2024 年度報告 ANNUAL REPORT

途虎养车
TUHU Car Inc.

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

股份代碼 Stock Code: 9690

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Yao Leiwen

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Chen Zhe
Mr. Lee Chung Shing

AUTHORISED REPRESENTATIVES

Mr. Chen Min
Mr. Lee Chung Shing

AUDITOR

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

HONG KONG LEGAL ADVISER

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

COMPLIANCE ADVISER

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

Corporate Information

REGISTERED OFFICE

PO Box 309, Ugland House
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Cayman Islands

HEADQUARTERS

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Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
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183 Queen's Road East
Wanchai, Hong Kong

INVESTOR RELATIONS

Email: ir@tuhu.cn

WEBSITE

www.tuhu.cn

STOCK CODE

9690

WEIGHTED VOTING RIGHTS

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

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

Corporate Information

As at the Latest Practicable Date, the WVR Beneficiary is Mr. Chen Min. Mr. Chen Min is interested in and controls 14,368,284 Class A Shares and 67,918,860 Class B Shares, representing approximately 48.4% of the voting rights of the issued Shares in general meetings of the Company (except for resolutions with respect to the Reserved Matters, in relation to which each Share is entitled to one vote).

Class B Shares may be converted into Class A Shares on a one-to-one ratio. Upon the conversion of all the issued and outstanding Class B Shares into Class A Shares, the Company will issue 67,918,860 Class A Shares, representing approximately 9.0% of the total number of issued and outstanding Class A Shares as of the Latest Practicable Date upon such conversion.

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

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

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

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

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

Financial Summary and Key Operation Metrics

FINANCIAL SUMMARY

	For the year ended 31 December				
	2024		2023		
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	Year over year change
	RMB	***%***	*RMB*	*%*	*%*
	(in thousands, except for percentage)				
Revenue	**14,758,694**	**100.0**	13,601,085	100.0	8.5
Gross profit	**3,745,978**	**25.4**	3,359,353	24.7	11.5
Operating profit	**331,031**	**2.2**	161,524	1.2	104.9
Profit for the year	**482,038**	**3.3**	6,700,697	49.3	(92.8)
Adjusted EBITDA (non-IFRS measure)[1]	**777,262**	**5.3**	757,783	5.6	2.6
Adjusted net profit (non-IFRS measure)[2]	**624,138**	**4.2**	481,314	3.5	29.7

	Unaudited For the six months ended 31 December				
	2024		2023		
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	Year over year change
	RMB	***%***	*RMB*	*%*	*%*
	(in thousands, except for percentage)				
Revenue	**7,632,533**	**100.0**	7,079,456	100.0	7.8
Gross profit	**1,900,213**	**24.9**	1,781,244	25.2	6.7
Operating profit	**119,147**	**1.6**	94,793	1.3	25.7
Profit for the period	**197,706**	**2.6**	6,641,210	93.8	(97.0)
Adjusted EBITDA (non-IFRS measure)[1]	**327,643**	**4.3**	405,961	5.7	(19.3)
Adjusted net profit (non-IFRS measure)[2]	**265,974**	**3.5**	267,269	3.8	(0.5)

Notes:

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

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

Financial Summary and Key Operation Metrics

KEY OPERATION METRICS

	As of/For the year ended 31 December		
	2024	2023	Year over year change (%)
Number of Tuhu workshops	**6,874**	5,909	16.3
– Self-operated Tuhu workshops	**158**	152	3.9
– Franchised Tuhu workshops	**6,716**	5,757	16.7
Transacting users[1] *(in millions)*	**24.1**	19.3	24.8
Registered users[2] *(in millions)*	**138.8**	115.3	20.4

Notes:

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

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

Chairman's Statement

Dear Shareholders,

2024 was a challenging year. Against the backdrop of complex and severe internal and external situations, the domestic consumer market has been under downward pressure since the second quarter, and the growth of the automotive service industry has also slowed down. According to the National Bureau of Statistics, the total consumer retail sales in China increased by 3.5% year-on-year. At the same time, the growth rate of the automotive services market slowed to 3.2%[1] for the full year, falling well below the past five-year average. Meanwhile, consumer demand is becoming increasingly segmented, and there are higher requirements on cost-effectiveness and diversity on the basis of ensuring no discount on product and service experience.

Although the market was under pressure, the government's package of incremental policies from the second half of the year provided the market with signs of recovery. Following this trend, the Company actively cooperated with the government to provide government subsidies for some categories on the platform since the fourth quarter, and continued to elevate the service quality of our offline store network. Through broader access to online users, more comprehensive offline service categories, a more efficient supply chain system, more refined franchisee services, and more intelligent technical support capabilities, we have continued to comprehensively reinforce our position as the leading integrated online and offline platforms for national automotive service in China.

FINANCIAL HIGHLIGHTS

In 2024, our Group sustained steady growth, recording total revenue of RMB14.8 billion, representing an increase of 8.5% from RMB13.6 billion in 2023. This solidifies our position as the market leader in China's independent automotive service market by revenue. Our gross profit in 2024 reached RMB3.7 billion, with a gross profit margin of 25.4%, a 0.7 percentage point increase from 2023. During the Reporting Period, despite a challenging economic environment, we remained committed to delivering value-for-money automotive products and services. While this strategy resulted in a decline in average order value, our in-depth supply chain engagement enabled us to further strengthen upstream bargaining power and optimise product mix, which ultimately led to sustainable gross profit margin expansion.

Our operational efficiency continued to improve, as evidenced by effective reductions in operating expense ratio, alongside business scaling and the implementation of efficiency initiatives. Our total operating expenses (comprising operating and support expenses, research and development expenses, selling and marketing expenses, and general and administrative expenses) in 2024 were RMB3.5 billion, accounting for 23.6% of total revenue, a 0.7 percentage point decrease from 2023. Our adjusted net profit (non-IFRS measure) in 2024 reached RMB624 million, representing an increase of 29.7% year-over-year. Cash flows from operating activities in 2024 reached RMB1.3 billion, representing an increase of 29.2% year-over-year. As of the end of 2024, our cash position exceeded RMB7.5 billion, underscoring our robust capital reserves.

1 Based on CIC's estimation.

Chairman's Statement

PLATFORM OPERATIONS: NEW CHANNELS, NEW SERVICES, AND NEW TOOLS

By the end of 2024, our omni-channel platform, primarily the "Tuhu Automotive Service (途虎養車)" APP, had nearly 140 million registered users. Our comprehensive service offerings have made Tuhu the go-to choice for daily car maintenance among a growing number of users. Our nationwide brand survey across 70 cities revealed that Tuhu achieved an unprompted brand mention rate of 52% on average – 60% in higher-tier cities and 49% in lower-tier cities – positioning us as an undeniable leader in China's automotive service industry. Strong brand recognition propelled us to an average of 12 million APP monthly active users and 24.1 million annual transacting users in 2024, representing an increase of 17.2% and 24.8% compared to 2023, respectively. Across all key user metrics – registered users, monthly active users, and annual transacting users – we remain the undisputed leader in China's automotive service market.

New Channels

We expanded our reach by investing in user-preferred content platforms, such as short-video platforms and lifestyle-focused platforms, as well as paid knowledge-sharing platforms. On Douyin, our "content + live streaming + local services" matrix significantly boosted user engagement. In 2024, the number of users newly acquired from Douyin for our tire and maintenance services grew by over 100% compared to 2023, and we have consistently held the top position in terms of the cumulative gross merchandise volume (GMV) in the automotive parts and accessories category on Douyin Ecommerce Platform. Building on this success, we collaborated with Douyin to launch the "Yuntu Engine 3.0" ecosystem solution in December. This solution is designed to enhance end-to-end operational efficiency for our suppliers and stores by leveraging co-created short videos and live streams, maximising customer reach and creating new business opportunities across the value chain.

