfortable working environment for our employees. In addition, Autostreets pays the full amount of basic medical insurance for all employees in strict compliance with the requirements of relevant national policies to ensure that the medical insurance coverage rate reaches 100.00%.

3. Development and Training

Autostreets has always placed employee development and training at the forefront of its corporate strategies, knowing that the growth and improvement of its employees is the core driving force that keeps the Company advancing. In 2024, Autostreets invested RMB80,649.00 in training throughout the year, aiming to provide employees with extensive and high-quality learning resources to help them continuously improve their professionalism and comprehensive abilities. A series of training-related policies, such as the *Autostreets Employee Training Management System and the Autostreets — Safety Training and Education Strategies*, have been established. In the allocation of training resources, Autostreets thoroughly considered the different needs of different employees and segmented the training into multiple modules, such as general, professional, management, competence, risk control, and new generation. The training courses were tailored to the characteristics and business needs of employees at different levels, helping employees at all levels to bring greater value in their respective posts.

Autostreets highly values the professional development and skill improvement of its employees and actively provides diversified training programs. In 2024, the Company successfully organized several types of training courses to meet the needs of different posts. Among them, the auction appraiser job training provided employees with the opportunity to enhance their professional appraisal skills and helped them better grasp the industry standards and operational procedures; the chauffeur-driven compliance supplementary class ensured that the chauffeurs were familiar with and strictly comply with the relevant laws and regulations, and improved the quality and safety of their services; and the training in cybersecurity knowledge strengthened the employees' awareness of information security, and protected the data security of the Company and the clients.

In 2024, there were a total of 54 training sessions throughout the year, including 3 appraiser certification trainings, each of which consisted of 16 hours of theoretical training and 4 hours of hands-on training. There were 30 new senior appraisers. The total length of training was 4,719.50 hours, and the total number of trainees was 2,944, with a per capita length of 1.60 hours; 2,535 men were trained, with a training participation rate of 86.11%, and a per capita length of 1.64 hours; and 409 women were trained, with a training participation rate of 13.89%, and a per capita length of 1.36 hours. According to employee classes, 38 senior management trainees accounted for a training participation rate of 1.29% and a per capita length of 1.64 hours, mainly focusing on strategic leadership and front-line trends in the industry; 534 middle management trainees accounted for a training participation rate of 18.14% and a per capita length of 1.25 hours, further strengthening management skills and teamwork; 2,372 grass-roots employees accounted for a training participation rate of 80.57% and a per capita length of 1.68 hours, focusing on enhancing professional skills and job competency. These trainings covered employees at all levels and positions in the Company, ensuring that each employee has access to appropriate learning and development opportunities.

4. Labor Standards

Autostreets highly values corporate social responsibility and operational compliance, and has implemented the concept of fair and legal employment throughout the entire process of human resource management. Autostreets has always upheld the concept of open and inclusive hiring, and clearly emphasized in the *Personnel Recruitment Management Rules* that it resolutely prohibits discriminatory acts based on any factors such as nationality, race, gender, religious beliefs, etc., and is committed to creating a fair and diversified working environment. At the same time, the Company has zero tolerance for serious illegal employment practices such as forced labor and the use of child labor (including interns). Before an employee joins the Company, human resource reviewers will confirm the employee's true age through ID card information, verify the employee's willingness to work, and guide the employee to sign the labor contract and related employment documents in duplicate to ensure that the Company's employment practices are in full compliance with laws and regulations, and that the Company's commitment to social responsibility is demonstrated through practical actions. During the reporting period, the Company did not employ any child labor or forced labor, fully demonstrating Autostreets' strong determination and active practice in complying with labor regulations.

Autostreets has built a comprehensive human rights risk response system. Once Autostreets discovers that there are cases of child labor or forced labor, it will immediately take a series of earnest and comprehensive measures. First, the relevant violations would be stopped immediately so that child or forced laborers could be removed from the working environment and properly isolated for protection and ensuring their personal safety. At the same time, it is reported promptly to the local labor inspection department or the corresponding law enforcement agency, providing truthful and detailed information involving child or forced laborers, and completely cooperating with the law enforcement agency's investigations by proactively submitting attendance records, documentation of the recruitment process, and other relevant information. In the case of child or forced laborers, professional medical examinations will be arranged, and their guardians and families will be proactively contacted to ensure that they are sent home safely; if the child laborer has not yet completed his or her compulsory education, every effort will be made to assist him or her in returning to school or to provide him or her with the necessary resources to support his or her education. Within the Company, an in-depth inspection should be conducted to thoroughly investigate possible loopholes in the recruitment process, strengthen the training of human resources department and managers at all levels on labor laws and regulations, and set up an effective internal whistle-blower mechanism to protect the rights and interests of the whistle-blower and his/her safety. In addition, all penalties stipulated in the law, such as possible fines, will be enforced strictly; and in the event of injuries to forced or child laborers, the medical expenses and corresponding compensation will be borne voluntarily. This series of initiatives ensures that Autostreets strictly complies with laws and regulations and effectively protects the legitimate rights and interests of workers.

5. Supply Chain Management

Autostreets adheres to the concept of sustainable development, and is committed to building an efficient, transparent and green supply chain management system, taking compliance as the cornerstone, practicing the concept of green procurement, and actively leading the upstream and downstream enterprises in the industry chain to march towards the road of sustainable development together. To this end, the Company has formulated internal systems such as the *Supplier Admission Measures* to establish a well-developed supply chain whole-process management system covering supplier admission, auditing, performance management, and withdrawal mechanisms. At present, Autostreets has reached in-depth cooperation with more than 7,800 4S stores across the country, of which, 40.38% in East China; 11.80% in Central China; 13.89% in Southwest China; 12.80% in North China; 5.18% in Northeast China; 6.27% in Northwest China; and 9.68% in South China[7]. The Company's contracts with both upstream dealers and downstream service providers contained customary requirements for the safety of employees' lives and properties, the quality of services rendered, and data processing. Separate clauses were included in the areas of anti-corruption and bribery, and anti-money laundering to facilitate the supervision of Autostreets, as well as the requirements for the suppliers to affix their seals or signatures to confirm. By strictly controlling each step of the process, the Company ensures that its suppliers strictly comply with laws and regulations in terms of environmental protection, social responsibilities, and corporate governance, effectively reducing potential risks in the supply chain and building a solid foundation for the steady development of the Company.

(1) Developing Together with the Industry

The Company has always viewed promoting the collective development of the industry as its mission and commitment, and has actively participated in various industry events, working hand in hand with elites from all walks of life to contribute to the prosperity of the second-hand vehicle industry, breathing and growing together with the industry, and marching towards a more glorious future.

In July 2024, the Company participated in the 2024 China Second-hand Vehicle Conference "Strengthening the Foundation by Faith, Proceeding Greatly by Heart" organized by the China Automobile Dealers Association. The Company's senior representatives attended the "2024 China Second-hand Vehicle Industry Development Forum", sharing insights with many colleagues in the industry, talking about the development of domestic second-hand vehicles, and promising a bright future together. Autostreets actively spoke out in the forum to make suggestions for the development of the industry, showing the Company's commitment to the industry.

In August 2024, the launching ceremony of the strategic cooperation between the Company and Suzhou Second-hand Vehicle Industry Association was held at Autostreets' Suzhou Second-hand Vehicle Auction Service Center. Senior appraisal trainers from Autostreets were on-site to conduct training for representatives from the association, covering knowledge related to the Consignors' Minor Program and the EQS. Through this cooperation, Autostreets shared its advanced technologies and experiences with the association members, helping to improve the overall performance of the industry and promote the healthy development of the regional second-hand vehicle market.

[7] The number and distribution of suppliers is commercially sensitive and therefore only percentages are disclosed.

In October 2024, the Company participated in the second China Motor Vehicle Auction Industry Conference "New Dynamic Energy Plays New Music". The Company's executive representatives delivered a keynote speech on *Excellent Platform, Leading Service — Practice and Exploration of Autostreets* at the conference, sharing Autostreets' innovative practice and successful experience in the field of second-hand vehicle auctions, which provided the industry with useful reference and guidance, and further enhanced Autostreets' influence in the industry.

In November 2024, senior representatives of the Company attended the 2024 China Automobile Dealers Annual Meeting and Expo. In this business event, Autostreets and its peers jointly discussed the changes of the times and endeavored to start a new chapter. The Company's senior management actively participated in the discussion, contributing wisdom and strength to cope with the challenges of the industry and grasp the opportunities for development, demonstrating the leading role of Autostreets as a leading enterprise in the industry.

By actively participating in activities in the industry, Autostreets not only strengthens communication and cooperation with peers, but also provides impetus and support for the innovative development of the second-hand vehicle industry. In the future, Autostreets will continue to uphold the spirit of openness and cooperation, and join hands with all parties to jointly promote the second-hand vehicle industry towards a new journey of high-quality development.

2024 China Second-hand Vehicle Conference

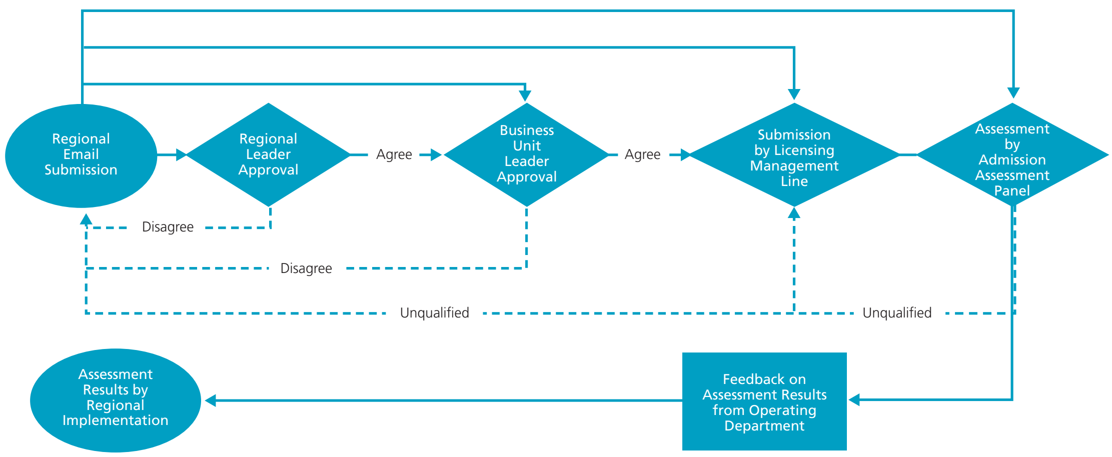
Launching Ceremony of the Strategic Cooperation with Suzhou Second-hand Vehicle Industry Association

The Second China Motor Vehicle Auction Industry Conference

2024 China Automobile Dealers Annual Meeting and Expo.

(2) Whole Life Cycle Management of Supply Chain

In today's challenging business environment, organizations must focus on supplier management if they are to achieve sustainable growth. We have developed policies related to the whole life cycle management of the supply chain, such as the *Admission for Licensed Suppliers*. Starting with pre-admission screening, strict criteria are set, requiring the submission of multiple qualified non-individual business suppliers with detailed business information. The application process involves multiple approvals and careful scrutiny by the assessment panel to ensure that the suppliers admitted are capable of delivering high-quality services. In the supply chain contract review process, in addition to business department review and management approval, the Company's legal department and audit department will also give a written opinion on the possible risks of the contract in the process. Among other things, the audit department will carry out the whole process supervision before, during, and after the bidding, contract signing, and actual implementation of the suppliers. In the cooperation stage, the standardized OA application and agreement signing clearly define the rights and obligations of both parties. In all the agreements with suppliers, strict inspection requirements are made on the vehicle condition to ensure that the vehicles auctioned on the platform are in good condition, which indirectly improves the environmental friendliness of the second-hand vehicles. In the course of the cooperation, the continuous focus on the business data is used to supervise the suppliers. Through this well-developed system, Autostreets has guaranteed the stable development of the licensing business, enhanced its competitiveness, and provided valuable reference for other enterprises in the area of supplier management.



Admission Flowchart for Qualified Suppliers

(3) Supply Chain Integrity Management

Autostreets is well aware that in the development process of the automotive industry, cooperation between companies is crucial, and integrity is the cornerstone of maintaining a good cooperative relationship. In external procurement, the Company clarifies the management principles and puts forward strict requirements on dimensions such as integrity, social responsibilities, and the environment to regulate the supplier behaviors and promote the healthy and orderly development of the supply chain ecosystem. At the same time, we provide suppliers with an anti-corruption reporting channel, which clearly presents information on the scope of report acceptance and specific reporting requirements.

6. Product Liability

(1) Customer Trust

Autostreets has always regarded customer trust as the lifeblood of business development and is committed to providing customers with a high-quality, reliable service experience. In 2024, Autostreets has served more than 55,000 customers. While steadily expanding its business scale, Autostreets has always placed customer satisfaction at the core of its business and established a systematic customer feedback response mechanism. A total of 1,710 customer complaints were received throughout the year, which were mainly focused on vehicle condition disputes. However, with an efficient customer service mechanism and a professional response team, the complaint settlement rate achieved 97.90%. This fully demonstrates Autostreets' dedication to customer concerns and its ability to actively solve problems, which effectively protects the legitimate rights and interests of customers and has won customer recognition.

(2) Product Quality Control

Autostreets strictly controls the quality of each vehicle to ensure that every car purchased by customers meets the highest standards. In 2024, Autostreets achieved remarkable market trading results, with a total of over 170,000 gasoline vehicles, nearly 1,000 diesel vehicles, and more than 7,000 new energy vehicles, representing a transaction amount of more than RMB5.717 billion. Behind such a huge volume of transactions, Autostreets has achieved the outstanding result of not having any vehicles returned due to safety, quality, or other issues by virtue of its strict vehicle screening and inspection process, as well as its professional after-sales service team. By controlling the source of vehicles, we ensure that vehicles entering the trading process have legal and compliant formalities; by using advanced equipment and professional technicians to conduct meticulous testing of the vehicle's appearance, performance, and mechanical parts, we do not spare any potential hidden dangers; and by continuing to follow up the after-sales service after the transaction to respond to the customer's feedback in a timely manner, we ensure the long-term and stable use of the vehicle.

(3) Management of Product Recycling

Autostreets is well aware of the fact that the second-hand vehicle product recycling process is a key step in safeguarding the quality of the vehicles and maintaining the reputation of the brand, and has always been committed to providing customers with high-quality second-hand vehicles by taking a highly responsible attitude and controlling this process in all aspects. Autostreets takes full advantage of the EQS inspection and evaluation system. The system only takes 40 minutes to complete a rapid inspection and issue an authoritative assessment report, in which a clear and visual 3D report to detect damages, allowing the vehicle condition to be clear at a glance. The system has set up five categories of inspection items, 160+ inspection points, and added three electric system evaluations for new energy vehicles to ensure a comprehensive and detailed inspection for all types of vehicles. The percentage of EQS inspection and evaluation system-certified vehicles reached 60%. The Company's strict control of the second-hand vehicle product recycling process not only reflects Autostreets' persistent pursuit of product quality, but also allows customers to be more assured when purchasing a vehicle, and effectively feel Autostreets' professionalism and commitment to the industry of second-hand vehicles.