In early November 2024, we participated in the 7th China International Import Expo (CIIE) as the sole automotive service exhibitor, unveiling a range of innovative products with four long-term supply chain partners. Our booth attracted nearly 100,000 visitors and received positive recognition from relevant government authorities. The event provided a platform to showcase our technological capabilities and brand culture, strengthened our relationships with suppliers, reinforced our authoritative image within the industry, and deepened customer trust and loyalty.

New Services

Capitalising on new service opportunities brought by the increasing sales proportion of new energy vehicles (NEVs), we actively promoted our car detailing and beauty services, enhancing both our product offerings and offline service capabilities. In 2024, we added over 1,300 Tuhu workshops equipped with basic car detailing and beauty service capabilities (comprising car wash and waxing services), bringing the nationwide total to more than 5,700 workshops by year-end. Currently, customers can conveniently access our distinctive services, such as Tuhu Quick Car Wash, Tuhu Standard Car Wash, and Tuhu Signature Waxing, through online appointments or walk-in visits. Through extensive store network coverage and service standardisation, we are establishing a robust competitive advantage for our basic car detailing and beauty business. In 2024, our peak daily online orders for basic car detailing and beauty services approached 120,000, representing 1.9 times the daily peak volume in 2023.

Chairman's Statement

To better provide one-stop service solutions for NEV users on our platform, who already accounted for more than 11% of our annual transacting users, we launched an NEV charging service in early 2024. By the end of the year, we had integrated major charging service providers, offering access to 70,000 charging stations across 342 cities. This service not only represents our effort to attract additional NEV owners through high-frequency services, but also demonstrates our commitment to aligning with the evolving automotive service market and accelerating our foray into the fast-growing NEV segment.

New Tools

In 2024, we were fully focused on Artificial Intelligence (AI). Leveraging technological innovations of large language models and our deep commitment to AI solutions, we enhanced multi-modal capabilities across various AI-driven scenarios within our platform, improved user intent recognition, question-answering accuracy, and multi-turn interaction capabilities, thereby strengthening AI-powered problem-solving solutions. Based on this, we have deployed an intelligent customer service system that covers the entire user journey – pre-sales, mid-sales, and after-sales. In 2024, our intelligent customer service on average handled nearly 100,000 daily interactions, with user satisfaction increasing by over 10 percentage points compared to 2023. By integrating cutting-edge technology with lean operations, we balanced efficiency gains with satisfactory user experiences.

At the beginning of 2025, we took a significant step forward in our intelligent transformation by deploying advanced AI models, including DeepSeek-R1 and V3, across our core business systems. We anticipate that the deployment of higher-performance AI models will further empower our franchisees and internal operations teams, driving operational efficiency and service quality improvements across our nationwide Tuhu workshop network.

Beyond expanding into new channels, services, and tools, we are dedicated to optimising the user experience at every touchpoint – from APP usability and product assortment to logistics, in-store services, and after-sales support. In 2024, overall user satisfaction for our platform exceeded 95%, representing 2 percentage points increase from 2023. Driven by consistent product and service fulfilment and high customer satisfaction, our repeat purchase ratio in December 2024 (the percentage of customers who continued to be active and paid for at least one order through our platform (excluding Qipeilong) during the twelve-month period following December 2023 among all customers who completed an order at any Tuhu workshop during such period) was 62.3%, representing 3 percentage points increase from 2023.

STORE NETWORK

Store Expansion

In 2024, we further expanded our store network. By the end of 2024, we operated 6,874 Tuhu workshops nationwide, representing a net increase of 965 stores during the year. This expansion further solidified our position as the largest automotive service platform in China and widened our lead over competitors.

As of the end of 2024, our stores covered 318 prefecture-level administrative divisions and 1,759 county-level administrative divisions nationwide. In county regions with over 20,000 passenger vehicles, we achieved a 66% coverage rate. Notably, we achieved full coverage in seven provincial-level administrative divisions – Beijing, Shanghai, Jiangsu, Chongqing, Hainan, Tibet, and Tianjin – for county regions meeting this threshold. By the end of 2024, the number of our stores in Guangdong Province exceeded 1,000, making Guangdong our first province to surpass this milestone.

Chairman's Statement

2024 marked the fourth year of our lower-tier cities market penetration strategy. For us, the significance of this strategy extends beyond simply providing high-quality products and professional auto services with fair pricing. It encompasses breaking down the barriers of industry and information asymmetry, reshaping the standards for auto maintenance services in lower-tier cities. In August 2024, we launched the "Ten Thousand Towns, Ten Thousand Stores" initiative to extend our presence into townships, offering discounted franchise and management fees to support partners in opening stores in underserved townships in central and western China, reaching a broader user base where our services are needed. Following the initiative's launch, our store count grew by more than 30% in northwest China by the end of 2024 compared to the end of 2023, with Xinjiang seeing an over 60% increase during the same period. By the end of 2024, in independent townships across central and western China, our signed store locations rose by 48% compared to the end of 2023. Through these efforts, we are realising our commitment to ensure that car owners in lower-tier cities can access the same convenient, affordable, and customer-centric auto maintenance services as those in first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen.

Store Operations

Given the backdrop in offline retail throughout 2024, with shrinking consumer spending and declining store traffic, we stepped up support for our franchisees. To help newly opened stores transition smoothly into stable operations, we launched the "New Store Improvement Program" in the second half of 2024. Through this program, we provided newly opened stores with resources including additional traffic supports, technical training and dedicated, targeted marketing campaigns, offered them task-based rewards, and increased communication. These efforts help new stores boost their operational performance, customer satisfaction, and technical standard attainment at early stage, thereby assisting them in navigating their ramp-up period. As a result, key performance indicators for newly opened stores within the year, such as profitability and revenue, showed improvements compared with those opened in 2023. For existing stores, we offered incentives such as activity-based rewards and management fee reductions. In 2024, we invested nearly RMB100 million in total to boost the return for both new and existing stores.

Amid a tough consumption environment, we also increased our investment in promotions, incurring a total of RMB1.04 billion on online and offline marketing expenditure in 2024, an increase of RMB250 million from 2023. This translates to an additional RMB14,000 in average promotional expenses on a per workshop basis in 2024. These efforts made us one of the few companies in the industry to achieve positive same-store user traffic growth in 2024. By the end of 2024, approximately 50% of franchisees on our platform operated two or more stores, marketing a continuous increase and reflecting their sustained confidence in our business model.

In addition to multi-faceted support, we strengthened franchisee management across multiple dimensions in 2024, emphasising values, business norms, customer service, and healthy industry progression. On the incentive side, we introduced preferential renewal policies and established awards such as "Outstanding Franchisee," and "Excellence in Market Development," to encourage higher service quality and better management. On the compliance side, we intensified efforts to monitor and address franchisee misconduct. Leveraging AI-powered tools, we implemented online quality inspections and manual spot checks to effectively reduce instances of excessive sales among certain franchisees. By integrating AI models with in-store cameras and optimising system workflows, we effectively controlled management oversights in workshops. Moving forward, we will continue to prioritise store compliance governance to further enhance customer service experience.

Our merit-based award mechanisms, store support policies, and systematic franchisee management – coupled with the dedication of our franchisee partners – led to an over 5% same-store user growth[2] in 2024 compared to 2023. By December 2024, more than 90% of franchised Tuhu workshops that had been operational for over six months remained profitable.

2 Same stores refer to Tuhu workshops that were in continuous operation each month throughout 2023 and 2024.

PRODUCTS AND SERVICES: TIRES

In 2024, the tire industry saw accelerated consolidation among leading brands, with Tuhu emerging as a key growth channel for many international tire manufacturers in a challenging market. In August 2024, we partnered exclusively with Continental to launch its global flagship product – the ExtremeContact XC7 series – in China. Featuring self-repair and silent technologies, this marked the first time Continental's highest-end product made its global debut in China. Within three months of its debut, monthly sales of the ExtremeContact XC7 surpassed 1,000 units. Our collaboration with Michelin also deepened in 2024. Following the success of the "Tuhu 618 National Car Care Festival," we continued to work closely with Michelin on product and service innovation, driving a year-over-year increase of more than 60% in Michelin tire sales volume on our platform.

Throughout 2024, consumer purchasing decisions became increasingly rational, with more consumers opting for branded tires that balance performance and affordability. To meet this demand, we enriched our portfolio of private label products, ensuring quality and cost efficiency leveraging the manufacturing capabilities of well-known suppliers. Our Falken tires, backed by Dunlop, gained widespread positive consumer feedback since their launch in early 2023 and saw sales volume growth exceeding 200% in 2024 compared to 2023. Benefiting from efficient user data feedback, we swiftly identified and developed products tailored to market needs. Building on the growing user preference for our private label products under Dongfeng and Feiyue, we introduced the premium Dongfeng Victory and Feiyue Peak series in the second half of 2024, catering to the demands of mid-to-high-end customers.

As the largest tire sales platform in China, we are committed to providing users with professional and convenient tire selection guidance. To achieve this, we collaborated with leading industry organisations and brands to establish the Tuhu-China Tire Quality Evaluation System, setting new benchmarks for the industry. In August 2024, we partnered with the China Automotive Technology and Research Centre (CATARC) to release the "Super Gold Medal Evaluation" list for tires, which rated leading tire brands across eight professional dimensions, and evaluated them in terms of safety, noise reduction, energy efficiency, and handling performance. This initiative empowers consumers to make more informed and personalised choices.

PRODUCTS AND SERVICES: AUTO MAINTENANCE

We further enriched the brand matrix and product series of engine oil, the core category in auto maintenance, to meet the diversified and multi-scenario needs of users. Our private label engine oils launched in the first half of 2024, including those under Bosch and Saudi Aramco's Valvoline, received strong market reception, paving the way for our private label products to penetrate the mid-to-high-end engine oil segment. Riding on the momentum, in the second half of the year, we partnered with Castrol to launch the Formula RS engine oil, offering users a track-level auto maintenance experience. This product achieved notable success upon release, surpassing 50,000 bottles in sales during the Double 11 Shopping Festival.

Recognising the growing adoption of hybrid vehicles, we pioneered hybrid-specific engine oils and released the "New Energy Vehicle Engine Oil Quality Standard." Brands like Shell, Castrol, Valvoline, Honeywell, and Jiachi now offer hybrid-specific engine oil series with various viscosity grade on our platform, driving a remarkable 270% year-over-year growth in hybrid engine oil sales volume in 2024.

Chairman's Statement

In other auto maintenance categories, we prioritised operational refinement and service enhancements. Categories including storage batteries, air filters, wipers, and brake systems all delivered strong performances throughout 2024. For storage battery in particular, driven by increased density of service outlets and inventory capabilities, our timely fulfilment rate of door-to-door installation orders increased by more than 2 percentage points year-over-year to 86% in 2024. In addition, Our premium "28-Minute Door-to-Door Service of Battery Replacement with Delay Penalty" service covered 40 cities and served over 200,000 car owners, achieving a 79% on-time rate in 2024. We also introduced value-for-money private label brands. These efforts altogether contributed to a 30% year-over-year revenue increase from our battery business in 2024.

Our "Super Gold Medal Evaluation" program was also extended to auto maintenance products. In Yakeshi, Inner Mongolia, where temperatures average below -30°C, we conducted extreme cold tests on engine oil and storage batteries from brands including Mobil, Castrol, Shell, Bosch, and MOLL, in collaboration with CATARC, based on the national standard "Automotive Starting Performance Test Method." We subsequently issued the "Super Gold Medal Winter Quality Verification" report, showcasing authentic performance data of engine oil and storage battery brands in extremely cold conditions, providing consumers with an authoritative reference for purchasing decisions for winter car care.

OTHER PRODUCTS AND SERVICES

With the aging of China's passenger vehicle fleet, demand for quick repair services has steadily increased. Leveraging curated product selection guided by historical platform data, robust database with tens of millions of accurately matched parts, and private label product development capability, our quick repair business delivered strong performance in 2024. By the end of 2024, 99% of Tuhu workshops offered core quick repair capabilities. We observed that, amid the broader consumption downturn, more consumers are increasingly opting to compare prices online before placing orders and proceeding to offline services. To address this shift, we optimised our online ordering process and expanded supply coverage, resulting in a nearly 50% year-over-year increase in online transacting users for quick repair service in 2024. For offline orders, we enhanced product availability and improved turnover efficiency by optimising in-store stocking models and adopting diversified supply modes. In 2024, the user penetration rate of quick repair services among our transacting users surpassed 10%, with revenue from categories such as control arm assemblies and wheel speed sensors growing by more than 50% year-over-year.

The demand for advanced car detailing and beauty services also increased significantly in 2024. To meet consumer demand for value-for-money window films and paint protection films, we strengthened our efforts in private label products. In the second half of 2024, with the launch of several private label brands, orders for our advanced car detailing and beauty services increased by over 30% year-over-year. Notably, among advanced car detailing and beauty service users, new car owners (vehicles under one year old) accounted for 40%, while NEV owners made up 27%. This underscores the role of these services in strengthening user engagement among NEV and new car owners, positioning us to capitalise on a period of industry growth and opportunity.

Additionally, we are actively exploring the collision repair sector. In 2024, we focused on refining the single-city economic model in Shanghai and Guangzhou, while optimising online lead conversion pathways for accident cars. These efforts contributed to an over 130% year-over-year increase in GMV for our collision repair service in 2024.

Chairman's Statement

NEV BUSINESS

While metrics such as the penetration rate of NEVs in the overall car park and their average vehicle age indicate that NEV-related services were still in the early stages of development in 2024, we have secured a significant first-mover advantage in product and service offerings as well as user awareness within the NEV segment. In 2024, NEV transacting users on our platform reached 2.7 million, accounting for over 11% of total transacting users and representing an increase of 105% compared to 2023. Furthermore, among transacting users with vehicles under three years old, NEV users already accounted for more than 30%.

Beyond addressing general auto maintenance needs for NEVs, we continued to enhance our capabilities in NEV-specific repairs, particularly for batteries, motors, and electronic control systems. By the end of 2024, over 800 Tuhu technicians had obtained low-voltage electrician certifications. In 2024, we began servicing out-of-warranty individual NEV customers, complementing our existing service for battery manufacturers. We are also exploring the establishment of online and offline battery testing service to serve the full lifecycle needs of NEV owners, and have already piloted the services in select cities and stores.

SUPPLY CHAIN AND LOGISTICS

Our robust logistics network ensures rapid product turnover and reliable service delivery. By the end of 2024, 243 self-operated delivery routes, together with external carriers, connected 30 regional distribution centres, 606 front distribution centres, and 6,874 workshops nationwide. In 2024, we further optimised our fulfilment expense ratio by 0.5 percentage points to 4.5%.

With regional distribution centres, we continuously optimised in-warehouse operational efficiency and improved picking efficiency through automated in-warehouse planning and automated equipment. For example, we introduced the light-guided picking process, which improved human efficiency by providing visual cues and increased picking labour efficiency by 58%. Accommodating the escalating large-scale order volume, we expanded our self-operated delivery capacity for deliveries from regional distribution centres to stores, while utilising third-party carrier capacity as a supplement. As a result of stable warehousing and distribution planning and coordination, our same-day or next-day order delivery rate increased by more than 5 percentage points in 2024 to 79% compared to 2023.

With front distribution centres, we continuously increased warehouse density and optimised inventory planning models to improve the inventory availability for walk-in orders. Through the intelligent stocking model, we further improved the accuracy of product stocking. Taking brake pads as an example, through intelligent product planning, we increased the in-stock rate for brake pads for walk-in orders by 15 percentage points in November 2024 year-over-year, driving a corresponding revenue increase of more than 50% year-over-year.