(4) Intellectual Property Management

Intellectual properties are the core competitiveness of Autostreets, which is a "necessity" for innovation and development. The Company recognizes the importance of intellectual property protection and follows the *Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China*, and other laws and regulations related to intellectual property rights in its business locations. The Company protects its own intellectual properties and at the same time, it fully respects the intellectual properties of others. To this end, we have formulated a series of relevant systems, such as the Intellectual Property Management System, to carry out whole life cycle management of intangible assets such as patents, trademarks, copyrights, etc., to regulate the management of the Company's intellectual properties from all aspects such as creation, protection, and utilization of intellectual properties, and to safeguard the security and integrity of the Company's intangible assets.

1) **In Terms of Patent Management.** Autostreets has a special position led by an individual who is familiar with the value of patents, the method of writing them, and the filing process. This position develops annual patent completion plans and drives patent precipitation. Throughout the application process, this individual serves as the overall interface within the group, coordinating resources from all parties to ensure the smooth progress of the application. At the same time, he also undertakes the important task of organizing internal patent training and publicity, and is committed to enhancing the patent awareness of team members, so that everyone fully understands the importance of patents for the development of enterprise innovation and the construction of core competitiveness.

2) **In Terms of Trademark Management.** Autostreets strictly abides by the *Trademark Law of the People's Republic of China* and other relevant laws and regulations, safeguarding its own trademark rights and interests while respecting the trademark rights of others. During daily operations, the Company focuses on the standardized use of trademarks to avoid infringement. Once the Company discovers an infringement risk of its own trademark in the market, it will quickly take legal measures to safeguard the exclusive right to use the trademark and the brand image by sending warning letters and filing lawsuits to ensure that the brand value of the Company is not damaged in the market competition.

3) **In Terms of Software Copyrights.** After completing the software copyright application, Autostreets keeps the registration certificate and related application materials of the software copyright in case of subsequent inspection and protection of the rights. After obtaining a software copyright, the Company actively monitors the market to prevent infringement of the copyright. If an unauthorized use of the software is detected, legal action will be taken in a timely manner. In the process of software development, if the use of others' software is involved, the Company strictly complies with the relevant licensing regulations to avoid the risk of infringement. At the same time, encryption, digital signatures, and other technical means are utilized to strengthen the security protection of software and prevent it from being illegally copied, distributed, and modified. In addition, the Company also pays attention to changes in software copyright laws and regulations to ensure that the use and operation of its software comply with the latest regulatory requirements.

As of 2024, the Company has obtained a total of 8 invention patents and 54 software copyright certificates. These achievements are not only a strong proof of the Company's innovation strength, but also a solid testimony of Autostreets' continuous advancement under the strategic deployment of intellectual properties, which provides a strong impetus for the Company's continuous innovation and development.

(5) Consumer Privacy Protection

Autostreets is well aware of the importance of consumer privacy protection and views maintaining the security of consumer information as a core guideline for business operations. The Company has established a comprehensive Information Asset Security Management Measures in strict compliance with the laws and regulations such as the *Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China*, as well as the *Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services*. The measures cover all aspects of data collection, storage, utilization, and sharing to safeguard consumer privacy in all aspects. On top of that, for consumer privacy protection, Autostreets has also established the *Autostreets Privacy Rights Policy*, which specifies the categories and contents of users' personal information involved in each function, as well as the ways of collecting, using, sharing, transferring, disclosing, storing, deleting and transferring the data. The Company emphasizes the principle of consent from informed users, ensures the reasonable use and safeguarding of user information, and provides consumers with a transparent and safe online environment.

7. Anti-Corruption

(1) Business Ethics

Autostreets has zero tolerance for any corruption, and once irregularities are found, they will be dealt with seriously in accordance with the law. The Company's good reputation and market image will be maintained decisively. Autostreets strictly abides by relevant national laws and regulations, such as the Interim Provisions on the Prohibition of Commercial Bribery, which explicitly prohibit any form of corruption, bribery, fraud, and money laundering to ensure the legal compliance of business operations. In order to strengthen its internal management, the Company has continuously improved its institutional system by formulating and publishing internal systems such as the *Anti-Bribery and Anti-Corruption Policy and the Anti-Fraud Management System.* Through rigorous audit supervision and risk prevention and control mechanisms, key positions and business processes are regularly reviewed to identify and correct potential corruption risks in a timely manner to nip them in the bud. At the same time, the Company actively carries out anti-corruption training to enhance employees' legal awareness and business ethics, create a moral and ethical corporate culture, and eliminate corruption from the source.

(2) Whistle-blowing Mechanisms

The Company advocates "Anti-corruption and Supervision by All", and accepts whistle-blowing on business ethics and anti-corruption from internal and external stakeholders such as employees and outsiders through the establishment of a smooth, timely, and effective communication channel and feedback mechanism. To this end, the Company has formed a series of management regulations such as "Regulations for Enhancing the Code of Conduct for Auction Site Management", "Guidelines for Standardizing Auction Processes", "Guidelines for Managing Key Indicators of Auction Sites" and other management regulations, and set up an auction site signboard for monitoring and whistle-blowing. In order to guarantee the efficient, standardized, and fair handling of whistle-blowing information, the Company encourages real-name whistle-blowing. Employees of the Company and all parties in the society who have direct or indirect business relationships with the Company can submit complaints and reports on fraudulent behaviors to the Audit Department of the Company through various channels, such as whistle-blowing email: hr@autostreets.com, telephone: 400-821-8889, and face-to-face interviews. At the same time, the Company deeply recognizes the importance of protecting the rights and interests of whistle-blowers, and it is clearly stipulated in the *Anti-fraud Management System* that the staff of the Anti-fraud Office who accepts anonymous reports should be loyal to their duties and keep the secrets in all aspects such as acceptance of the case, registration, investigation, and storage. The Company has taken multiple measures to ensure the security of whistle-blower information and the content of the whistle-blowing, effectively preventing the risk of information leakage or loss, providing whistle-blowers with full-range protection, so that every supervisor can participate in anti-corruption actions without any hesitation.

Auction Site Signboard for Monitoring and Whistle-blowing

IV. AUCTION COMPLIANCE WITH TECHNOLOGY APPLICATION

1. Governance Structure

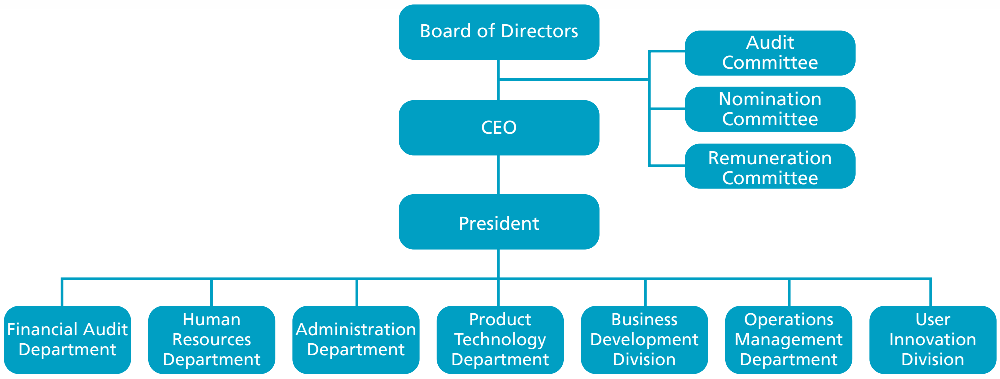
The respect for laws and regulations has been assimilated into the corporate DNA of Autostreets, which rigorously adhere to the *Company Law of the People's Republic of China*, among others, and conform to the regulatory rules of the Stock Exchange of Hong Kong for the capital market in an in-depth manner. The Company has established a robust, powerful, and efficient governance structure as a firm foundation for its sustainable development to secure steady progress in the fierce market competition, continuously create value for shareholders, customers, and society, and exhibit corporate responsibility and commitment.

(1) **Composition of the Board of Directors.** As of December 31, 2024, the Board of Directors of Autostreets comprises 9 directors, including 3 non-executive directors and 3 independent non-executive directors. There are 4 female directors, accounting for 44.44%. All members of the Board of Directors have a master's degree or above, aged from 35 to 63, and a tiered structure of senior, middle-aged, and young members is set up on that basis, which has not only pooled together extensive experience, but injected innovation and vitality as well to provide a more comprehensive and forceful lens for the Company's development. The members of the Board of Directors are equipped with diverse professional backgrounds covering a wide range of key areas such as finance, financial services, and business administration. With diverse professional perspectives and profound wisdom in decision-making, the Board of Directors has the capacity to provide the Company with comprehensive and professional guidance and effectively enhance corporate governance levels to secure solid intellectual support and fully guarantee decision-making pertaining to the Company's healthy and stable development.

Board of Directors Information Table

Name	Gender	Age	Position	Educational qualification	Professional committee appointments
Yang Aihua	Male	63	Executive Director	PhD in Applied Finance	
Yang Hansong	Male	62	Executive Director	PhD in Applied Finance	Chairman of the Nomination Committee
Gao Kun	Female	48	Executive Director	Master of Finance	
Rob Huting	Male	57	Non-executive Director	Master of International Business	
Yang Chuyu	Female	35	Non-executive Director	Master of Risk Management	
Zhu Yi	Female	48	Non-executive Director	Master of Finance	
Wang Jianping	Male	60	Independent Non-executive Director	Master of Business Administration	Chairman of the Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee
Li Mochou	Female	43	Independent Non-executive Director	PhD in Accountancy	Chairman of the Audit Committee, Member of the Remuneration Committee
Yan Jun	Male	60	Independent Non-executive Director	Master of Management	Member of the Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee

(2) **Routine governance of the Board of Directors.** Under the principle of putting equal emphasis on professional competence and a sense of responsibility, the Company conducts careful selection and rigorous assessment to ensure the professionalism and stability of the leadership. The Company sets great store by the improvement and optimization of its corporate governance structure by clarifying the roles and functions of directors, further refining the scope of responsibilities and powers of the Board of Directors and professional committees, and clearly establishing the procedures for shareholders' nominees to stand for election as directors, so as to ensure the scientific and transparent corporate governance. Autostreets, as a company successfully listed on the Stock Exchange of Hong Kong in May 2024, has demonstrated a remarkable and standardized implementation of corporate governance. In 2024, the Company held 1 General Meeting, 2 Board of Directors meetings, and 1 Audit Committee meeting. The attendance rate of the corresponding members of the Board of Directors and all professional committees was 100.00%, ensuring timely and effective decision-making of the Company, providing strong support for the Company's high-quality development, and safeguarding the interests of shareholders and investors.



Autostreets Organization Structure Chart

(3) **ESG Governance of the Board of Directors.** Guided by the national "Carbon Peaking and Carbon Neutrality" strategy, the Company keeps pace with the times and proactively embraces the global market's fervent call for sustainable development. Although a formal ESG-related management committee was not in place in 2024, the ESG principles have long been assimilated into the Company's bloodstream and have become part of regular strategic work. The Company has put in place a sustainable development organization system encompassing all auctions vertically and all functional departments horizontally, which serves as a solid foundation for the Company to integrate ESG principles into every aspect of its operations. Control from the source and implementation focusing on details are carried out to promote the green transformation of the industry on all fronts and build up momentum for the sustainable development of the society, enabling the Company to exhibit its social responsibility and commitment with practical actions and make steady progress toward a greener and more sustainable future.

In order to better implement the concept of sustainable development, the Company plans to develop a comprehensive three-tier ESG management system in 2025. The Board of Directors will lead the concerted efforts of the management and stakeholders to jointly formulate ESG targets and the KPI system in line with the SMART principle and establish a regular reporting mechanism to require the management to submit an ESG report containing progress of the targets and the completion of key indicators. Through the review and comparative analysis at the level of the Board of Directors, it is necessary to identify gaps and opportunities for further improvement and discuss strategy effectiveness in specialized meetings in an in-depth manner, so as to provide targeted guidance to the management. The specific hierarchical structure is as follows:

The proposed responsibilities for each tier are as follows:

ESG Committee: It will serve as the core decision-making level of the ESG management system and comprise the Company's top management. The Committee is responsible for steering the strategic direction of the Company's sustainable development and coordinating the overall development. It will conduct comprehensive and in-depth assessments and deliberation of the Company's sustainable development efforts on a regular basis, involving material topics such as the progress of major projects, the achievement of annual operational indicators, and the preparation and execution of annual budgets. With its excellent strategic vision and extensive management experience, it will provide far-sighted recommendations and decisions for the Company's sustainable development, ensuring corporate development in synergy with the national "Carbon Peaking and Carbon Neutrality" strategic goals and in step with the global trend of sustainable development.

ESG Working Group: It consists of key management personnel from various functional departments of the Company and is the backbone of the ESG management system. Group members will conduct in-depth internal discussions and research on core business areas such as customer audits, compliance management, risk management, health and safety, and supplier management. The Working Group will leverage its professional advantages to conduct precise analyses on issues related to the sustainable development of all sectors and work out targeted solutions and improvement measures. It will hold regular meetings to fully communicate on the progress of work and the difficulties of the issues and report the discussion results and suggestions to the ESG Committee in a timely manner, enabling the Committee to be kept informed of the details of the Company's sustainable development efforts in real time and thereby be strongly supported in decision-making.

Daily Task Force: It is the grassroots implementation unit of the ESG management system, which consists of key employees from each business module and is responsible for the daily promotion and coordination of the sustainable development of Autostreets. It will ensure the integration of ESG principles into every aspect of the Company's daily operation, ranging from the optimization of specific business processes to the implementation of sustainable development measures. Through close collaboration with the ESG Working Group, it will provide timely feedback on issues and challenges in the course of implementation, and at the same time actively implement the decisions and deployments made by the Committee and the ESG Working Group, so as to build a solid foundation for the Company's sustainable development.

2. Anti-Corruption and Integrity System

With a high degree of political consciousness and a strong sense of responsibility, as always, the Company has advanced the construction of an anti-corruption and anti-fraud system with unswerving faith and pragmatic action. It is deeply aware that integrity is the cornerstone of corporate development, as well as the core of safeguarding the Company's benefits and the shareholders' rights and interests. It has adopted a wide range of measures, such as system optimization, enhanced supervision, and intensified education, to regulate the integrity of management personnel and all employees in a comprehensive manner, build a strong defense against corruption with great resolve, providing guarantee for high-quality development of the Company and setting a good example of integrity and honesty to the industry at large. The Company has established a series of systems, including *Anti-Bribery and Anti-Corruption Policy, Anti-Fraud Management System, Autostreets Anti-Money Laundering Management Policy, Sanction Compliance Policy*, and so on. These systems not only specify the requirements for employees, suppliers, and other business partners in anti-corruption, but also set out in detail the specific provisions pertaining to the strict prohibition of any form of bribery, which has built a solid barrier for clean and honest practices at the institutional level.

In daily management, the Company uses the *Employee Handbook* to further clarify the code of integrity, confidentiality, and competitive restriction, management of non-compliance and violations of discipline, and other relevant rules, which have drawn a clear red line for employees' behaviors. Meanwhile, the Company has signed the *Commitment Letter on Prevention of Commercial Bribery* with all employees who solemnly pledged to strictly abide by national laws and regulations, and the Company's rules and systems, resolutely resist commercial bribery, refrain from seeking improper benefits through their positions, and effectively safeguard the Company's interests.