Chairman's Statement

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In 2024, we continued to embed the principles of social responsibility into our corporate culture and align our operational mission with a commitment to social development. By actively participating in public welfare initiatives, we strived to make positive and meaningful contributions to society.

In September 2024, Typhoons Bebinca and Pulasan made landfall in the coastal areas of Jiangsu, Zhejiang, and Shanghai. we opened emergency rescue hotlines in several severely affected cities, providing emergency rescue and free vehicle inspection services. In January 2025, a 6.8-magnitude earthquake occurred in Dingri County, Shigatse City, Tibet Autonomous Region. At the critical moment of earthquake relief, we swiftly launched a disaster relief response, donating RMB500,000 to the affected area to support emergency rescue, livelihood assistance to affected populations, and post-disaster reconstruction and other related activities.

As an industry leader, we leveraged our expertise and resources to contribute to the development of national industry standards, driving the evolution of the automotive service sector. In 2024, we participated in the formulation of two national standards: "Technical Requirements for Maintenance and Repair of New Energy Vehicles" and "Technical Requirements for Completion and Acceptance of Traction Battery Maintenance." These initiatives are helping accelerate the establishment of an improved NEV repair standard system, supporting the promotion and application of NEVs, and ensuring safer vehicle usage for car owners.

In July 2024, we were honoured with the inaugural "Shanghai Business Innovation Award" for our innovative demonstration project, "The Largest Online and Offline Integrated Automotive Service Provider in China – Tuhu Car Maintenance Innovation Project." This prestigious award, guided by the Shanghai Municipal Commission of Commerce and the Shanghai Municipal Human Resources and Social Security Bureau and hosted by the Shanghai Business Federation, recognised our leadership in driving innovation in the consumer market, optimising market supply, and enhancing the efficiency of commercial resource allocation.

SHAREHOLDER RETURN

2024 marked our first full fiscal year after going public. We remained steadfast in prioritising shareholder interests. Following our inclusion in the Hang Seng Index at the end of 2023, we were included in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect target securities lists on 25 April 2024 and 26 April 2024, respectively. Amid ongoing market volatility, we utilised our own funds to purchase Shares in the market. During the period from 13 March 2024, the end of IPO lock-up period, to the date of the Latest Practicable Date, we purchased, or instructed the trustee to purchase pursuant to the Second Post-IPO Share Scheme (Existing Shares), an aggregate of 25,077,900 Class A Shares, representing approximately 3.1% of our Company's issued share capital as of the date of the Latest Practicable Date. This demonstrates management's confidence in our prospects and inherent value. Supported by the automotive service industry's multi-year growth and counter-cyclical nature, we are confident in our ability to navigate evolving consumption trends and strengthen our overall service capabilities. By leading the industry through market cycles, we aim to deliver sustained, long-term financial returns to our shareholders and create enduring value in the years ahead.

Chairman's Statement

CONCLUSION

In the face of a complex and dynamic market environment in 2024, we stood firm in our vision, proactively adapting to challenges while solidifying and enhancing our core strengths in product capability, store services, and logistics efficiency. As we look ahead to 2025, we remain unwavering in our commitment to creating long-term value, by promoting industry standardization and digitalization, and delivering high-quality yet affordable products and services to consumers.

On behalf of the Board and the management team, I would like to extend my deepest gratitude to our customers, franchise partners, suppliers, employees, and shareholders. Your trust and steadfast support have been the cornerstone of our journey, reminding us that no dream is too distant to chase, no ambition is too bold to achieve.

Mr. Chen Min
Founder, Chairman, and Chief Executive Officer
20 March 2025

Management Discussion and Analysis

SELECTED CONSOLIDATED INCOME STATEMENT ITEMS

Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Revenue	**14,758,694**	13,601,085
Cost of revenue	**(11,012,716)**	(10,241,732)
Gross profit	**3,745,978**	3,359,353
Other income and gains, net	**62,007**	118,362
Operations and support expenses	**(576,569)**	(600,390)
Research and development expenses	**(639,785)**	(579,615)
Selling and marketing expenses	**(1,916,253)**	(1,714,684)
General and administrative expenses	**(354,891)**	(420,194)
Fair value changes on financial assets at fair value through profit or loss	**10,544**	(1,308)
Operating profit	**331,031**	161,524
Finance income	**183,420**	128,508
Finance costs	**(15,701)**	(18,823)
Fair value changes of convertible redeemable preferred shares	**–**	6,465,354
Share of profits and losses of joint ventures and associates	**(11,557)**	(11,217)
Profit before tax	**487,193**	6,725,346
Income tax expense	**(5,155)**	(24,649)
Profit for the year	**482,038**	6,700,697
Adjusted EBITDA (non-IFRS measure)	**777,262**	757,783
Adjusted net profit (non-IFRS measure)	**624,138**	481,314

Management Discussion and Analysis

Revenues

Our revenue for the year ended 31 December 2024 amounted to RMB14.8 billion, representing an increase of 8.5% as compared with RMB13.6 billion for the year ended 31 December 2023.

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

	For the year ended 31 December			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(in thousands, except for percentage)			
Automotive products and services	**13,801,674**	**93.5**	12,646,780	93.0
Individual end customers	**12,393,548**	**84.0**	11,265,416	82.8
– Tires and chassis parts	**6,131,538**	**41.6**	5,552,904	40.8
– Auto maintenance	**5,421,126**	**36.7**	4,932,621	36.3
– Others[1]	**840,884**	**5.7**	779,891	5.7
Qipeilong[2]	**1,408,126**	**9.5**	1,381,364	10.2
Advertising, franchise and other services	**957,020**	**6.5**	954,305	7.0
Franchise services	**785,869**	**5.3**	731,334	5.4
Advertising services	**88,053**	**0.6**	74,672	0.5
Others	**83,098**	**0.6**	148,299	1.1
Total	**14,758,694**	**100.0**	13,601,085	100.0

Notes:

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

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

Management Discussion and Analysis

Revenue from automotive products and services

Our revenue from automotive products and services increased by 9.1% from RMB12.6 billion in 2023 to RMB13.8 billion in 2024. This increase was primarily due to (i) a 10.2% growth in revenue from tires and chassis parts segment, and auto maintenance segment, from RMB10.5 billion in 2023 to RMB11.6 billion in 2024, primarily attributable to our continuous optimisation of online marketing strategies and the expansion of our Tuhu workshop network, which together broadened our customer base and transaction volume. This increase was partially offset by the decrease in the average transaction value as more customers opted for more cost-effective products, such as our private label products; (ii) a 7.8% growth in revenue from other products and services segment, from RMB779.9 million in 2023 to RMB840.9 million in 2024, primarily attributable to increased revenue from car wash and detailing services as we expanded the availability of these services across more Tuhu workshops; and (iii) a 1.9% growth in revenue from sales of auto parts through Qipeilong, from RMB1,381.4 million in 2023 to RMB1,408.1 million in 2024, primarily attributable to enhanced sales from our instant procurement service in line with the expansion of our Tuhu workshop network, which was partially offset by the decline in the revenue contribution from the regional wholesale service.

Revenue from advertising, franchise and other services

Our revenue from advertising, franchise and other services slightly increased from RMB954.3 million in 2023 to RMB957.0 million in 2024, primarily due to (i) the growth in revenue from franchise service, resulting from the expansion of our franchised Tuhu workshop network; and (ii) the increased volume of advertising driven by our ongoing platform investments and the expansion of franchised Tuhu workshops, which collectively contributed to our strengthening brand recognition. This increase was offset by the decrease in revenue from our new NEV sales, used car sales and SaaS business, following a strategic review of our operations.

Management Discussion and Analysis

Cost of Revenue

Our cost of revenue for the year ended 31 December 2024 amounted to RMB11.0 billion, representing an increase of 7.5% as compared with RMB10.2 billion for the year ended 31 December 2023.

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

	For the year ended 31 December			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(in thousands, except for percentage)			
Cost of automotive products and services	**10,590,126**	**71.8**	9,742,511	71.6
Individual end customers	**9,450,424**	**64.1**	8,582,425	63.1
– Tires and chassis parts	**5,133,719**	**34.8**	4,586,683	33.7
– Auto maintenance	**3,639,717**	**24.7**	3,332,013	24.5
– Others	**676,988**	**4.6**	663,729	4.9
Qipeilong	**1,139,702**	**7.7**	1,160,086	8.5
Cost of advertising, franchise and other services	**125,280**	**0.8**	151,317	1.1
Franchise services	**87,798**	**0.6**	81,734	0.6
Advertising services	**4,013**	**0.0**	3,004	0.0
Others	**33,469**	**0.2**	66,579	0.5
Cost of self-operated Tuhu workshops and others	**297,310**	**2.0**	347,904	2.6
Total	**11,012,716**	**74.6**	10,241,732	75.3

This increase was primarily due to an 8.7% growth in cost of automotive products and services, from RMB9.7 billion in 2023 to RMB10.6 billion in 2024, which was in line with our revenue growth resulting from the expansion of our Tuhu workshop network and customer base. This increase was partially offset by (i) the decrease in the cost of advertising, franchise and other services, resulting from the decline in cost associated with closure of NEV sales business; and (ii) the decrease in cost of self-operated Tuhu workshops and others, attributable to our effective cost control measures.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of our Group was RMB3.7 billion for the year ended 31 December 2024, as compared with RMB3.4 billion for the year ended 31 December 2023.

Gross profit margin of our Group increased from 24.7% for the year ended 31 December 2023 to 25.4% for the year ended 31 December 2024, primarily due to (i) a 0.3 percentage point increase in gross profit margin on automotive products and services, attributable to (a) higher percentage of revenue from sales of our exclusive and private label products, (b) more favorable procurement terms from our suppliers, and (c) the strategic reduction of lower-margin regional wholesale services within Qipeilong. This increase was partially offset by the declined margin in tires and chassis parts, due to our customers' shifting brand preferences, especially in the second half of 2024; and (ii) scaling back of low margin businesses and more effective cost control measures on the self-operated Tuhu workshops.

Other Income and Gains, Net

Our other income and gains for the year ended 31 December 2024 amounted to RMB62.0 million, representing a decrease of 47.6% as compared with RMB118.4 million for the year ended 31 December 2023. This decrease was primarily due to the reduction in government grants in 2024.

Operations and Support Expenses

Our operations and support expenses decreased by 4.0% from RMB600.4 million for the year ended 31 December 2023 to RMB576.6 million for the year ended 31 December 2024. This decrease was primarily attributable to (i) the reduction in personnel costs, resulting from the decrease in the number of operations and support staff; and (ii) lower rental and other expenses.

Research and Development Expenses

Our research and development expenses increased by 10.4% from RMB579.6 million for the year ended 31 December 2023 to RMB639.8 million for the year ended 31 December 2024. This increase was primarily due to (i) the increase in the average salary of research and development personnels, while the number of total research and development personnels decreases; and (ii) the increase in expenditures on cloud and computing capabilities in preparation for the deployment of AI applications.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.8% from RMB1.7 billion for the year ended 31 December 2023 to RMB1.9 billion for the year ended 31 December 2024, primarily due to marketing and promotional activities aiming to enhance brand recognition, including (a) increased spending on short-form video platforms; and (b) roll-out of new offline promotional initiatives. This increase was partially offset by the decrease in warehouse rental expenses, as a result of warehouse relocations and lease renegotiations.

Management Discussion and Analysis

General and Administrative Expenses

Our general and administrative expenses decreased by 15.5% from RMB420.2 million for the year ended 31 December 2023 to RMB354.9 million for the year ended 31 December 2024. This decrease was primarily due to (i) the decrease of RMB44.3 million in listing expenses associated with the Global Offering; and (ii) the lower provisions for bad debts and impairment charges. This decrease was partially offset by the increase in transaction fees associated with our enhanced orders.

Finance Income

Our finance income for the year ended 31 December 2024 amounted to RMB183.4 million, representing an increase of 42.7% as compared with RMB128.5 million for the year ended 31 December 2023. This increase was primarily due to the increase in average balance of treasury investments.

Fair Value Changes of Convertible Redeemable Preferred Shares

We recorded nil from the fair value changes of convertible redeemable preferred shares for the year ended 31 December 2024, compared to a gain of RMB6.5 billion for the year ended 31 December 2023. This change reflects our one-time fair value adjustment upon the Global Offering. All our convertible redeemable preferred shares were converted to Class A Shares and therefore, we will not incur fair value changes of convertible redeemable preferred shares thereafter.

Income Tax Expense

Our income tax expense for the year ended 31 December 2024 amounted to RMB5.2 million, representing a decrease of 79.1% as compared with RMB24.6 million for the year ended 31 December 2023. This decrease was primarily due to non-recurring taxable income recorded by certain subsidiaries of our Group in 2023, which resulted in a comparatively higher income tax expense for 2023.

Profit for the Year

As a result of the foregoing, our profit for the year ended 31 December 2024 amounted to RMB482.0 million. In 2023, we recorded profit of RMB6.7 billion.

Management Discussion and Analysis

Six Months Ended 31 December 2024 Compared to Six Months Ended 31 December 2023

	Unaudited For the six months ended 31 December	
	2024	2023
	(RMB in thousands)	
Revenue	**7,632,533**	7,079,456
Cost of revenue	**(5,732,320)**	(5,298,212)
Gross profit	**1,900,213**	1,781,244
Other income and gains, net	**40,965**	35,139
Operations and support expenses	**(293,483)**	(328,370)
Research and development expenses	**(337,744)**	(281,658)
Selling and marketing expenses	**(1,008,128)**	(873,144)
General and administrative expenses	**(168,810)**	(234,740)
Fair value changes on financial assets at fair value through profit or loss	**(13,866)**	(3,678)
Operating profit	**119,147**	94,793
Finance income	**92,977**	66,868
Finance costs	**(7,066)**	(9,344)
Fair value changes of convertible redeemable preferred shares	**–**	6,512,515
Share of profits and losses of joint ventures and associates	**(6,975)**	(9,622)
Profit before tax	**198,083**	6,655,210
Income tax expense	**(377)**	(14,000)
Profit for the period	**197,706**	6,641,210
Adjusted EBITDA (non-IFRS measure)	**327,643**	405,961
Adjusted net profit (non-IFRS measure)	**265,974**	267,269

Management Discussion and Analysis

Revenues

Our revenue for the six months ended 31 December 2024 amounted to RMB7.6 billion, representing an increase of 7.8% as compared with RMB7.1 billion for the same period of 2023.

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

	Unaudited For the six months ended 31 December			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(in thousands, except for percentage)			
Automotive products and services	**7,158,394**	**93.8**	6,587,982	93.1
Individual end customers	**6,423,452**	**84.2**	5,858,820	82.8
– Tires and chassis parts	**3,158,920**	**41.4**	2,875,264	40.6
– Auto maintenance	**2,803,401**	**36.7**	2,567,647	36.3
– Others(1)	**461,131**	**6.1**	415,909	5.9
Qipeilong(2)	**734,942**	**9.6**	729,162	10.3
Advertising, franchise and other services	**474,139**	**6.2**	491,474	6.9
Franchise services	**407,604**	**5.3**	374,806	5.3
Advertising services	**40,008**	**0.5**	35,254	0.5
Others	**26,527**	**0.4**	81,414	1.1
Total	**7,632,533**	**100.0**	7,079,456	100.0

Notes:

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

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

Management Discussion and Analysis

Revenue from automotive products and services

Our revenue from automotive products and services increased by 8.7% from RMB6.6 billion for the six months ended 31 December 2023 to RMB7.2 billion for the same period of 2024. This increase was primarily due to (i) a 9.5% growth in revenue from tires and chassis parts, and auto maintenance segment from RMB5.4 billion for the six months ended 31 December 2023 to RMB6.0 billion for the same period of 2024, primarily attributable to our continuous optimisation of online marketing strategies and the expansion of our Tuhu workshop network, which together broadened our customer base and transaction volume. This increase was partially offset by the decrease in the average transaction value as more customers opted for more cost-effective products, such as our private label products; (ii) a 10.9% growth in revenue from other products and services segment, from RMB415.9 million for the six months ended 31 December 2023 to RMB461.1 million for the same period of 2024, primarily attributable to higher revenue contribution from car wash and detailing services as we expanded the availability of these services across more Tuhu workshops; and (iii) our revenue from sales of auto parts through Qipeilong slightly increased from RMB729.2 million for the six months ended 31 December 2023 to RMB734.9 million for the same period of 2024, primarily attributable to enhanced sales from our instant procurement service, in line with the expansion of our Tuhu workshop network, which was partially offset by the decline in the revenue contribution from the regional wholesale service.