During the reporting period, the Company strictly complied with all relevant laws and regulations that exerted significant influence on the Company (including but not limited to the relevant provisions of the *Criminal Law of the People's Republic of China* on the offenses of accepting bribes and offering bribes, as well as the relevant provisions of the *Anti-Unfair Competition Law of the People's Republic of China* on commercial bribery). During the reporting period, the Company and its employees were not involved in any legal cases of corrupt behaviors, nor did they receive any reports of corruption or bribery incidents.

During the reporting period, the Company carried out 2 special compliance trainings for specific employees of the business management department. The trainings analyzed the harm and consequences of non-compliance in depth by citing practical cases, which functioned as an effective warning through warning cases, further strengthened the employees' awareness of compliance, and built up the ideological foundation for the steady and sound development of the Company.

3. Risk Management and Control

China's automotive industry is at a critical moment of rapid transformation and development, wherein a lot of factors have posed potential challenges to the Company's established business and market confidence, such as the overall development trajectory of the industry, fluctuations in the sales and prices of new vehicles, the growth in the use of new energy vehicles, the continued optimization of the public transportation network and other means of transportation, the changes in consumer acceptance of second-hand vehicles, as well as price fluctuations in energy costs (including fuel price) resulting from geopolitical conflicts. In the face of these complex and volatile internal and external environments, the Company deeply recognizes that mature risk management systems and sound internal controls are the guarantee to address risks and achieve stable operation The Company has always strictly adhered to the requirements of relevant laws and regulations, intensified risk management and control on an ongoing basis, and continuously improved the internal control management system and mechanism. A systematic risk identification, assessment, and response mechanism is established for the Company to precisely capture market dynamics and respond to various risk challenges in a scientific manner. These initiatives not only facilitates the Company's maintenance of its firm strategic resolve in the face of the complex and changing market environment, but also provides a solid guarantee for its sustainable and stable operation, thereby making steady progress amidst the wave of changes in the industry and embarking on a new journey of high-quality development.

(1) Risk Management Structure

The Audit Committee is responsible for the implementation of the Company's risk management, which is ultimately overseen by the Board of Directors. For the risks identified by the management, the Audit Committee conducts a comprehensive analysis based on the possibility of risk occurrence and the extent of their potential impact. On this basis, the Audit Department, as the specific executive department under the Audit Committee, will collaborate with other relevant departments to appropriately follow up, mitigate risks in an effective manner, and implement corrective actions, and the relevant work progress will be reported to the Board of Directors in detail on a regular basis. The Audit Committee reviews and oversees the Company's financial reporting process and internal control system. At the same time, the Audit Committee will conduct special investigations into any possible fraud, corruption, and non-compliance, and firmly uphold the authenticity of the Company's financial report and the effectiveness of its internal controls. To ensure the Company's operation in strict compliance with the Listing Rules, the Audit Committee has established a well-developed policy framework covering key areas such as risk management, related transactions, and information disclosure. This policy system develops a standardized compliance mechanism as an institutional guarantee for regulating the corporate governance structure, enhancing operational transparency, and preventing operational risks, thereby laying a solid foundation for the sustainable development of the Company. In its daily work, the Audit Committee focuses on the financial reporting and management processes of the Company's auctions to ensure their accuracy and compliance.

(2) Improvement of Internal Audit Management

The Company highlights the implementation and management of internal audit. To this end, the Internal Audit System has been established to reinforce the Company's risk management and control in an effective manner, enhance the effectiveness of internal operations and management across the board, and advance its internal audit management toward a more standardized and normative level. The system defines the role of the Audit Department as the core responsible body of internal audit and the authorization of its functional positioning to independently exercise the right to audit to ensure the audit objective, impartial, and efficient. Furthermore, the system nails down the detailed scope of authority of the internal audit institution, stipulates the procedures and contents of internal audit work, and provides clear guidance and strong guarantees for the audit. In the internal control system structure of the Company, the internal audit, with professionalism, independence, and authority, gives full play to its different functions of oversight, evaluation, and recommendation, securing the Company's steady operation.

The Company adopted the two-pronged approach of system control and institutional design and focused on the key segments affecting operational indicators to carry out the audit on all fronts in 2024. The Audit Department gave full play to its oversight function and deeply integrated beforehand prevention into the work of all functional departments based on the *Complaint and Whistleblowing Management Regulations and Procedures of Autostreets* and the improved whistleblowing and oversight mechanism to keep updated with employees' non-compliance and violations of discipline in an all-round way without any dead ends. The Company dealt with two reported cases of employee non-compliance and violations of discipline in an efficient manner in 2024, which effectively guaranteed its healthy and orderly operation, built a solid line of defense for fostering a clean and upright corporate environment, and fully demonstrated the key role of the Audit Department in supporting corporate governance and risk prevention and control.

(3) ESG Risk Identification

The Company has always adhered to a high sense of social responsibility and firmly maintains that environmental, social, and corporate governance (ESG) is a core element of its sustainable development and success. ESG risk identification is an important part of the Company's sustainable development management, which will be implemented by the Company in the following two ways:

1) Internal Management-Based Identification

a. **Brainstorming:** Organize an inter-departmental meeting within the Company, including the management, production department, human resources department, legal department, and other relevant personnel, to discuss the possible ESG risks; identify risks from multiple perspectives based on the expertise and work experience of personnel from different departments.

b. **Historical data analysis:** review past events of the Company, such as accidents, complaints, and lawsuits, to analyze possible ESG risk factors; at the same time, analyze financial data to identify changes in ESG risk-related indicators, such as increased environmental protection investment possibly implying greater difficulty in environmental risk management and control, and expenditure fluctuations of employee benefits possibly reflecting potential issues pertaining to employee rights and interests.

c. **Key indicator method:** set qualitative or quantitative key indicators for monitoring and identifying changes in existing risks, e.g., monitoring indicators such as carbon emissions, employee turnover, and safety accident rate to identify potential ESG risks once abnormal fluctuations occur.

2) External Environment-Based Identification

a. **Interpretation of regulations and policies:** pay close attention to ESG-related laws and regulations, policies, and industry standards issued by national and local governments. Changes in regulations and policies usually result in new ESG risks for companies. For example, more stringent environmental regulations may expose companies to higher environmental governance costs and compliance risks, and revised labor laws and regulations may require companies to adjust their employee management policies to avoid legal disputes.

b. **Industry comparative analysis:** research the ESG practices and risk events of peer companies, analyze the ESG risks for competitors or industry-leading companies, and identify possible similar risks in light of the Company's actual conditions. Referenced materials include industry reports, CSR reports, etc.

c. **Stakeholder feedback collection:** proactively solicit feedback from stakeholders, including shareholders, employees, customers, suppliers, community organizations, and NGOs. These stakeholder groups can identify ESG issues of the Company from diverse perspectives, e.g., shareholders may be concerned about corporate governance structure and financial transparency, employees may provide feedback on the working environment and career development, and community organizations may comment on the Company's environmental impact and social contribution.

4. Tax Transparency

In terms of tax management, the Company has always adhered to a high sense of responsibility and the transparency principle. It has disclosed tax-related information to the public in a comprehensive and timely manner through multiple channels, such as regular reports and disclosures of material matters. It ensures the legitimate and standardized tax treatment in strict compliance with national tax policies. Meanwhile, an independent financial accounting system is the basis for the Company to fully ensure the accuracy and transparency of financial data. The Company is also active in close engagement with investors and highly responsive to market concerns in a timely manner, further building up investors' trust in its tax management.

5. Investor Relations Management

With respect and responsibility for investor relations, the Company has followed the principles of openness, justice, and equity to establish an efficient, transparent, and remarkable investor relations management system with all its strength, with a view to building a bridge for unimpeded communication and frequent interaction between the Company and investors. To this end, a multi-channel, multi-tier communication system has been put in place, whereby investor engagement can be achieved through the official website of Autostreets, and the Company also discloses its operating results, financial position, and future plans to investors in the form of regular reports on the relevant websites to ensure that investors can access to information and exchanges in a convenient manner. The Company actively engaged in investor relations activities, e.g., the reception of dozens of potential and existing investors, with more than 200 visits and more than 50 receptions in 2024. It conveyed the Company's value and business updates to investors in a timely and accurate manner, but more importantly, further enhanced investors' trust and confidence in its operation and management.

6. Information Security and Privacy Protection

(1) Information Security

The Company maintains strict compliance with the laws, regulations, and industry rules, such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China*, and spares no efforts to establish and continuously optimize a comprehensive information security and privacy protection management system.

1) Information Security Management Structure

The Company has set up frontline teams such as the Information Security Management Team, the Network and Information Security Office, and the Emergency Response Team to take full charge of the Company's information security and privacy protection. The Company has established comprehensive *Safety Training and Education Strategies* to constantly intensify employees' awareness of information security and improve their information security management capability with the support of the information technology personnel training system. Security awareness education and training have been combined with the Company's appraisal, and the appraisal results will directly determine the qualification for technical personnel in key positions. The Company conducted the cybersecurity training to deepen employees' awareness of information security in 2024.

2) *Information Security Management Initiatives*

The Company attached great importance to information security management and carried out a wide range of initiatives on all fronts to strengthen information security in 2024:

a. **Internal security system testing and assessment.** The Company organized comprehensive testing and attack and defense drills for its internal security system and conducted a thorough identification of potential security risks of the system by simulating real attack scenarios. Meanwhile, it implemented security assessments of the internal information system, utilized professional devices and technical methods to conduct an all-around scanning of the system, precisely locate information security loopholes, and fix the loopholes in a timely manner to ensure safe and stable operation of the system.

b. **Self-inspection and self-correction at the front and back ends.** The Company promoted close collaboration between business departments and information security teams to carry out self-inspection and self-correction at the front and back ends. The front-end work focused on account management and user information protection, specifically including: verifying accounts strictly to ensure the authenticity and legitimacy of accounts and prevent the use of illegal accounts; labeling user account information with clear scope of use and authority of the accounts to facilitate management and supervision; figuring out the location and information of account attribution for easy tracking and management; cleaning up harmful information along with the elimination of harmful information in the system in a timely manner to maintain a healthy network environment; desensitizing sensitive information, including sensitive information related to user privacy, to protect user privacy; updating the privacy policy in accordance with the latest laws and regulations and the Company's requirements to ensure operational compliance.

c. **Intensification of back-office work to reduce the risk of information leakage.** We took the following measures: de-identification of sensitive information and de-identification storage to reduce the risk of information leakage; weak password scanning in the system on a regular basis to remind users to modify them in time to improve account security; APP privacy compliance testing in a comprehensive manner to ensure compliance with relevant laws and regulations; multi-dimensional security system self-inspection in a comprehensive manner to ensure no dead ends in the system.

The Company identified 2 problems pertaining to authority control, which were of low risk and rectified in a timely manner in 2024.

3) *Information System Audit by a Third Party*

The Company engaged a third-party professional organization to conduct a comprehensive audit of its information security systems, such as the Autostreets Business System, in 2024. The external auditor did not identify any material deficiencies in management and control at the information system level.

(2) Privacy Protection

The Company has prioritized the rights and interests of users and privacy security, and provided protection for them with a high sense of responsibility and mission. It has established the *Autostreets Network Service Agreement* and the *Privacy Policy* to present our management and protection mechanism of user information for users in a transparent and clear way. In order to comprehensively consider business characteristics, security requirements, data relevance, data scope, degree of impact, data disclosure requirements, and other factors, the Company has formulated the *Autostreets Data Classification and Grading Guidelines* to classify various types of data, and on this basis, established complementary security management and prevention and control methods in consideration of the classification and grading results, including access control, data encryption and decryption, data desensitization, etc., and also developed complete plans for authorization and use.

1) **Attaching importance to the protection of user information, and strictly regulating the collection, use, sharing, transfer, public disclosure, storage, deletion, and cross-border transmission of user information and other operational processes.** From the initial collection of information to the final processing, each link is carefully designed and strictly controlled to ensure full compliance with national laws and regulations, and managed with the highest security standards to guard the security of user information in all aspects.

2) **Emphasizing the user's right to information and choice, and creating a transparent and fair environment for the use of information.** The Company ensures that the user is fully aware of the purpose, scope, and manner of use of the information, and that the user makes his or her own decision on whether or not to give consent. In terms of the use of user information, the Company not only improves the quality of service and optimizes the user experience, but also guards the security of user information in all aspects through advanced technological means and strict management measures to ensure the security and confidentiality of user information in the process of collecting, storing, transmitting and processing. The Company is well aware of the preciousness of users' trust, and therefore will continue to strengthen privacy protection measures, constantly improve information security management capabilities, and ensure that the rights and interests of users in the process of experiencing the Autostreets service are safeguarded to the greatest extent possible with higher standards and stricter requirements.

3) **During the Company's daily business operation, once the business model changes, which involves the modification of the privacy policy, the Business Operation Department will work together with the Information Security Team to carry out the review work, to check from multiple angles, to ensure the integrity of the process from privacy policy compliance to enforcement, to effectively safeguard the rights and interests of the users.** In the *Privacy Policy*, the Company clearly informs users of the methods and processes of information inquiry, correction, revocation of consent, deletion and cancellation, and makes it clear that no unreasonable conditions shall be set in response to the above customer needs, so as to protect the rights and interests of users with respect to their own data in all aspects. The Company strictly adheres to compliance requirements during the processing of information. Except for cases specified by laws and regulations, the Company will not share user information with other companies, organizations, or individuals outside of Autostreets without the user's individual consent. The Company provides necessary personal information of users to third parties that provide corresponding services only for the purpose of completing the services, and resolutely refrains from collecting information in excess of the scope and sharing information in excess of the purpose.

(3) Contingency Planning

In order to scientifically respond to information system emergencies, the Company has established a sound emergency response mechanism for information systems. The Company adheres to the principle of "timely response, quick solution, early prevention and process improvement", and has formulated a series of systems such as "Online Troubleshooting Measures" and "Information System Emergency Response Plan" to comprehensively build up a scientific, efficient and perfect information system emergency response mechanism, in order to effectively prevent, timely control and maximize the elimination of the harm and impact of all types of emergencies, and to provide good service support. The Company has a fine-grained categorization of all types of information system emergencies, and formulates emergency measures and plans for different scenarios to ensure that it can act quickly and accurately in the face of emergencies. In addition, key aspects such as the reporting time, response mechanism, handling process, and assessment mechanism for online faults are clearly and strictly defined.

In 2024, the Company carried out information system emergency simulation drills, which closely followed the key areas of network information security, focusing on a series of emergencies such as malicious code prevention, information security vulnerabilities, network intrusion, and network information security incidents. By accurately simulating real-world scenarios, the effectiveness of the emergency response mechanism was comprehensively tested and polished in depth, further consolidating the Company's emergency prevention, control, and management capabilities in the field of network information security. During the exercise, the Company optimized and improved the emergency incident handling mechanism in an all-around and meticulous way. From event monitoring and warning to emergency response activation, and from on-site disposal to post-event recovery, all links are closely connected and efficiently operated, just like precise gears rotating in concert to ensure the smoothness and efficiency of the entire emergency response process.