Revenue from advertising, franchise and other services

Our revenue from advertising, franchise and other services decreased by 3.5% from RMB491.5 million for the six months ended 31 December 2023 to RMB474.1 million for the same period of 2024. This decrease was primarily due to the decrease in revenue from our new NEV sales, used car sales and SaaS business, following a strategic review of our operations. This decrease was partially offset by the growth in revenue from franchise service, resulting from the expansion of our franchised Tuhu workshop network, from 5,757 as of 31 December 2023 to 6,716 as of 31 December 2024.

Management Discussion and Analysis

Cost of Revenue

Our cost of revenue for the six months ended 31 December 2024 amounted to RMB5.7 billion, representing an increase of 8.2% as compared with RMB5.3 billion for the same period of 2023.

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

	Unaudited For the six months ended 31 December			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(in thousands, except for percentage)			
Cost of automotive products and services	**5,519,284**	**72.3**	5,057,953	71.4
Individual end customers	**4,933,401**	**64.6**	4,444,791	62.7
– Tires and chassis parts	**2,682,130**	**35.1**	2,337,029	33.0
– Auto maintenance	**1,882,799**	**24.7**	1,760,172	24.9
– Others	**368,472**	**4.8**	347,590	4.8
Qipeilong	**585,883**	**7.7**	613,162	8.7
Cost of advertising, franchise and other services	**56,986**	**0.7**	74,438	1.1
Franchise services	**44,515**	**0.6**	42,989	0.7
Advertising services	**1,448**	**0.0**	1,306	0.0
Others	**11,023**	**0.1**	30,143	0.4
Cost of self-operated Tuhu workshops and others	**156,050**	**2.1**	165,821	2.3
Total	**5,732,320**	**75.1**	5,298,212	74.8

This increase was primarily due to a 9.1% growth in cost of automotive products and services, from RMB5.1 billion for the six months ended 31 December 2023 to RMB5.5 billion for the same period of 2024, which was in line with our revenue growth resulting from the expansion of our Tuhu workshop network and customer base. This increase was partially offset by (i) the decrease in the cost of advertising, franchise and other services, resulting from the decline in cost associated with closure of our NEV sales business; and (ii) the decrease in cost of self-operated Tuhu workshops and others, attributable to our effective cost control measures.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of our Group was RMB1.9 billion for the six months ended 31 December 2024, as compared with RMB1.8 billion for the same period of 2023.

Gross profit margin of our Group decreased from 25.2% for the six months ended 31 December 2023 to 24.9% for the six months ended 31 December 2024, primarily due to a 0.3 percentage point decrease in gross profit margin on automotive products and services, attributable to our customers' shifting brand preferences, especially in the second half of 2024. This decrease was partially offset by (i) the increase in gross profit margin on auto maintenance, others and Qipeilong, due to (a) the higher percentage of revenue from sales of our exclusive and private label products, (b) more favorable procurement terms from our suppliers, and (c) the strategic reduction of lower-margin regional wholesale services within Qipeilong; and (ii) scaling back of low margin businesses and more effective cost control measures on the self-operated Tuhu workshops.

Other Income and Gains, Net

Our other income and gains for the six months ended 31 December 2024 amounted to RMB41.0 million, representing an increase of 16.6% as compared with RMB35.1 million for the same period of 2023. This increase was primarily due to higher foreign exchange gains on our U.S. dollar-denominated deposits, driven by the general appreciation of the USD against the RMB during the second half of 2024. This increase was partially offset by a decrease in government grants during the same period.

Operations and Support Expenses

Our operations and support expenses decreased by 10.6% from RMB328.4 million for the six months ended 31 December 2023 to RMB293.5 million for the six months ended 31 December 2024. This decrease was primarily due to (i) the reduction in personnel costs, resulting from the decrease in the number of operations and support staff; and (ii) lower rental and other expenses.

Research and Development Expenses

Our research and development expenses increased by 19.9% from RMB281.7 million for the six months ended 31 December 2023 to RMB337.7 million for the six months ended 31 December 2024. This increase was primarily due to (i) the increase in the average salary of research and development personnels, while the number of total research and development personnels decreases; and (ii) the increase in expenditures on cloud and computing capabilities in preparation for the deployment of AI applications.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 15.5% from RMB873.1 million for the six months ended 31 December 2023 to RMB1,008.1 million for the six months ended 31 December 2024, primarily due to marketing and promotional activities aiming to enhance brand recognition, including (a) increased spending on short-form video platforms; and (b) roll-out of new offline promotional initiatives. This increase was partially offset by the decrease in warehouse rental expenses, as a result of warehouse relocations and lease renegotiations.

Management Discussion and Analysis

General and Administrative Expenses

Our general and administrative expenses decreased by 28.1% from RMB234.7 million for the six months ended 31 December 2023 to RMB168.8 million for the six months ended 31 December 2024. This decrease was primarily due to (i) the decrease of RMB32.4 million in listing expenses associated with the Global Offering; and (ii) the lower provisions for bad debts and impairment charges. This decrease was partially offset by the increase in transaction fees associated with our enhanced orders.

Finance Income

Our finance income for the six months ended 31 December 2024 amounted to RMB93.0 million, representing an increase of 39.0% as compared with RMB66.9 million for the same period of 2023. This increase was primarily due to the increase in average balance of treasury investments.

Fair Value Changes of Convertible Redeemable Preferred Shares

We recorded nil from the fair value changes of convertible redeemable preferred shares for the six months ended 31 December 2024, compared to a gain of RMB6.5 billion for the same period of 2023. This change reflects our one-time fair value adjustment upon the Global Offering. All our convertible redeemable preferred shares were converted to Class A Shares and therefore, we will not incur fair value changes of convertible redeemable preferred shares thereafter.

Income Tax Expense

Our income tax expense for the six months ended 31 December 2024 amounted to RMB0.4 million, representing a decrease of 97.3% as compared with RMB14.0 million for the same period of 2023. This decrease was primarily due to non-recurring taxable income recorded by certain subsidiaries of our Group in 2023, which resulted in a comparatively higher income tax expense for that period.

Profit for the Period

As a result of the foregoing, our profit for the six months ended 31 December 2024 amounted to RMB197.7 million. For the same period of 2023, we recorded profit of RMB6.6 billion.