(4) Cybersecurity and Data Security Compliance

To further strengthen cybersecurity and data security compliance, the Company conducts security audits of the APPs. Within the system, employees work with data in strict accordance with the principle of rights management, ensuring that each employee has access only to the data necessary for his or her work. In addition, the Company applies data desensitization technology to sensitive information so that it can reduce the risk of data leakage without affecting business processes. All data processing behaviors are recorded in detail and can be audited at any time to ensure transparency and traceability of data operations. The Company has also formulated a rigorous application and approval process for scenario data to control data access at the source and effectively reduce the security risk of employees in the process of data processing.

In the data storage link, the Company adopts advanced checking technology and cryptography to encrypt and store the data to ensure the integrity and confidentiality of the data. The Company has implemented a comprehensive data disaster recovery and backup program, strictly manages storage media, and conducts data recovery tests on a regular basis to verify the reliability and availability of backed-up data and to ensure that data can be quickly recovered when faced with unforeseen circumstances.

During data transmission, the Company has adopted multiple security measures, including checksum technology, cryptography, and secure transmission channels or protocols, to ensure the integrity and confidentiality of data during transmission and to prevent data theft or tampering.

7. Standardized Marketing

(1) Standardized Marketing

In the field of marketing, the Company upholds a high sense of responsibility and compliance awareness, strictly follows the *Advertising Law of the People's Republic of China,* the *Anti-Unfair Competition Law* and other relevant laws and regulations, and has formulated the *Management System for Autostreets Website, Branding and Advertising* to comprehensively regulate advertising and sales behavior. The Company is committed to ensuring the absolute accuracy and high degree of consistency of information released to the outside world, and firmly prohibiting any form of false propaganda or excessive marketing behavior. The Company takes "integrity, innovation, professionalism" as the core concept of the brand to win the trust of customers and market recognition.

The Company attaches importance to product quality and controls every link from the source. To this end, the Company has formulated a series of systems such as *Autostreets Vehicle Source Development Business Management Standards, Collection and Distribution Business Operations Manual, Autostreets Inspection Standards, Vehicle Warehousing Standards*, and so on. These systems cover all operational aspects, including source development, guaranteed buyout program, used car business empowerment for 4S dealership, daily work of collection and distribution business, and acquisition and disposal process, to guarantee the standardization of the business in all aspects. In addition, the Company has clearly defined prohibited vehicle types for procurement. Any appraiser found violating this policy by acquiring such vehicles will be deemed grossly negligent and subject to strict disciplinary action without leniency.

The Company's self-developed ADMS system, BOS system, and OA system provide a strong technical guarantee for the authenticity and accuracy of the collection and distribution business, and ensure the transparency and traceability of the business process. In the auction process, the Company adheres to compliance and standardization as its service principles, and has formulated the *Autostreets Merchant Management Department Management Manual, Auction Standards, Auction Creation Standards, Auction File Management System, Autostreets Arbitration Disposal Rules* and other systems, which provide robust procedural support for orderly auction operations, ensuring full compliance with the principles of fairness, impartiality and transparency, while creating a secure and reliable trading environment for clients.

The Company's extreme pursuit of business quality has resulted in the deep integration of standardized marketing concepts into the performance appraisal system of its sales staff, which explicitly requires sales staff to strictly follow high standards of responsible marketing guidelines. In 2024, the Company conducted nearly 12 standardized marketing trainings, covering various key areas such as "Delivery Management Manual Training", "Auction Arbitration Application Process Training", "Frontline Customer Complaint Handling Standards Training", and "Merchant Complaint Management System Operation Manual Training", etc., with a cumulative total of 1,071 participants. Through systematic training courses, the Company further strengthened the sense of responsibility and compliance awareness of business personnel and built a solid foundation for the standardized marketing concept to take root. This series of initiatives not only enhances the professionalism of the sales staff but also establishes a good brand image in the fierce market competition, injecting a strong impetus for the sustainable development of the Company.

(2) Enhancing the customer experience

In order to continuously improve the user experience, Autostreets is fully committed to upgrading the system and optimizing the service process in 2024, to create a more efficient, convenient, and attentive car purchase and service platform, and to provide customers with a full range of high-quality services. In terms of customer experience activities, Autostreets has carefully planned and successfully implemented a series of exciting events.

In March, the Company launched its "Premium Auction Annual Pass Now Available! Exclusive Access to Curated Vehicles with White-Glove Service" campaign. Through the innovative Premium Auction Annual Pass program, customers gain exclusive access to rigorously vetted, premium vehicles while benefiting from end-to-end concierge services. This comprehensive solution safeguards customer interests from purchase to post-sale, delivering a worry-free, seamless vehicle acquisition experience.

In April, the Company launched its "Worry-Free Premium Auction: Enhanced Value, No Price Hike" campaign, extending quality assurance commitments to new levels. In an increasingly competitive market environment, Autostreets upholds uncompromising quality standards and brings customers real benefits through the strategy of marking up services and not increasing prices, ensuring that customers enjoy high-quality services without worrying about the increase in costs, and truly realizing worry-free car purchases.

In May, to express gratitude for customers' longstanding support and trust in Autostreets, the Company specially launched a new user registration discount activity. Through tailor-made exclusive benefits for new users, Autostreets not only welcomes new customers but also demonstrates its genuine commitment by offering tangible rewards, ensuring every newcomer experiences its care and embarks on a delightful automotive journey.

Through these activities, the Company has not only realized upgrades at the technical and service levels, but also made innovations and breakthroughs in customer experience, and is committed to becoming the most trustworthy automotive service platform in the hearts of customers.

V. DIGITAL TRANSFORMATION AND INDUSTRY EMPOWERMENT

Autostreets has significantly improved operational efficiency and enhanced information transparency through the comprehensive digitization of business processes. In the field of used car trading, Autostreets has built a complete set of the intelligent trading ecosystem through in-depth digital transformation. This ecosystem realizes the whole process of digital management and service upgrading from vehicle admission to final delivery. At the front end of the transaction, we have established an intelligent vehicle inspection system. The EQS inspection system not only automatically generates detailed inspection reports, but also has an intelligent reminder function. When the appraiser inspects the vehicle, the system automatically correlates the relevant inspection items to ensure that no critical details are missed. This intelligent assistance greatly enhances the accuracy and comprehensiveness of the test. In the transaction middle office, we realize the intelligent management of business processes. From the time a customer places an order online, the system automatically arranges for testing, logistics, and other subsequent stages. Especially in the key pricing link, our intelligent valuation system comprehensively considers multiple factors such as vehicle conditions and market conditions to provide reasonable price references for buyers and sellers, effectively balancing the transaction rate and revenue level. On the back end of the transaction, we optimize the delivery experience. After the vehicle transaction, the system will automatically handle the licensing procedures and intelligently assign tasks according to the service capabilities of each partner. Users can view the progress of the process in real time, and after completing the delivery, they can also self-order to arrange logistics. The whole process is smooth and convenient.

Improving value-added services to enhance user trust. We have also developed a number of value-added features to better serve our users. By interfacing with third-party data platforms, we can quickly access the vehicle's insurance and maintenance records to help users have a more comprehensive understanding of the vehicle's condition. In addition, based on user behavior analysis, our recommendation system is able to intelligently match the car sources that best meet the user's needs. In terms of user experience, our bidding platform provides a comprehensive display of vehicle information. High-definition pictures, video data, and complete inspection reports enable buyers to remotely understand the car's condition in detail, greatly reducing the problem of information asymmetry in traditional used car transactions.

This digital solution not only improves transaction efficiency but, more importantly, establishes a more transparent and trustworthy trading environment. By continuing to optimize all aspects of the process, we are driving used car trading in a more standardized and efficient direction. Moving forward, we will continue to deepen technological innovation to bring a better service experience to users.

VI. CREATING A GREEN FUTURE TOGETHER

1. Office Environment Management and Compliance

(1) *Objectives*

Establishing a perfect office environment management system to ensure that daily operations comply with national and local environmental regulations, avoid the risk of non-compliance, and promote green office practices.

(2) *Specific Measures*

1) Training and publicity of environmental protection laws and regulations: Regularly organizing staff training on environmental protection laws and regulations to strengthen the awareness of compliance and ensure that all staff comply with relevant laws and regulations.

2) Environmental compliance review: Conducting regular internal environmental inspections to assess compliance in business processes and identify and rectify potential violations in a timely manner.

3) Energy saving and consumption reduction initiatives:

   a. Implementation of a paperless office with electronic signatures and cloud-based collaboration tools to reduce paper consumption.

   b. Optimizing air-conditioning temperature settings and using LED energy-saving lighting to reduce energy waste.

   c. Procurement of reusable glass tea sets to reduce the use of disposable tableware.

4) Garbage classification management: Special recycling bins for recyclables, non-recyclables, waste batteries, and ink cartridges are set up to promote resource recycling.

2. Responding to Climate Change and Carbon Emission Reduction

(1) *Objectives*

Developing and implementing a carbon reduction plan to gradually reduce the Company's operational carbon emissions and help combat global climate change.

(2) *Specific Measures*

1) Promotion of new energy vehicles: Gradually replacing traditional fuel vehicles and prioritizing the use of new energy vehicles for internal transportation and distribution to reduce carbon emissions.

2) Enhancement of employees' awareness of environmental protection: Encouraging employees to participate in ecological protection activities such as tree planting and low-carbon travel to enhance the concept of sustainable development.

3. Green Mobility and Promotion of New Energy Vehicles

(1) *Objectives*

Advocating green mobility, increasing the proportion of new energy vehicles in circulation in the used car market, and promoting the development of sustainable transportation.

(2) *Specific Measures*

New energy vehicle auction cooperation: Establishing strategic cooperation with new energy vehicle manufacturers to carry out special auctions for new energy used vehicles, in order to enrich the market supply, reduce carbon emissions in the transportation sector, and help improve urban air quality.

VII. APPENDIX

1. Summary of Key Performance Indicators

(1) Environmental Performance Indicators

Indicator/Unit	2024
Air pollutant[8] (kg)	
Volatile organic compound emissions	17.00
Nitrogen oxide emissions	46.85
Particle emissions	0.42
Greenhouse gas	
Total greenhouse gas emissions (tons of carbon dioxide equivalent)	563.95
— Greenhouse gas emissions (Scope 1)	12.21
— Greenhouse gas emissions (Scope 2)	551.74
Greenhouse gas emissions per unit of income (tons of carbon dioxide equivalent/RMB1 million)	1.38
Energy consumption[9]	
Energy consumption (indirect)[10] (kilowatt hours)	1,028,223.00
Energy consumption (indirect) per unit of income (Kilowatt hours/RMB1 million)	2,516.52
Energy consumption (direct)[11] (Kilowatt hours)	48,939.34
Energy consumption per unit of income (direct)(Kilowatt hours/RMB1 million)	119.78
Water consumption[12]	
Municipal water consumption (tons)	8,999.00
Municipal water consumption per unit of floor area (tons/1,000 square metres)	65.51

8 Emission factors were obtained from the Hong Kong Environmental Protection Department's EMFAC-HK vehicle emission calculation model; Carbon emissions = kilometers driven * emission factor

9 Energy consumption is calculated according to GB/T 2589-2020 General Rules for Comprehensive Energy Consumption Calculation.

10 Energy consumption (indirect) comes from purchased electricity.

11 Energy consumption (direct) comes from gasoline consumption in owned vehicles.

12 Water is used from our office and from the auction yard and warehouse.

(2) *Social Performance Indicators*

Name of performance		Unit	2024
Total number of employees		Person	686
Genders	Male	Person	510
	Female	Person	176
Type of employment	Full-time employee	Person	679
	Part-time employee	Person	7
Age	Less than 30 years old	Person	143
	30–50 years old	Person	518
	Over 50 years old	Person	25
Education	Master's degree and above	Person	20
	Bachelor's degree	Person	209
	Below bachelor's degree	Person	457
Employee's place of origin	East China	Person	334
	Central China	Person	92
	Southwest China	Person	89
	North China	Person	75
	Northeast China	Person	42
	Northwest China	Person	35
	South China	Person	19
Employee training	Number of trainings during the year	Times	54
	Training funds	RMB	80,649.00
	Total number of employees trained	Attendances	2,944
	Total training hours of employees trained	Hours	4,719.50
	Training hours per employee trained	Hours	1.60
	Number of male employees trained	Attendances	2,535
	Number of female employees trained	Attendances	409
	Total training hours of male employees trained	Hours	4,162.00
	Total training hours of female employees trained	Hours	557.50
	Training hours per male employee trained	Hours	1.64
	Training hours per female employee trained	Hours	1.36
	Number of general employees trained	Attendances	2,372
	Number of mid-level management trained	Attendances	534
	Number of senior management trained	Attendances	38
	Total training hours of general employees trained	Hours	3,992.00
	Total training hours of mid-level management trained	Hours	665.00
	Total training hours of senior management trained	Hours	62.50
	Training hours per general employee trained	Hours	1.68
	Training hours per mid-level manager trained	Hours	1.25
	Training hours per senior manager trained	Hours	1.64

2. GRI Standard Index Table

I.	***Introduction***		
	1.	Top Message	2-22
	2.	Basics of the Report	2-3
	3.	Corporate Profile	2-1, 2-2, 2-6
	4.	ESG Key Performance Data	201-1, 302-1, 303-3, 404-1
	5.	Analysis of Material Topics	3-1, 3-2, 3-3
	6.	Engagement with Stakeholders	2-29, 413-1
	7.	Response to the United Nations SDGs	
II.	***Circular Vehicle Ecosystem for Low-Carbon Mobility, Green Travel for Sustainable Future***		
	1.	Circular Vehicle Ecosystem for Low-Carbon Mobility	
	2.	Ecological Conservation and Responsible Contributions	302-1, 302-2, 302-3, 302-4, 303-3, 303-5, 305-1, 305-2
	3.	Pioneering Efforts to Address Climate Change	
III.	***Fairness and Empowerment to Reshape Trust in the Industry***		
	1.	Employment	2-7, 2-8, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-10, 405-1
	2.	Health and Safety	403-8, 403-9
	3.	Development and Training	404-1, 404-2
	4.	Labor Standards	406-1, 408-1
	5.	Supply Chain Management	308-1, 308-2
	6.	Product Liability	417-1, 418-1
	7.	Anti-Corruption	205-1, 205-2
IV.	***Auction Compliance with Technology Application***		
	1.	Governance Structure	2-9, 2-10, 2-11, 2-12, 2-14, 2-16, 2-17
	2.	Anti-Corruption and Integrity System	205-1, 205-2, 205-3
	3.	Risk Management and Control	2-27
	4.	Tax Transparency	207-1, 207-2
	5.	Investor Relations Management	2-29
	6.	Information Security and Privacy Protection	418-1
	7.	Standardized Marketing	
V.	***Digital Transformation and Industry Empowerment***		
VI.	***Creating A Green Future Together***		

3. HKEX Code Index

ESG KPI	Guidelines	Page Number
A. Environment		
A1: Emissions	General disclosure The following regarding exhaust emissions, discharge to water and land, generation of hazardous and non-hazardous waste, etc.: (a) policies; and (b) Information on compliance with relevant laws and regulations that materially affect the issuer.	64
Key performance indicator A1.1	Emission types and related emission data.	101
Key performance indicator A1.2	Deleted on January 1, 2025	N/A
Key performance indicator A1.3	Total amount of hazardous waste generated (in tons) and, if applicable, density (e.g., per production unit, per facility).	52
Key performance indicator A1.4	Information	52
Key performance indicator A1.5	Description of the emission targets set and the steps taken to achieve them.	64
Key performance indicator A1.6	Description of the methods used to deal with hazardous and non-hazardous waste, and description of the waste reduction targets set and the steps taken to achieve them.	52
A2: Use of resources	General disclosure Policies for the efficient use of resources (including energy, water, and other raw materials).	65–67
Key performance indicator A2.1	Total direct and/or indirect energy (e.g., electricity, gas, or oil) consumption (in thousands of kilowatt-hours) and intensity (e.g., per production unit, per facility) by type.	67
Key performance indicator A2.2	Total water consumption and density (e.g., per production unit, per facility).	65
Key performance indicator A2.3	Description of the energy efficiency targets set and the steps taken to achieve them.	65
Key performance indicator A2.4	Description of any problems in accessing suitable water sources, as well as the water efficiency targets set and the steps taken to achieve them.	65
Key performance indicator A2.5	Total amount (in tons) of packaging materials used in finished products and, if applicable, the amount per production unit.	52
A3: Environment and natural resources	General disclosure Policies to minimize the issuer's significant impact on the environment and natural resources.	68–70
Key performance indicator A3.1	Description of the significant impacts of the business activities on the environment and natural resources, and the actions that have been taken to manage the impacts.	68–70

ESG KPI	Guidelines	Page Number
A4: Climate change	Deleted on January 1, 2025	N/A
Key performance indicator A4.1	Deleted on January 1, 2025	N/A
B. Society		
Employment and labor practices		
B1: Employment	General disclosure The following regarding compensation and termination, recruitment and promotion, working hours, leave entitlements, equal opportunities, diversity, anti-discrimination, as well as other benefits and conditions of employment: (a) policies; and (b) Information on compliance with relevant laws and regulations that materially affect the issuer.	71
Key performance indicator B1.1	Total number of employees by gender, type of employment (e.g., full-time or part-time), age group, and region.	71
Key performance indicator B1.2	Employee turnover rate by gender, age group, and region.	72–73
B2: Health and safety	General disclosure The following is regarding the provision of a safe working environment and the protection of employees from occupational hazards: (a) policies; and (b) information on compliance with relevant laws and regulations that materially affect the issuer.	76
Key performance indicator B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year).	76
Key performance indicator B2.2	Number of working days lost due to work-related injuries.	76
Key performance indicator B2.3	Description of the occupational health and safety measures adopted and the related implementation and monitoring methods.	76
B3: Development and training	General disclosure Policies regarding the enhancement of employees' knowledge and skills in performing their job duties. Description of the training activities.	76
Key performance indicator B3.1	Percentage of employees trained by gender and employee category (e.g., senior management, mid-level management).	77
Key performance indicator B3.2	Average number of hours of training completed per employee, by gender and employee category.	77

ESG KPI	Guidelines	Page Number
B4: Labor standards	General disclosure The following is regarding the prevention of child or forced labor: (a) policies; and (b) Information on compliance with relevant laws and regulations that materially affect the issuer.	77
Key performance indicator B4.1	Description of measures to review recruitment practices to avoid child and forced labor.	77
Key performance indicator B4.2	Description of the steps taken to eliminate the situation when a violation is detected.	77
Operating practices		
B5: Supply chain management	General disclosure Policies for managing environmental and social risks in the supply chain.	78
Key performance indicator B5.1	Number of suppliers by region.	78
Key performance indicator B5.2	Description of the practices relating to the engagement of suppliers, the number of suppliers to whom the practices have been implemented, and the related implementation and monitoring methods.	78
Key performance indicator B5.3	Description of the practices for identifying environmental and social risks at each point in the supply chain, and related implementation and monitoring methods.	80
Key performance indicator B5.4	Description of the practices of promoting the use of environmentally preferable products and services in the selection of suppliers, and the related implementation and monitoring methods.	80
B6: Product liability	General disclosure The following regarding health and safety, advertising, labeling, and privacy matters, and remedies for the products and services offered: (a) policies; and (b) Information on compliance with relevant laws and regulations that materially affect the issuer.	81–82
Key performance indicator B6.1	Percentage of total products sold or shipped that are subject to recall for safety and health reasons[13]	N/A
Key performance indicator B6.2	Number of complaints received about products and services, and how they were responded to.	81–82
Key performance indicator B6.3	Description of the practices related to the maintenance and protection of intellectual property rights.	83
Key performance indicator B6.4	Description of the quality check process and product recall procedures.	81–82

13 After the buyer has paid for the vehicle, it is deemed that the investigation of the condition of the vehicle has been completed, and Autostreets will no longer accept any disputes initiated by the buyer on the condition of the vehicle and vehicle information issues, so Autostreets has no product recall procedure.

ESG KPI	Guidelines	Page Number
Key performance indicator B6.5	Description of the consumer data protection and privacy policy, as well as the related implementation and monitoring methods.	84
B7: Anti-corruption	General disclosure The following is regarding the prevention of bribery, extortion, fraud, and money laundering: (a) policies; and (b) Information on compliance with relevant laws and regulations that materially affect the issuer.	89–90
Key performance indicator B7.1	The number of corruption cases filed and concluded against the issuer or employees during the reporting period, and the outcome of such cases.	89–90
Key performance indicator B7.2	Description of precautionary measures and reporting procedures, as well as related implementation and monitoring methods.	89–90
Key performance indicator B7.3	Description of the anti-corruption training provided to directors and employees[14]	89–90
Community[15]		
B8: Community investment	General disclosure Policies on community involvement are used to understand the needs of the communities in which it operates and to ensure that its operations take into account the interests of the community.	N/A
Key performance indicator B8.1	Focus areas of contribution (e.g., education, environmental issues, labor needs, health, culture, sports).	N/A
Key performance indicator B8.2	Resources allocated to focus areas (e.g., financial or time investments).	N/A

14 Directors' anti-corruption training is not currently available, it is included in the compliance plan and will be implemented as soon as possible.

15 Community engagement and investment is not yet underway, but will be incorporated into the CSR roadmap for future implementation.

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report
To the shareholders of Autostreets Development Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Autostreets Development Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 112 to 181, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**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 HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of used vehicle auction commission and service fees	
The Group is principally engaged in used vehicle auction services. For the year ended 31 December 2024, the Group recognised consolidated revenue from used vehicle auction commission and service fees amounting to RMB263 million. The timing of revenue recognition of used vehicle auction commission and service fees is at the point in time upon the closing of used vehicle sale. We considered such revenue recognition a key audit matter as there was inherent risk based on the fact that the Group earned such revenue primarily from commission and services fees charged to a large number of individual buyers through the Group's transaction platform. The accounting policy relating to revenue recognition is disclosed in note 2.4 to the consolidated financial statements and the details of revenue are disclosed in note 5 to the consolidated financial statements.	We obtained an understanding of and evaluated the process and internal controls in place on the revenue cycle of the Group, especially the point of time of auction completion. We reviewed and evaluated the revenue recognition policy by inquiring of the management and reviewing sales contracts on a sample basis. We obtained business data in the auction system to compare with the revenue transactions recorded in the financial system. We performed revenue cut-off procedures as well as tests of details by selecting samples to check the original supporting documents, such as sales confirmation, bank slips, buyer registration agreement and logistics receipts. We evaluated the adequacy of the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wu Hsu Lung.

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**408,591**	491,968
Cost of revenue		**(153,463)**	(179,486)
Gross profit		**255,128**	312,482
Other income and gains, net	6	**9,349**	18,846
Selling and distribution expenses		**(80,352)**	(89,978)
Administrative expenses		**(134,114)**	(138,769)
Other expenses		**(2,855)**	(4,237)
Finance costs	8	**(6,321)**	(5,765)
Share of profits of an associate		**12**	446
Fair value changes of financial liabilities at fair value through profit or loss	7	**(142,293)**	(75,003)
(LOSS)/PROFIT BEFORE TAX	9	**(101,446)**	18,022
Income tax expense	12	**(9,116)**	(8,753)
(LOSS)/PROFIT FOR THE YEAR		**(110,562)**	9,269
Attributable to:			
Owners of the parent		**(123,003)**	(15,509)
Non-controlling interests		**12,441**	24,778
		(110,562)	9,269
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	14	**(0.15)**	(0.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	Notes	**2024 RMB'000**	2023 RMB'000
(LOSS)/PROFIT FOR THE YEAR		**(110,562)**	9,269
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of the Company		**6,766**	1,292
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**6,766**	1,292
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(103,796)**	10,561
Attributable to:			
Owners of the parent		**(116,237)**	(14,217)
Non-controlling interests		**12,441**	24,778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	**2024 RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**9,453**	13,675
Right-of-use assets	16(a)	**65,393**	64,371
Other intangible assets	17	**463**	804
Long-term time deposits at banks	22	**–**	1,000
Investment in an associate	18	**1,938**	1,926
Deferred tax assets	26	**8,372**	12,257
Other non-current assets	20	**6,455**	7,292
Total non-current assets		**92,074**	101,325
CURRENT ASSETS			
Trade receivables	19	**14,670**	16,288
Prepayments, deposits and other receivables	20	**93,593**	90,170
Financial assets at fair value through profit or loss	21	**3,300**	3,500
Cash and cash equivalents	22	**1,046,599**	935,441
Total current assets		**1,158,162**	1,045,399

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	**2024 RMB'000**	2023 RMB'000
CURRENT LIABILITIES			
Trade payables	23	**11,103**	30,431
Other payables and accruals	24	**97,279**	204,179
Interest-bearing bank borrowings	25	**129,480**	69,500
Lease liabilities	16(b)	**19,694**	14,782
Tax payable		**4,729**	7,039
Total current liabilities		**262,285**	325,931
NET CURRENT ASSETS		**895,877**	719,468
TOTAL ASSETS LESS CURRENT LIABILITIES		**987,951**	820,793
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares and warrants	27	**–**	372,385
Lease liabilities	16(b)	**50,423**	53,682
Total non-current liabilities		**50,423**	426,067
Net assets		**937,528**	394,726
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**56**	51
Reserves	29	**926,218**	394,809
		926,274	394,860
Non-controlling interests		**11,254**	(134)
Total equity		**937,528**	394,726

Yang Hansong
Director

Gao Kun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

		Attributable to owners of the parent							
	Notes	Share capital RMB'000 (note 28)	Capital reserve* RMB'000 (note 29)	Exchange fluctuation reserve* RMB'000 (note 29)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		382,320	(32,219)	(2,798)	(68)	(214,536)	132,699	37,302	170,001
Profit for the year		–	–	–	–	(15,509)	(15,509)	24,778	9,269
Other comprehensive income for the year:									
Exchange differences on translation of the financial statements of the Company		–	–	1,292	–	–	1,292	–	1,292
Total comprehensive income/(loss) for the year		–	–	1,292	–	(15,509)	(14,217)	24,778	10,561
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	(136,601)	(136,601)
Acquisition of non-controlling interests		–	(1,031,931)	–	–	–	(1,031,931)	70,895	(961,036)
Capital contributions from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	645	645
Disposal of subsidiaries		–	–	–	–	–	–	2,847	2,847
Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income		–	–	–	68	–	68	–	68
Capital reorganisation		(382,297)	382,297	–	–	–	–	–	–
Issue of shares	28	28	1,308,213	–	–	–	1,308,241	–	1,308,241
At 31 December 2023		51	626,360	(1,506)	–	(230,045)	394,860	(134)	394,726

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

		Attributable to owners of the parent						
	Notes	Share capital RMB'000 (note 28)	Capital reserve* RMB'000 (note 29)	Exchange fluctuation reserve* RMB'000 (note 29)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024		51	626,360	(1,506)	(230,045)	394,860	(134)	394,726
Loss for the year		–	–	–	(123,003)	(123,003)	12,441	(110,562)
Other comprehensive income for the year:								
Exchange differences on translation of the financial statements of the Company		–	–	6,766	–	6,766	–	6,766
Total comprehensive loss for the year		–	–	6,766	(123,003)	(116,237)	12,441	(103,796)
Issue of shares from initial public offering ("**IPO**")	28	1	139,117	–	–	139,118	–	139,118
Share issue expenses		–	(7,779)	–	–	(7,779)	–	(7,779)
Dividends paid to non-controlling shareholders	13	–	–	–	–	–	(1,788)	(1,788)
Conversion of convertible redeemable preferred shares to ordinary shares	28	4	516,308	–	–	516,312	–	516,312
Capital contributions from non-controlling shareholders of subsidiaries		–	–	–	–	–	735	735
At 31 December 2024		56	1,274,006	5,260	(353,048)	926,274	11,254	937,528

* These reserve accounts comprise the consolidated other reserves of RMB926,218,000 (2023: RMB394,809,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(101,446)**	18,022
Adjustments for:			
Finance costs	8	**6,321**	5,765
Fair value change of financial liabilities at fair value through profit or loss	7	**142,293**	75,003
Interest income from assistant funds to business partners	6	**(3,633)**	(9,028)
Depreciation of property, plant and equipment	15	**5,710**	4,935
Depreciation of right-of-use assets	16(a)	**23,603**	22,243
Amortisation of other intangible assets	17	**423**	255
Loss on disposal of items of property, plant and equipment, net		**(361)**	300
Gain on termination of items of right-of-use assets		**–**	(84)
Loss on disposal of subsidiaries		**–**	6,482
Impairment losses on financial assets		**315**	–
Share of profits of an associate		**(12)**	(446)
		73,213	123,447
Decrease/(increase) in trade receivables		**1,303**	(3,133)
Decrease/(increase) in prepayments, deposits and other receivables		**7,635**	(1,362)
Decrease in trade payables		**(19,328)**	(2,308)
(Decrease)/Increase in other payables and accruals		**(45,841)**	28,575
Cash generated from operations		**16,982**	145,219
Income taxes paid		**(7,542)**	(21,858)
Net cash flows from operating activities		**9,440**	123,361

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	15	**(2,112)**	(7,101)
Purchases of items of intangible assets	17	**(82)**	(73)
Purchases of items of financial assets at fair value through profit or loss		**(7,300)**	(2,500)
Proceeds from disposal of financial assets at fair value through profit or loss		**7,500**	76,210
Proceeds from disposal of associates		**–**	1,180
Disposal of subsidiaries		**–**	(3,203)
Proceeds from disposal of items of property, plant and equipment		**985**	83
Repayment of assistant funds to business partners		**129,076**	649,889
Assistant funds to business partners		**(133,182)**	(417,025)
Interest received		**4,052**	12,428
Withdrawal of long-term time deposits at banks	22	**1,000**	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	1,020
Net cash flows (used in)/from investing activities		**(63)**	310,908
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**139,118**	542,864
Share issue expenses		**(7,228)**	–
Acquisition of non-controlling interests		**(1,180)**	(86,180)
Proceeds from interest-bearing bank borrowings		**139,380**	99,200
Repayment of interest-bearing bank borrowings		**(79,400)**	(79,400)
Advance from third parties		**–**	61,515
Repayment of advance from third parties		**–**	(203,950)
Principal portion of lease payments	16(b)	**(22,971)**	(19,037)
Dividends paid to non-controlling shareholders		**(61,983)**	(198,387)
Interest paid		**(6,321)**	(5,765)
Capital contributions by non-controlling shareholders		**735**	645
Net cash flows from financing activities		**100,150**	111,505
NET INCREASE IN CASH AND CASH EQUIVALENTS		**109,527**	545,774
Cash and cash equivalents at beginning of year		**935,441**	389,298
Effect of foreign exchange rate changes, net		**1,631**	369
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	**1,046,599**	935,441