Management Discussion and Analysis

Non-IFRS Measure

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

	For the year ended 31 December		Unaudited For the six months ended 31 December	
	2024	2023	**2024**	2023
	(RMB in thousands)			
Profit for the year/period	**482,038**	6,700,697	**197,706**	6,641,210
Adjusted for:				
Income tax expense	**5,155**	24,649	**377**	14,000
Finance income	**(183,420)**	(128,508)	**(92,977)**	(66,868)
Finance costs	**15,701**	18,823	**7,066**	9,344
Depreciation and amortisation	**315,688**	361,505	**147,203**	182,216
Share-based payment expenses	**142,100**	201,629	**68,268**	106,216
Fair value changes of convertible redeemable preferred shares	**–**	(6,465,354)	**–**	(6,512,515)
Listing expenses	**–**	44,342	**–**	32,358
Adjusted EBITDA (non-IFRS measure)	**777,262**	757,783	**327,643**	405,961

Management Discussion and Analysis

	For the year ended 31 December		Unaudited For the six months ended 31 December	
	2024	2023	**2024**	2023
	(RMB in thousands)			
Profit for the year/period	**482,038**	6,700,697	**197,706**	6,641,210
Adjusted for:				
Share-based payment expenses	**142,100**	201,629	**68,268**	106,216
Fair value changes of convertible redeemable preferred shares	**–**	(6,465,354)	**–**	(6,512,515)
Listing expenses	**–**	44,342	**–**	32,358
Adjusted net profit (non-IFRS measure)	**624,138**	481,314	**265,974**	267,269

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

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

Management Discussion and Analysis

SELECTED CONSOLIDATED BALANCE SHEET DATA

	As of 31 December	
	2024	2023
	(RMB in thousands)	
NON-CURRENT ASSETS		
Property, plant and equipment	**1,046,417**	899,188
Right-of-use assets	**398,257**	466,946
Goodwill	**20,323**	20,323
Other intangible assets	**54,337**	57,804
Long-term treasury investments	**1,871,794**	1,065,260
Financial investments at fair value through profit or loss	**199,917**	191,043
Investments in joint ventures and associates	**376,251**	362,612
Equity investments designated at fair value through other comprehensive income	**349,934**	356,240
Restricted cash	**91,500**	7,799
Other non-current assets	**23,233**	66,189
Total non-current assets	**4,431,963**	3,493,404
CURRENT ASSETS		
Inventories	**2,118,684**	1,799,796
Trade receivables	**226,116**	218,179
Prepayments, other receivables and other assets	**462,106**	496,100
Short-term treasury investments	**3,073,842**	1,587,126
Restricted cash	**1,109,080**	1,454,795
Cash and cash equivalents	**1,375,448**	2,715,285
Total current assets	**8,365,276**	8,271,281
CURRENT LIABILITIES		
Trade and bills payables	**4,457,577**	3,886,756
Other payables and accruals	**1,626,708**	1,719,505
Contract liabilities	**871,239**	742,667
Interest-bearing borrowings	**7,507**	1,009
Tax payable	**117,052**	120,096
Lease liabilities	**118,846**	132,320
Total current liabilities	**7,198,929**	6,602,353
NET CURRENT ASSETS	**1,166,347**	1,668,928
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,598,310**	5,162,332

Management Discussion and Analysis

	As of 31 December	
	2024	2023
	(RMB in thousands)	
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	**–**	7,500
Contract liabilities	**46,798**	58,777
Lease liabilities	**185,589**	223,840
Deferred tax liabilities	**7,391**	7,391
Other non-current liabilities	**499,154**	406,505
Total non-current liabilities	**738,932**	704,013
Net Assets	**4,859,378**	4,458,319
EQUITY		
Equity Attributable to Owners of the Parent		
– Share capital	**118**	118
– Reserves	**4,862,215**	4,459,854
	4,862,333	4,459,972
Non-controlling interests	**(2,955)**	(1,653)
Total equity	**4,859,378**	4,458,319

Management Discussion and Analysis

Trade Receivables

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

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

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Trade receivables from bulk sales to key account customers	**67,208**	67,680
Trade receivables from sales on Qipeilong	**20,392**	27,222
Trade receivables from franchise services	**73,237**	63,896
Trade receivables from advertising services	**47,222**	44,579
Others	**28,862**	30,040
Allowance for expected credit losses	**(10,805)**	(15,238)
Total	**226,116**	218,179

Our trade receivables as of 31 December 2024 amounted to RMB226.1 million, representing an increase of 3.6% as compared with RMB218.2 million as of 31 December 2023, primarily due to the growth in franchise fees receivable, driven by the continuous expansion of our store network. Our trade receivables turnover days remained stable at 5 days in 2023 and 2024.

Management Discussion and Analysis

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets primarily include (i) advances to suppliers for purchase of goods and services, such as tires; (ii) deposits and other receivables, which mainly of lease deposits in connection with leased warehouses and offices; and (iii) VAT recoverable.

The below table sets forth the breakdown of prepayments, other receivables and other assets as of the dates indicated.

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Prepayments	**208,201**	169,480
Deposits and other receivables	**102,648**	102,949
VAT recoverable	**148,630**	220,129
Loans receivable	**1,576**	1,348
Receivable from employees	**2,123**	3,813
Impairment allowance	**(1,072)**	(1,619)
Total	**462,106**	496,100

Our prepayments, other receivables and other assets as of 31 December 2024 amounted RMB462.1 million, representing a decrease of 6.9% as compared with RMB496.1 million as of 31 December 2023, primarily due to the reduction in VAT recoverable, resulting from (i) the increase in the amount of goods received but not yet invoiced by certain suppliers at year-end 2024 reflecting the extended payment terms we have with such suppliers; and (ii) a refund of input VAT credits received during 2024. This decrease was partially offset by the increase in prepayments to suppliers, mainly due to our higher procurement volume in 2024.

Management Discussion and Analysis

Treasury Investments

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

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

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Long-term treasury investments at		
– Amortised cost	**1,871,794**	1,065,260
Short-term treasury investments measured at		
– Amortised cost	**1,123,449**	354,135
– Fair value through profit or loss	**1,950,393**	1,232,991
Total	**4,945,636**	2,652,386

Our treasury investments as of 31 December 2024 amounted to RMB4.9 billion, representing an increase of 86.5% as compared with RMB2.7 billion as of 31 December 2023, primarily driven by our efforts to better utilise our cash position to enhance financial returns while maintaining safety and liquidity for the daily operation.

Management Discussion and Analysis

Restricted Cash

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

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

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Non-current portion	**91,500**	7,799
Current portion	**1,109,080**	1,454,795
Total	**1,200,580**	1,462,594

Cash and Cash Equivalents

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

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

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Cash at banks and on hand	**1,151,889**	1,270,354
Time deposits with original maturities within three months	**223,559**	1,444,931
Total	**1,375,448**	2,715,285

Management Discussion and Analysis

Trade and Bills Payable

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

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

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Trade payables	**935,918**	965,351
Bills payable	**3,521,659**	2,921,405
Total	**4,457,577**	3,886,756

Our trade and bills payables as of 31 December 2024 amounted to RMB4.5 billion, representing an increase of 14.7% as compared with RMB3.9 billion as of 31 December 2023. This increase was primarily due to the increase in the procurement of merchandise in line with our business growth. Our trade and bills payables turnover days increased from 119 days in 2023 to 132 days in 2024, primarily as our suppliers granted us with better credit terms in light of our strengthened relationship.

Other Payables and Accruals

Other payables and accruals mainly represent payroll and welfare payable and other tax payable.

The below table sets forth the breakdown of other payables and accruals as of the dates indicated.

	As of 31 December	
	2024	2023
	(RMB in thousands)	
Other tax payable	**274,980**	304,673
Payroll and welfare payable	**534,611**	588,024
Accrual and other payables	**817,117**	826,808
Total	**1,626,708**	1,719,505

Our other payables and accruals as of 31 December 2024 amounted to RMB1.6 billion, representing a decrease of 5.4% as compared with RMB1.7 billion as of 31 December 2023. This decrease was primarily due to (i) the decrease in payroll and welfare payables; and (ii) the decrease in other tax payables, primarily due to higher year-end VAT payments made in 2024 compared to 2023.

Management Discussion and Analysis

Financial Ratios

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

	As of/For the year ended 31 December		Unaudited As of/For the six months ended 31 December	
	2024	2023	**2024**	2023
Gearing ratio (%)[(1)]	**62.0**	62.1	**62.0**	62.1
Total revenue growth rate (%)[(2)]	**8.5**	17.8	**7.8**	16.5
Gross margin (%)[(3)]	**25.4**	24.7	**24.9**	25.2
Adjusted EBITDA margin (non-IFRS measure) (%)[(4)]	**5.3**	5.6	**4.3**	5.7
Adjusted net profit margin (non-IFRS measure) (%)[(5)]	**4.2**	3.5	**3.5**	3.8

Notes:

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

(2) Revenue growth rate equals revenue growth between the current year or period and the previous year or period divided by revenue for the previous year or period.