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 September 2014 as an exempted company with limited liability. The registered office address of the Company is P.O. Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Group was mainly involved in used vehicle auctions, arrangement of sales of used vehicle, and provision of services of used vehicles.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective on 31 May 2024.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Xinbao Botong E-commerce Co., Ltd. *	The People's Republic of China ("**PRC**")/Mainland China 19 June 2014	RMB600,000,000	–	100%	Investment holding and arrangement for sales of used vehicles
Shanghai Shuxun Electric Commercial Co., Ltd.*	PRC/Mainland China 7 March 2014	RMB100,000,000	–	100%	Operation of IT system and internet information service
Shanghai Changxin Auction Co., Ltd. *	PRC/Mainland China 29 September 2014	RMB150,000,000	–	100%	Used vehicle auction services and related services
Beijing Kaokesi Auto Technical Co., Ltd. *	PRC/Mainland China 10 May 2017	RMB30,000,000	–	100%	Used vehicle auction services and related services
Changchun Baorui International Exhibition Co., Ltd. *	PRC/Mainland China 26 December 2017	RMB1,000,000	–	100%	Exhibition related services
Wenzhou Changxin Automobile Sales Service Co., Ltd. *	PRC/Mainland China 4 November 2019	RMB2,000,000	–	100%	Used vehicle value-added services and arrangement for sales of used vehicles
Guizhou Xintong Used Vehicle Auction Co., Ltd.*	PRC/Mainland China 20 July 2011	RMB10,000,000	–	67%	Used vehicle auction services and related services and used vehicle value-added services
Suzhou Huarunde Used Motor Vehicle Trading Market Co., Ltd.*	PRC/Mainland China 8 June 2017	RMB10,000,000	–	100%	Used vehicle value-added services
Xinjiang Huihan Motor Vehicle Auction Service Co., Ltd.*	PRC/Mainland China 4 June 2020	RMB1,000,000	–	100%	Used vehicle auction services and related services

* The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as they have not registered any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

Due to regulatory restrictions on foreign ownership in the provision of value-added telecommunications services in Mainland China, the principal business carried out by Shanghai Shuxun Electric Commercial Co., Ltd. (the "**Consolidated Affiliated Entity**") was restricted from foreign ownership. The wholly-owned subsidiary of the Company, Shanghai Xinbao Botong E-commerce Co., Ltd., has entered into a series of contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entity and its respective shareholders. The Contractual Arrangements enable Shanghai Xinbao Botong E-commerce Co., Ltd. to exercise effective control over the Consolidated Affiliated Entity and obtain substantially all economic benefits of the Consolidated Affiliated Entity. Accordingly, the Company regards the Consolidated Affiliated Entity as an indirect subsidiary and consolidated the assets, liabilities and results of operations of the Consolidated Affiliated Entity in the financial statements of the Group. This entity is owned through the Contractual Arrangements.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's 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 (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

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

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

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	10% to 33%
Motor vehicles	20% to 25%
Furniture and fixtures	20% to 33%
Leasehold improvements	Over the shorter of lease terms and estimated useful lives

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

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

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	10 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Buildings	1 to 15 years

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(b) *Lease liabilities*

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

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

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessor *(Continued)*

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

Simplified approach

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, lease liabilities and interest-bearing borrowings and convertible redeemable preferred shares and warrants.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities. The Group has designated its convertible redeemable preferred shares and warrants as financial liabilities at fair value through profit or loss, details of which are included in note 27 to the financial statements.

Financial liabilities at amortised cost (trade and other payables, and interest-bearing borrowings)

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

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

Derecognition of financial liabilities

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

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

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

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

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

The Group primarily engages in the operation of a used vehicle e-commerce platform through a mobile application (Autostreets) and website (autostreets.com), providing consumers with a nationwide selection of used and various vehicles related value-added services.

(1) *Used vehicle auction commission and service fees*

The Group provides an online platform and offline auction which enable consumers to buy used vehicles. The Group charges consumers the commission fees based on an agreed percentage of the final sales price. The Group recognises revenue at the point in time upon the closing of used vehicle sales. The Group also provides related logistics services. The Group recognises related logistics service revenue over time as customers receive the benefits of the services.

(2) *Revenue from used vehicle value-added services*

The Group also provides used vehicle value-added services to customers, such as used vehicle inspection services, title transfer and vehicle assessment services, etc. The Group recognises revenue at the point in time upon the completion of the service and customer acceptance. The Group also provides used vehicle management system services to customers. The Group recognises revenue from used vehicle management system services over time as customers receive the benefits of the services.

(3) *Revenue from arrangement for sale of used vehicles*

The Group arranges the sale of used vehicles to individual buyers and wholesalers through an online platform and offline auction. The Group recognises revenue at the point in time upon the closing of used vehicle sales between the owner and the buyer.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(4) Revenue from exhibition related services

The Group also provides exhibition and other related services to customers. The Group recognises revenue from advertisement and exhibition related services over time as customers receive the benefits of the services.

(5) Revenue from other services

The Group also provides other services, such as new vehicle title transfer services. The Group recognises revenue at the point in time upon the completion of the service and customer acceptance.

Other income

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

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group has no other obligations for the payment of retirement and other postretiremen benefits of employees or retirees other than the defined contribution payments as disclosed above. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, service type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. As at the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 26 to the financial statements.

Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

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

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers:		
Used vehicle auction commission and service fees	**262,952**	287,202
Revenue from used vehicle value-added services	**69,041**	73,814
Revenue from arrangement for sale of used vehicles	**49,564**	63,567
Revenue from exhibition related services	**14,075**	54,770
Revenue from other services	**12,959**	12,615
Total	**408,591**	491,968

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Closing of sale or completion of service at a point in time	**341,628**	376,107
Services rendered over time	**66,963**	115,861
Total	**408,591**	491,968

5. REVENUE *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) *Disaggregated revenue information* *(Continued)*

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

	2024	2023
	RMB'000	RMB'000
Revenue from used vehicle value-added services	**16,392**	15,065

(b) *Performance obligations*

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

Used vehicle auction commission and service fees

The performance obligation is generally satisfied upon the closing of used vehicle sales, or over time as logistics services are rendered. Payment is generally due upon completion of the auction and customer acceptance.

Revenue from used vehicle value-added services

The performance obligation is satisfied as services are rendered and payment is generally due upon completion of the service and customer acceptance.

Revenue from arrangement for sale of used vehicles

The performance obligation is satisfied upon the closing of vehicle sales between the owner and the buyer. Payment is generally due within 30 days from the closing of used vehicle sales.

Revenue from exhibition related services

The performance obligation is satisfied over time as services are rendered. Payment in advance is normally required.

Revenue from other services

The performance obligation is satisfied at the point in time upon the completion of the service and customer acceptance.

As at the end of the reporting period, no transaction prices were allocated to unsatisfied performance obligations.

6. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	2024 RMB'000	2023 RMB'000
Interest income from assistant funds to business partners	**3,633**	9,028
Penalty income from customers	**2,142**	3,915
Bank interest income	**1,904**	1,608
Rental service income	**1,036**	1,696
Government grants*	**709**	8,000
Gain on termination of items of right-of-use assets	**–**	84
Gain/(Loss) on disposal of items of property, plant and equipment, net	**361**	(300)
Loss on disposal of subsidiaries	**–**	(6,482)
Foreign exchange loss, net	**(1,141)**	(144)
Others	**705**	1,441
Total	**9,349**	18,846

* The government grants have been received from the PRC local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled eligibility requirements and conditions relating to these government grants.

7. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 RMB'000	2023 RMB'000
Fair value changes of convertible redeemable preferred shares	28	**142,293**	85,929
Fair value changes of warrants	28	**–**	(10,926)
Total		**142,293**	75,003

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**3,298**	3,549
Interest on bank loans	**3,023**	2,216
Total	**6,321**	5,765

9. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of used vehicle auction commission and service fees		**118,039**	118,463
Cost of exhibition related services		**10,376**	31,430
Cost of arrangement for sale of used vehicles		**8,365**	12,687
Cost of used vehicle value-added services		**12,327**	12,706
Cost of other services		**4,356**	4,200
Research and development costs*		**10,772**	11,367
Depreciation of property, plant and equipment	15	**5,710**	4,935
Depreciation of right-of-use assets	16	**23,603**	22,243
Amortisation of other intangible assets*	17	**423**	255
(Gain)/Loss on disposal of items of property, plant and equipment, net	6	**(361)**	300
Loss on disposal of subsidiaries		**–**	6,482
Gain on termination of items of right-of-use assets	6	**–**	(84)
Lease payments not included in the measurement of lease liabilities	16(c)	**6,194**	7,325
Fair value changes of convertible redeemable preferred shares	7	**142,293**	85,929
Fair value changes of warrants	7	**–**	(10,926)
Auditors' remuneration		**2,200**	–
Listing expenses		**26,662**	22,597
Employee benefit expense (including directors' remuneration)**:			
Wages, salaries and other allowances		**96,378**	107,282
Pension scheme contributions and social welfare		**18,835**	23,530
		115,213	130,812
Foreign exchange differences, net		**1,141**	144
Impairment of trade receivables, net		**315**	–

* Research and development costs and amortisation of other intangible assets are included in "Administrative expenses" in the consolidated statement of profit or loss.

** The amount of employee benefit expense excludes those included in the cost of used vehicle auction commission and service fees.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Ms. Li Mochou was appointed as an independent non-executive director of the Company on 23 May 2024.

Mr. Wang Jianping was appointed as an independent non-executive director of the Company on 23 May 2024.

Mr. Yan Jonathan Jun was appointed as an independent non-executive director of the Company on 23 May 2024.

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

	2024	2023
	RMB'000	RMB'000
Fees	**288**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**2,869**	2,323
Pension scheme contributions	**66**	70
Subtotal	**2,935**	2,393
Total	**3,223**	2,393

(a) Independent non-executive directors

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

	2024	2023
	RMB'000	RMB'000
Ms. Li Mochou	**96**	–
Mr. Wang Jianping	**96**	–
Mr. Yan Jonathan Jun	**96**	–
Total	**288**	–

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Executive directors:				
Ms. Gao Kun	**1,369**	**–**	**66**	**1,435**
Mr. Yang Hansong	**1,500**	**–**	**–**	**1,500**
Mr. Yang Aihua	**–**	**–**	**–**	**–**
Non-executive directors:				
Ms. Yang Chuyu	**–**	**–**	**–**	**–**
Mr. Rob Huting	**–**	**–**	**–**	**–**
Mr. Zhu Yi	**–**	**–**	**–**	**–**
Total	**2,869**	**–**	**66**	**2,935**

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023				
Executive directors:				
Ms. Gao Kun	1,363	–	70	1,433
Mr. Yang Hansong	960	–	–	960
Mr. Yang Aihua	–	–	–	–
Non-executive directors:				
Ms. Yang Chuyu	–	–	–	–
Mr. Rob Huting	–	–	–	–
Ms. Zhu Yi	–	–	–	–
Total	2,323	–	70	2,393

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

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and the chief executive (2023: two directors and the chief executive), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**4,862**	5,626
Pension scheme contributions	**154**	140
Total	**5,016**	5,766

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

	2024 **RMB'000**	2023 RMB'000
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	1
Total	**3**	3

12. INCOME TAX

The major components of income tax expense for the reporting period are:

	2024 **RMB'000**	2023 RMB'000
Current — Mainland China:		
Charge for the year	**5,159**	18,808
Under provision in prior years	**72**	73
Deferred (note 26)	**3,885**	(10,128)
Total tax charge for the year	**9,116**	8,753

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the reporting period.

Taxable income for the subsidiaries of the Company in the PRC is subject to PRC income tax at a rate of 25%, unless otherwise specified below.

Changchun Baorui International Exhibition Co., Ltd. has been accredited as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% from 2024 to 2026. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Xinjiang Huihan Motor Vehicle Auction Service Co., Ltd. ("**Xinjiang Huihan**") and Xinjiang Baoqian Motor Vehicle Auction Service Co., Ltd. ("**Xinjiang Baoqian**") enjoy the benefit of income tax exemption for five years starting from the financial year with initial operating revenue and a 50% enterprise income tax reduction for the subsequent five years under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang.

According to Caishui (2011) No. 58 "The notice on the tax policies of further implementation of the western region development strategy" (財稅[2011]58號"關於深入實施西部大開發戰略有關稅收政策問題的通知") issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, companies set up in the western region and falling into the encouraged industry catalogue promulgated by the PRC government are entitled to a preferential tax rate of 15%. Guizhou Xintong Used Vehicle Auction Co., Ltd ("**Guizhou Xintong**") was set up in the western development region and falls into the encouraged industry catalogue, and therefore is entitled to the foresaid preferential tax rate.

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and are entitled to a preferential corporate income tax rate of 20% during the reporting period.

12. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rates, are as follows:

	2024 **RMB'000**	2023 RMB'000
(Loss)/profit before tax	**(101,446)**	18,022
Tax at the statutory tax rate of 25%	**(25,362)**	4,506
Lower tax rates enacted by local authority	**20,589**	8,527
Adjustments in respect of current tax of previous periods	**72**	73
Expenses not deductible for tax	**2,002**	1,680
Tax losses utilised from previous periods	**(473)**	(7,875)
Tax losses not recognised	**12,288**	1,842
Tax charge at the Group's effective rate	**9,116**	8,753

13. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 803,427,000 (2023: 570,691,000) outstanding during the year.

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

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

	2024 **RMB'000**	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	**(123,003)**	(15,509)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	**803,427**	570,691
Loss per share	**(0.15)**	(0.03)

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

During the reporting period, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share of each reporting period. Accordingly, the diluted loss per share during the reporting period, are the same as the basic loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024						
Cost	71,344	542	12,223	2,087	465	86,661
Accumulated depreciation and impairment	(61,176)	(344)	(9,935)	(1,531)	–	(72,986)
Net carrying amount	10,168	198	2,288	556	465	13,675
At 1 January 2024, net of accumulated depreciation and impairment	10,168	198	2,288	556	465	13,675
Additions	145	–	248	–	1,719	2,112
Transfers	840	–	119	1,210	(2,169)	–
Disposals	(274)	–	(78)	(272)	–	(624)
Depreciation provided during the year	(4,538)	(37)	(899)	(236)	–	(5,710)
At 31 December 2024, net of accumulated depreciation and impairment	6,341	161	1,678	1,258	15	9,453
At 31 December 2024						
Cost	72,055	542	12,512	3,025	15	88,149
Accumulated depreciation and impairment	(65,714)	(381)	(10,834)	(1,767)	–	(78,696)
Net carrying amount	6,341	161	1,678	1,258	15	9,453

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023						
Cost	65,664	1,717	12,235	2,152	–	81,768
Accumulated depreciation and impairment	(57,647)	(1,152)	(9,628)	(1,423)	–	(69,850)
Net carrying amount	8,017	565	2,607	729	–	11,918
At 1 January 2023, net of accumulated depreciation and impairment	8,017	565	2,607	729	–	11,918
Additions	5,002	–	412	85	1,602	7,101
Transfers	678	–	459	–	(1,137)	–
Disposal of a subsidiary	–	–	(26)	–	–	(26)
Disposals	–	(279)	(84)	(20)	–	(383)
Depreciation provided during the year	(3,529)	(88)	(1,080)	(238)	–	(4,935)
At 31 December 2023, net of accumulated depreciation and impairment	10,168	198	2,288	556	465	13,675
At 31 December 2023						
Cost	71,344	542	12,223	2,087	465	86,661
Accumulated depreciation and impairment	(61,176)	(344)	(9,935)	(1,531)	–	(72,986)
Net carrying amount	10,168	198	2,288	556	465	13,675

16. LEASES

The Group as a lessee

The Group leases certain buildings for its offices and auction sites. Leases of buildings generally have lease terms between 1 and 15 years. The rest of the leases generally have lease terms of 12 months or less and/or are individually of low value.

(a) Right-of-use assets

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

	Buildings RMB'000
As at 1 January 2023	65,086
Additions	23,390
Termination	(1,078)
Revision of lease payments	(784)
Depreciation charge	(22,243)
As at 31 December 2023	64,371
As at 31 December 2023 and 1 January 2024	**64,371**
Additions	**24,625**
Depreciation charge	**(23,603)**
As at 31 December 2024	**65,393**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 **RMB'000**	2023 RMB'000
Carrying amount at 1 January	**68,464**	66,773
New leases	**24,624**	22,674
Accretion of interest recognised during the year	**3,298**	3,549
Revision of lease payments	**–**	(784)
Payments	**(26,269)**	(22,586)
Termination of leases	**–**	(1,162)
Carrying amount at 31 December	**70,117**	68,464
Analysed into:		
Current portion	**19,694**	14,782
Non-current portion	**50,423**	53,682

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

16. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

	2024 **RMB'000**	2023 RMB'000
Interest on lease liabilities	**3,298**	3,549
Depreciation charge of right-of-use assets	**23,603**	22,243
Expense relating to short term leases	**6,194**	7,325
Total amount recognised in profit or loss	**33,095**	33,117

17. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	804
Additions	82
Amortisation provided during the year	(423)
At 31 December 2024	463
At 31 December 2024	
Cost	4,666
Accumulated amortisation	(4,203)
Net carrying amount	463
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	**986**
Additions	**73**
Amortisation provided during the year	**(255)**
At 31 December 2023	**804**
At 31 December 2023 and at 1 January 2024:	
Cost	**4,584**
Accumulated amortisation	**(3,780)**
Net carrying amount	**804**

18. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	**1,938**	1,926

Particulars of the associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Wuxi Dongxin Auto Auction Limited (note a)	Ordinary shares	PRC/Mainland China	40%	Car trading

The Group casts significant influence in the decision making of the relevant activities of the associate through its shareholdings, participation in the board or provision of technical information, which does not constitute unilateral power to direct the relevant activities of the associate and the ability to use the power over the associate to affect the amount of the Group's returns.

The following table illustrates the summarised financial information in respect of Wuxi Dongxin Auto Auction Limited:

	2024 RMB'000	2023 RMB'000
Share of the associate's profit for the year	**12**	446
Share of the associate's total comprehensive income for the year	**12**	446
Carrying amount of the Group's investment in an associate	**1,938**	1,926

19. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**14,985**	16,288
Impairment	**(315)**	–
Net carrying amount	**14,670**	16,288

Trade receivables are non-interest-bearing. An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 6 months	**14,376**	16,006
6 months to 1 year	**294**	282
Total	**14,670**	16,288

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**–**	1,756
Impairment losses (note 9)	**315**	–
Amount written off as uncollectible	**–**	(1,756)
At end of year	**315**	–

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information.

19. TRADE RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Past due			
	Less than 1 year	**1 to 2 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2%**	**0%**	**100%**	**2%**
Gross carrying amount (RMB'000)	**14,985**	**–**	**–**	**14,985**
Expected credit losses (RMB'000)	**315**	**–**	**–**	**315**

As at 31 December 2023

	Past due			
	Less than 1 year	1 to 2 years	Over 3 years	Total
Expected credit loss rate	0%	0%	100%	0%
Gross carrying amount (RMB'000)	16,288	–	–	16,288
Expected credit losses (RMB'000)	–	–	–	–

The expected credit losses on the trade receivables for less than 1 year were insignificant in 2023 and 2024.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	Notes	2024 RMB'000	2023 RMB'000
Assistant funds to business partners	(a)	**66,054**	61,948
Advances to suppliers		**14,686**	9,399
Other receivables	(b)	**3,349**	1,945
Deposits	(b)	**7,909**	7,782
Prepaid listing expenses		**–**	10,949
Interest receivable		**959**	1,378
Deductible value-added tax		**2,148**	2,284
Prepaid lease payments		**1,918**	775
Amounts due from related parties	33(c)	**3,025**	1,002
Less: Other non-current assets		**(6,455)**	(7,292)
Total current portion		**93,593**	90,170

None of the above assets is either past due or impaired.

As at the end of the reporting period, other receivables of the Group are considered to be of low credit risk and thus the Group has assessed that the ECLs for other receivables are minimal under the 12-month expected credit loss method.

(a) Details of assistant funds to business partners are set out below:

	2024		2023	
	Effective interest rate (%)	**RMB'000**	Effective interest rate (%)	RMB'000
Maturity				
Within one year or on demand	**4.3–4.5**	**66,054**	1.7–4.5	61,948

Default rate is defined as the gross amount of assistant funds to business partners, which are 90 days past due, over the gross amount of assistant funds to business partners as at the end of the reporting period. In making this assumption, the Group considers that a default event occurs when:

(i) the business partner is unlikely to pay its credit obligations to the Group in full; or

(ii) the assistant funds to business partners are 90 days past due.

(b) Deposits and other receivables mainly represent deposits to suppliers and landlords, and were unsecured, non-interest-bearing, and trade in nature. The general expected timing of settlement for deposits and other receivables ranges from 1 year to 5 years.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **RMB'000**	2023 RMB'000
Financial products issued by banks	**3,300**	3,500

The above financial products represented short-term investments issued by banks with no predetermined or guaranteed return which are primarily not principal protected investments. The financial products are with expected rates of return (not guaranteed), depending on the market prices of underlying financial instruments, including bonds, debentures and other financial assets. The expected return rates ranged from 1.25% to 4.10% per annum.

22. CASH AND CASH EQUIVALENTS

	Notes	**2024** **RMB'000**	2023 RMB'000
Cash and bank balances		**998,642**	931,441
Time deposits		**47,957**	5,000
Subtotal		**1,046,599**	936,441
Less:			
Long-term time deposits at banks		**–**	(1,000)
Cash and cash equivalents		**1,046,599**	935,441
Denominated in RMB		**894,521**	924,449
Denominated in HKD		**127,964**	615
Denominated in USD		**24,114**	10,377
Cash and cash equivalents		**1,046,599**	935,441

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

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

	2024 **RMB'000**	2023 RMB'000
Within 6 months	**10,906**	30,190
6 months to 1 year	**197**	241
Total	**11,103**	30,431

The trade payables are non-interest-bearing and are normally settled on terms of 15 to 120 days.

24. OTHER PAYABLES AND ACCRUALS

	Notes	**2024** **RMB'000**	2023 RMB'000
Deposits		**59,969**	73,837
Salary and welfare payables		**15,874**	14,810
Advance from buyers collected on behalf of sellers		**11,748**	22,521
Accrued expenses		**3,378**	11,702
Contract liabilities	(a)	**2,793**	16,392
Other tax payables		**1,190**	1,488
Dividends payable to non-controlling shareholders of subsidiaries	(b)	**–**	60,195
Consideration payable related to acquisition of non-controlling shareholders	(c)	**–**	1,180
Others		**2,327**	2,054
Total		**97,279**	204,179

Notes:

(a) Contract liabilities include short-term advances received to deliver used vehicle services.

Details of contract liabilities are as follows:

	Notes	**2024** **RMB'000**	2023 RMB'000
Used vehicle value-added services		**2,793**	16,392

(b) On 31 May 2023, a total of dividends of RMB60,195,000 have been declared by Wenzhou Changxin Automobile Sales Service Co., Ltd. to their shareholders, and were settled as at 28 June 2024.

(c) In June 2023, the Group acquired 10% interests of Cixi Tianyue Used Vehicle Trading Co., Ltd., 49% interests of Guangzhou Jiangjunjiang Business Service Co., Ltd. and 49% interests of Shenyang Changxin Auction Co., Ltd., at an aggregate price of RMB3,380,000, out of which RMB2,200,000 was settled as at 8 November 2023.

25. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective Interest rate (%)	**Maturity**	**RMB'000**	Effective Interest rate (%)	Maturity	RMB'000
Current						
Bank loans — unsecured	**2.70–3.50**	**2025**	**129,480**	3.50–4.10	2024	69,500

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**129,480**	69,500

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024 Right-of-use assets RMB'000
At 1 January 2024	**12,909**
Deferred tax credited to the statement of profit or loss during the year (note 12)	**(1,004)**
Gross deferred tax liabilities at 31 December 2024	**11,905**

Deferred tax assets

	2024		
	Lease liabilities RMB'000	**Loss available for offsetting against future taxable profits RMB'000**	**Total RMB'000**
At 1 January 2024	**15,353**	**9,813**	**25,166**
Deferred tax charged to the statement of profit or loss during the year (note 12)	**(957)**	**(3,932)**	**(4,889)**
Gross deferred tax assets at 31 December 2024	**14,396**	**5,881**	**20,277**

26. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	2023 Right-of-use assets RMB'000
At 1 January 2023	9,534
Deferred tax charged to the statement of profit or loss during the year (note 12)	3,375
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2023	12,909

Deferred tax assets

		2023	
	Lease liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2023	11,663	–	11,663
Deferred tax credited to the statement of profit or loss during the year (note 12)	3,690	9,813	13,503
Gross deferred tax assets at 31 December 2023	15,353	9,813	25,166

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**8,372**	12,257

26. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*

Deferred tax assets have not been recognised in respect of the following item:

	2024 RMB'000	2023 RMB'000
Tax losses	**138,829**	141,943

The Group had tax losses arising in Mainland China of RMB138,829,000 (2023: RMB141,943,000) that will expire in one to five years for offsetting against their future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that enough taxable profits will be available against which the tax losses can be utilised.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES AND WARRANTS

	Series A convertible redeemable preferred shares RMB'000	Series B convertible redeemable preferred shares RMB'000	Series B warrants RMB'000	Total RMB'000
At 1 January 2023 (note (i))	178,570	102,399	10,725	291,694
Change in fair value (note (ii))	69,826	16,103	(10,926)	75,003
Exchange adjustments (note (iii))	3,615	1,872	201	5,688
At 31 December 2023	252,011	120,374	–	372,385
Change in fair value	101,030	41,263	–	142,293
Exchange adjustments (note (iii))	1,114	520	–	1,634
Conversion into ordinary shares upon IPO (note (iv))	(354,155)	(162,157)	–	(516,312)
At 31 December 2024	–	–	–	–

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES AND WARRANTS *(Continued)*

Notes:

(i) In February 2019, the Company issued 16,971,220 Series A convertible redeemable preferred shares (the "**Series A Preferred Shares**") to investors (the "**Series A Investors**") at a cash consideration of US$10,000,000 (or US$0.5892 per share).

In July 2019, the Company issued 8,485,610 Series A Preferred Shares to Series A Investors at a cash consideration of US$5,000,000 (or US$0.5892 per share).

In August 2022, the Company issued 7,637,049 Series A Preferred Shares to Series A Investors at nil consideration to forfeit the valuation adjustment mechanism.

In August 2022, the Company issued 15,152,715 Series B convertible redeemable preferred shares (the "**Series B Preferred Shares**") to an investor (the "**Series B Investor**") at a cash consideration of US$15,000,000 (or US$0.9899 per share). The price included the issue price of warrants (the "**Series B Warrants**") to certain shareholder (the "**Series B Warrants Holder**") that is entitled to purchase the second tranche of 10,101,810 of Series B Preferred Shares in an aggregate consideration of no more than US$10,000,000 or US$0.9899 per share to be issued by the Company.

(ii) According to the Share Purchase Agreement, the Series B Warrants Holder is entitled, but not obligated, prior to the earlier of (i) the date on which the Company enters into the transaction documents of the next round of equity financing and (ii) the sixtieth (60th) day before the first submission of the registration statement of qualified IPO to the relevant securities regulatory authority (the "**Exercise Period**"), to purchase shares from the Company. On 30 June 2023, the Company filed the first submission of the registration statement, and the Series B Warrants had expired 60 days before the filing date.

(iii) Exchange adjustments presented the effects of exchange on translation from US$ balances, which were charged to other comprehensive income.

(iv) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on 31 May 2024.

Conversion rights

Each holder of the Preferred Shares (the "**Series A Preferred Shares**" and the "**Series B Preferred Shares**") shall have the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares into ordinary shares at any time by the conversion price then in effect at the date of the conversion (the "**Conversion Price**"). The initial Conversion Price for the Preferred Shares will be the applicable Preferred Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect share dividends, subdivisions, combinations or consolidations, recapitalisation and adjustment upon issuance of new securities for a consideration per share less than the Conversion Price.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES AND WARRANTS *(Continued)*

Redemption feature

In the event that (a) the Company fails to consummate a qualified initial public offering ("**QIPO**", see definition below) on or before thirty-six (36) months after 4 August 2022 (the "**Closing Date**"); (b) any material breach by any of the Group Companies (collectively the Company and its subsidiaries) or the Founder Parties of the terms of the Transaction Documents (the Share Purchase Agreement, the Restated Memorandum and Articles, the Shareholders' Agreement, the Management Rights Letter, the Indemnification Agreement, the Control Documents, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing); (c) any holder of any other class or series of shares of the Company has requested a redemption of such other shares or series of shares; (d) the Founder holds less than fifty percent of the Shares beneficially owned by the Founder in the Company as of the Closing Date; (e) any of the ODI Entities fails to complete the required ODI Procedures on or before the first anniversary date of the Closing Date; (f) due to cause or Founder's voluntarily resignation, the Founder ceases to serve the Group Companies as an employee or a non-employee personnel; (g) the Group Companies materially change their Principal Business, or any governmental approvals, permits, licences, authorisations, certifications, registrations, or filings which are required to be obtained or made by any Group Company under applicable Laws in connection with the due and proper establishment and operation of each Group Company, has been suspended, revoked or invalid, the holders of the outstanding Preferred Shares shall have the right to request redemption of all or part of the issued and outstanding Preferred Shares held by such holder of the outstanding Preferred Shares at any time, and the Company shall pay to such holder in such redemption.

QIPO means a firm commitment underwritten public offering of ordinary shares of the Company (or depositary receipts or depositary shares therefore) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, with an offering price (net of underwriting commissions and expenses) reflecting the valuation of the Company immediately prior to such offering of at least RMB7 billion or equivalent foreign currencies, or in a public offering of the ordinary shares of the Company (or depositary receipts or depositary shares therefore) in another jurisdiction which results in the ordinary shares trading publicly on a recognised international securities exchange approved by the Board, so long as such offering satisfies the foregoing market capitalisation and gross proceeds requirements.

Founder Parties are Yang Aihua (楊愛華), a Hong Kong citizen (the "**Founder**"); Orient Rich Investment Development Limited, a business company duly established and validly existing under the Laws of the British Virgin Islands, wholly owned by the Founder ("**Orient Rich**"); and Extensive Prosperous Investments Limited, a business company duly established and validly existing under the Laws of the British Virgin Islands, wholly owned by Orient Rich.

Presentation and classification

The Group does not bifurcate any embedded derivatives from the Preferred Shares and designates the entire instruments as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributed to credit risk change that shall be charged to other comprehensive income, if any. Management considered that fair value change in the Preferred Shares attributed to changes of own credit risk was not significant.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES AND WARRANTS *(Continued)*

Presentation and classification *(Continued)*

The Group has used the discounted cash flow method to determine the underlying equity value of the Company and adopted the equity allocation model to determine the fair value of convertible redeemable preferred shares and warrants. Key assumptions are set out below:

	As at 31 December 2023
Discount rate	16%
Risk-free interest rate	4.5%
Discounts for lack of marketability ("**DLOM**")	4.0%
Volatility	36.2%

The discount rate (pre-tax) was estimated based on the weighted average cost of capital as of the valuation date. The Group estimated the risk-free interest rate based on the yield of US Treasury Strips. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the discount for lack of marketability. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

28. SHARE CAPITAL

Pursuant to a special resolution passed in the board meeting held on 23 June 2023, the Company has proceeded with the capital reorganisation (the "**Capital Reorganisation**") that the par value of the issued and unissued share will be reduced from USD0.1639 to USD0.00001 each.

	2024 **RMB'000**	2023 RMB'000
Issued and fully paid:		
832,662,428 (2023: 761,992,710) Ordinary shares	**56**	51

28. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital RMB'000
At 1 January 2023		367,500,000	382,320
Additions	(a)	394,492,710	28
Modification on par value		–	(382,297)
At 31 December 2023		761,992,710	51
At 31 December 2023 and 1 January 2024		761,992,710	51
Issue of shares from IPO	(b)	15,000,000	1
Conversion of convertible redeemable preferred shares to ordinary shares upon IPO	(c)	55,669,718	4
At 31 December 2024		832,662,428	56

Notes:

(a) During the year ended 31 December 2023, the Company issued 394,492,710 ordinary shares, of which 147,876,118 shares were issued to acquire non-controlling interests of partly-owned subsidiaries of the Group.

(b) In connection with the Company's IPO on 31 May 2024, 15,000,000 ordinary shares were issued and allotted at an offer price of HKD10.20 per share for a total gross cash consideration of HKD153,000,000 (equivalent to RMB139,118,000).

(c) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on 31 May 2024. As a result, the financial liabilities for convertible redeemable preferred shares were derecognised and recorded as share capital and share premium.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents share premium of the Group, the reserve arisen pursuant to the acquisition of non-controlling interests, capital reorganisation and issue of shares. Details of the movements in capital reserve are set out in the consolidated statement of changes in equity of the financial statements.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB24,625,000 (2023: RMB23,390,000) and RMB24,624,000 (2023: RMB22,674,000), respectively, in respect of lease arrangements for property and office premises.

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing bank borrowings RMB'000	**Lease liabilities RMB'000**	**Convertible redeemable preferred shares and warrants RMB'000**
At 1 January 2024	**69,500**	**68,464**	**372,385**
Changes from financing cash flows	**56,957**	**(26,269)**	**–**
New leases	**–**	**24,624**	**–**
Interest expense	**3,023**	**3,298**	**–**
Fair value changes	**–**	**–**	**142,293**
Exchange adjustments	**–**	**–**	**1,634**
Transfer to ordinary shares	**–**	**–**	**(516,312)**
At 31 December 2024	**129,480**	**70,117**	**–**

2023

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Convertible redeemable preferred shares and warrants RMB'000
At 1 January 2023	49,700	66,773	291,694
Changes from financing cash flows	17,584	(22,586)	–
New leases	–	22,674	–
Interest expense	2,216	3,549	–
Termination of leases	–	(1,162)	–
Revision of lease payments	–	(784)	–
Fair value changes	–	–	75,003
Exchange adjustments	–	–	5,688
At 31 December 2023	69,500	68,464	372,385

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024	2023
	RMB'000	RMB'000
Within operating activities	**6,194**	7,325
Within financing activities	**26,269**	22,586
Total	**32,463**	29,911

31. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

32. COMMITMENTS

As at 31 December 2024, the Group did not have any commitments (31 December 2023: Nil).

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related party	**Relationship with the Group**
Huzhou Baorui Auto Sales Service Co., Ltd. 湖州寶睿汽車銷售服務有限公司	An entity controlled by a shareholder with significant influence over the Group
Maanshan Ruibao Auto Sales Service Co., Ltd. 馬鞍山瑞寶汽車銷售服務有限公司	An entity controlled by a shareholder with significant influence over the Group
Shanghai Kailong Automobile Sales Co., Ltd. 上海開隆汽車集團有限公司	An entity controlled by a shareholder with significant influence over the Group
Shanghai Longyun Property Management Co., Ltd. 上海隆雲物業管理有限公司	An entity controlled by a shareholder with significant influence over the Group

33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions:

The Group had the following transactions with related parties during the reporting period:

	Note	**2024 RMB'000**	2023 RMB'000
Cost of used vehicle value-added services			
Huzhou Baorui Auto Sales Service Co., Ltd.		**322**	–
Maanshan Ruibao Auto Sales Service Co., Ltd.		**44**	–
Rental expenses:			
Shanghai Kailong Automobile Sales Co., Ltd.		**3,314**	3,314
Shanghai Longyun Property Management Co., Ltd.		**518**	498
Purchases of plant, vehicles, furniture and fixtures:			
Huzhou Baorui Auto Sales Service Co., Ltd.		**600**	–

(c) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Non-trade:		
Prepayments, deposits and other receivables		
Shanghai Kailong Automobile Sales Co., Ltd.	**2,610**	870
Shanghai Longyun Property Management Co., Ltd.	**415**	132
Total	**3,025**	1,002
Trade and bills payables		
Huzhou Baorui Auto Sales Service Co., Ltd.	**122**	–
Maanshan Ruibao Auto Sales Service Co., Ltd.	**14**	–
Total	**136**	–
Other payables and accruals		
Huzhou Baorui Auto Sales Service Co., Ltd.	**622**	–
Total	**622**	–

33. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**8,894**	9,581
Pension scheme contributions	**339**	356
Total	**9,233**	9,937

Further details of directors' emoluments are included in note 10 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss RMB'000	**Financial assets at amortised cost RMB'000**	**Total RMB'000**
Financial products issued by banks (note 21)	**3,300**	**–**	**3,300**
Trade receivables (note 19)	**–**	**14,670**	**14,670**
Financial assets included in prepayments, deposits and other receivables (note 20)	**–**	**78,271**	**78,271**
Cash and cash equivalents (note 22)	**–**	**1,046,599**	**1,046,599**
Total	**3,300**	**1,139,540**	**1,142,840**

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables (note 23)	11,103
Lease liabilities (note 16(b))	70,117
Interest-bearing bank borrowings (note 25)	129,480
Financial liabilities included in other payables and accruals (note 24)	71,717
Total	282,417

2023

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial products issued by banks (note 21)	3,500	–	3,500
Trade receivables (note 19)	–	16,288	16,288
Financial assets included in prepayments, deposits and other receivables (note 20)	–	73,053	73,053
Cash and cash equivalents (note 22)	–	935,441	935,441
Long-term time deposits at banks (note 22)	–	1,000	1,000
Total	3,500	1,025,782	1,029,282

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Convertible redeemable preferred shares and warrants (note 27)	372,385	–	372,385
Trade payables (note 23)	–	30,431	30,431
Lease liabilities (note 16(b))	–	68,464	68,464
Interest-bearing bank borrowings (note 25)	–	69,500	69,500
Financial liabilities included in other payables and accruals (note 24)	–	97,538	97,538
Total	372,385	265,933	638,318

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("**EV/EBITDA**") multiple and price to earnings ("**P/E**") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The Group invests in unlisted investments, which represent financial products issued by the bank. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. Further details are set out in note 27 to the financial statements.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	**–**	**3,300**	**–**	**3,300**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	3,500	–	3,500

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024.

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Convertible redeemable preferred shares and warrants	–	–	372,385	372,385

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables and financial liabilities included in other payables and accruals. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade receivables, financial assets included in prepayments, deposits and other receivables, and cash and cash equivalents that are derived directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group's policies for managing each of these risks are as follows:

Foreign currency risk

The Group's businesses are located in Chinese Mainland and all transactions are conducted in RMB. Most of the Group's assets and liabilities were denominated in RMB, except for certain bank balances and financial assets denominated in USD and HKD. The Group's assets denominated in USD and HKD were mainly held by certain subsidiaries incorporated outside Chinese Mainland which had HKD as their functional currency and the Group did not have material foreign currency transactions in Chinese Mainland during the year.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

	Increase/ (decrease) in the rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000
31 December 2024		
If RMB weakens against USD	**5**	**1,211**
If RMB strengthens against USD	**(5)**	**(1,211)**
If RMB weakens against HKD	**5**	**4,180**
If RMB strengthens against HKD	**(5)**	**(4,180)**
31 December 2023		
If RMB weakens against USD	5	522
If RMB strengthens against USD	(5)	(522)
If RMB weakens against HKD	5	400
If RMB strengthens against HKD	(5)	(400)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	**14,985**	**14,985**
Financial assets included in prepayments, deposits and other receivables					
— Normal**	**78,271**	–	–	–	**78,271**
Cash and cash equivalents					
— Not yet past due	**1,046,599**	–	–	–	**1,046,599**
Total	**1,124,870**	–	–	**14,985**	**1,139,855**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	16,288	16,288
Financial assets included in prepayments, deposits and other receivables					
— Normal**	73,053	–	–	–	73,053
Cash and cash equivalents					
— Not yet past due	935,441	–	–	–	935,441
Long-term time deposits at banks					
— Not yet past due	1,000	–	–	–	1,000
Total	1,009,494	–	–	16,288	1,025,782

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group's policy is to regularly monitor the current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2024

	Within 1 year RMB'000	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Lease liabilities	**22,985**	**46,623**	**13,620**	**83,228**
Interest-bearing bank borrowings	**129,611**	**–**	**–**	**129,611**
Trade payables	**11,103**	**–**	**–**	**11,103**
Other payables and accruals	**43,613**	**28,104**	**–**	**71,717**
Total	**207,312**	**74,727**	**13,620**	**295,659**

As at 31 December 2023

	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	17,818	41,192	20,227	79,237
Interest-bearing bank borrowings	69,583	–	–	69,583
Trade payables	30,431	–	–	30,431
Other payables and accruals	94,149	3,389	–	97,538
Convertible redeemable preferred shares and warrants	–	372,385	–	372,385
Total	211,981	416,966	20,227	649,174

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

The gearing ratio as at the end of the reporting periods are as follows:

	2024 **RMB'000**	2023 RMB'000
Total debt	**312,708**	751,998
Total assets	**1,250,236**	1,146,724
Gearing ratio	**25.01%**	65.58%

37. EVENTS AFTER THE REPORTING PERIOD

The Group has no other significant events after the reporting period up to the approval date of these financial statements.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**802,593**	732,597
Total non-current assets	**802,593**	732,597
CURRENT ASSETS		
Prepayments, deposits and other receivables	**108**	571
Amounts due from subsidiaries	**136,923**	241,368
Cash and cash equivalents	**150,644**	10,300
Total current assets	**287,675**	252,239
CURRENT LIABILITIES		
Other payables and accruals	**5,179**	548
Total current liabilities	**5,179**	548
NET CURRENT ASSETS	**282,496**	251,691
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,085,089**	984,288
NON-CURRENT LIABILITIES		
Convertible redeemable preferred shares and warrants	**–**	372,385
Total non-current liabilities	**–**	372,385
Net assets	**1,085,089**	611,903
EQUITY		
Share capital	**56**	51
Other reserves	**1,085,033**	611,852
Total equity	**1,085,089**	611,903

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

DEFINITIONS

"ADMS system"	our proprietary used vehicle management system that provides intuitive, easy to use digital tools designed to help dealership groups centrally and systematically manage their used vehicle inventory across their 4S dealership stores, solve the key challenges across different stages of their used vehicle business and enhance the overall transparency, efficiency and profitability of their used vehicle business
"auction"	a process of buying and selling items or services by offering them up for bids, taking bids, and then selling them to the highest bidders
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"China" or "PRC"	the People's Republic of China and, for the purpose of the annual report only, except where the context requires otherwise, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Company" or "the Company"	Autostreets Development Limited (汽車街發展有限公司), a company incorporated under the law of the Cayman Islands with limited liability on 3 September 2014
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"EV"	Electric vehicle
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guizhou Tongyuan Automobile"	Guizhou Tongyuan Automobile Group Co. Ltd.* (貴州通源汽車集團有限公司), a company established in the PRC on 12 June 1992
"Guizhou Tongyuan Automobile Group"	Guizhou Tongyuan Automobile together with its subsidiaries
"Guizhou Tongyuan Investment"	Guizhou Tongyuan Investment Group Co., Ltd.* (貴州通源投資集團有限公司), a company established in the PRC on 20 October 1999
"Guizhou Tongyuan Investment Group"	Guizhou Tongyuan Investment together with its subsidiaries

DEFINITIONS

"Guizhou Xintong"	Guizhou Xintong Used Vehicle Auction Co., Ltd* (貴州信通二手車拍賣有限公司), a company established in the PRC on 20 July 2011 and a non-wholly owned subsidiary of our Company
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standards
"ICE"	internal combustion engine, traditional engine powered by burning fossil fuel inside itself
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Board
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	31 May 2024, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"NEV"	new energy vehicle
"OEM"	original equipment manufacturer, which in this annual report, refers to automobile manufacturer
"Prospectus"	the prospectus of the Company dated 23 May 2024
"Reporting Period"	the six months ended 31 December 2024
"Professional Buyers"	refer to used vehicle sales business participants that purchase more frequently (i.e., purchasing three or more used vehicles every year) than typical consumers
"RMB"	Renminbi, the lawful currency of China

DEFINITIONS

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"trade-in"	an arrangement in which the owner of a used vehicle uses the used vehicle as a payment or partial payment for purchase of a new vehicle
"used vehicle"	for the purposes of this annual report only, unless otherwise indicated, "used vehicle" refers to used passenger vehicle (i.e. an automobile designed, constructed and used primarily for the carriage of passengers and typically comprising no more than eight seats in addition to the driver's seat)
"%"	per cent

* *For identification purposes only.*