(3) Gross margin equals gross profit divided by revenue during the year or period.

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

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

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 December 2024, we funded our cash requirements principally from cash generated from our operations. Our cash position, which includes cash and cash equivalents, treasury investments, and restricted cash, increased by 10.1% from RMB6.8 billion as 31 December 2023 to RMB7.5 billion as 31 December 2024.

SELECTED CONSOLIDATED CASH FLOW DATA

The following table sets forth our cash flows for the years indicated:

	For the year ended 31 December	
	2024	2023
	(RMB in thousands)	
Net cash flows from operating activities	**1,319,179**	1,021,291
Net cash flows used in investing activities	**(2,427,517)**	(2,371,766)
Net cash flows (used in)/from financing activities	**(240,968)**	1,349,785
Net decrease in cash and cash equivalents	**(1,349,306)**	(690)
Cash and cash equivalents at the beginning of the year	**2,715,285**	2,686,353
Effect of foreign exchange rate changes, net	**9,469**	29,622
Cash and cash equivalents at the end of the year	**1,375,448**	2,715,285

Net Cash Flows from Operating Activities

Net cash flows from operating activities for the year ended 31 December 2024 was RMB1.3 billion, which was mainly attributable to our profit before tax of RMB487.2 million, as adjusted by (i) non-cash and non-operating items, primarily consisted of share-based payments expenses of RMB142.1 million, depreciation of right-of-use assets of RMB154.5 million and depreciation of property, plant and equipment of RMB156.2 million; and (ii) changes in working capital, primarily resulted from an increase in trade and bills payables of RMB570.8 million and an increase in contract liabilities of RMB116.6 million, partially offset by the increase in inventories of RMB290.1 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities for the year ended 31 December 2024 was RMB2.4 billion, which was mainly attributable to purchase of treasury investments of RMB7.9 billion and purchases of property, plant and equipment of RMB321.3 million, partially offset by proceeds from treasury investments of RMB5.7 billion and interest income of RMB116.3 million.

Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities for the year ended 31 December 2024 was RMB241.0 million, which was mainly attributable to repurchase of ordinary shares of RMB248.0 million and the principal portion of lease payments of RMB134.4 million, partially offset by the decrease in restricted cash of RMB156.7 million.

Contingent Liabilities and Guarantees

As of 31 December 2024, we did not have any material contingent liabilities or guarantees.

CAPITAL EXPENDITURES

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

Our capital expenditures amounted to RMB321.7 million for the year ended 31 December 2024, representing a decrease of 11.1% as compared with RMB362.0 million for the year ended 31 December 2023.

We plan to fund our future capital expenditures by our internal resources including our cash and cash equivalents and the net proceeds received from the Global Offering.

CAPITAL COMMITMENTS

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

Our capital commitments as of 31 December 2024 amounted to RMB67.9 million, representing a decrease of 67.5% as compared with RMB208.8 million as of 31 December 2023.

CHARGES ON ASSETS

As of 31 December 2024, our Group did not have any charge on its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As of the date of this annual report, our Group does not have any concrete committed plans for material investments and capital assets for disclosure.

FOREIGN EXCHANGE RISK AND HEDGING

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

MATERIAL ACQUISITIONS, SIGNIFICANT INVESTMENTS AND DISPOSALS

During the year ended 31 December 2024, we did not make any material acquisitions, significant investments or disposals of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION

As of 31 December 2024, we had a total of 4,491 employees (as of 31 December 2023: 4,729). For the year ended 31 December 2024, we incurred total remuneration costs of RMB1.7 billion (for the year ended 31 December 2023: RMB1.7 billion). The remuneration packages of our employees include wages, salaries and allowances, pension scheme contributions and share-based payment expense, the amount of which is generally determined by their qualifications, industry experience, position and performance. We contribute to social insurance and housing provident funds as required by the PRC laws and regulations.

During the year ended 31 December 2024, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

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

Profiles of Directors and Senior Management

The biographical details of the Directors and senior management of the Company as at the date of this annual report are set out as follows:

EXECUTIVE DIRECTORS

Mr. Chen Min (陳敏), aged 43, is a co-founder of the Company, chairman of the Board, chief executive officer and executive Director. He took on the role of executive Director in July 2019.

Mr. Chen worked at Shanghai Yingdao Trading Co., Ltd. from June 2010 to September 2011, and at Shanghai Yidao Network Technology Co., Ltd. from September 2009 to May 2010. Prior to that, Mr. Chen served as an IT Operation Manager at Baixing Co., Ltd. from May 2008 to May 2009 and worked at Chemeng (China) Network Co., Ltd. from March 2006 to December 2007. Mr. Chen also served as a software engineer at Hewlett-Packard Company from February 2005 to January 2006 and quality analyst at Shanghai Wicresoft Co., Ltd. from July 2003 to January 2005. Mr. Chen has over 20 years of experience in software development and data management and over 13 years of experience in automotive service market and business data analysis.

Mr. Chen received a bachelor's degree in economics from Shanghai University of Finance and Economics in July 2003 in the PRC.

Mr. Hu Xiaodong (胡曉東), aged 53, is a co-founder of the Company, president and executive Director. He took on the role of executive Director in October 2019.

Prior to co-founding the Group, Mr. Hu served in various engineering leadership roles. Mr. Hu worked at Shanghai Naijia Software Technology Development Co., Ltd. from 2009 to 2011, responsible for business and system analysis. Mr. Hu also worked at Shanghai Yidao Network Technology Co., Ltd. from 2008 to 2009. Prior to that, he worked as research and development director at Chemeng (China) Network Co., Ltd. from 2006 to 2007, senior programmer at Shanghai Branch of SAP (Beijing) Software System Co., Ltd. from June 2001 to June 2006, and engineer and E-commerce consultant at Shanghai Branch of Microsoft (China) Co., Ltd. from 2000 to 2001.

Mr. Hu received a bachelor's degree in engineering with a major in telecommunications engineering from North China Electric Power University in July 1993 and completed his postgraduate programme of telecommunications and information systems at Shanghai Jiao Tong University in September 1999 in the PRC.

NON-EXECUTIVE DIRECTOR

Mr. Yao Leiwen (姚磊文), aged 42, is a non-executive Director. He became part of the Group in August 2018 and took on the role of non-executive Director in October 2019. Mr. Yao is primarily responsible for providing professional advice, opinion, and guidance to the Board.

Mr. Yao is currently a Vice General Manager of the Investment Department in Tencent. He has served as a non-executive director of Kingsoft Corporation Limited, a company listed on the Stock Exchange of Hong Kong (stock code: 3888), since August 2022 and as the non-executive director of Sipai Health Technology Co,. Ltd., a company listed on the Stock Exchange of Hong Kong (stock code: 314), since October 2019. Prior to joining Tencent in June 2011, he was an investment director at Mindray Bio-Medical Electronics from October 2010 to June 2011 and served as an investment associate of Deutsche Bank from February 2005 to August 2008.

Profiles of Directors and Senior Management

Mr. Yao received his bachelor's degree in Economic Information Management in July 2002 and his master's degree in finance in June 2005 from University of International Business and Economics in the PRC. He received a master's degree in business administration from the Institut Européen d'Administration des Affaires in France in July 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yan Huiping (顏惠萍), aged 58, is an independent non-executive Director effective from September 2023. Ms. Yan is primarily responsible for supervising and providing independent judgement to the Board.

Ms. Yan is currently chief financial officer of ZTO Express (Cayman) Inc. ("**ZTO Express**"), a company listed on the Main Board of the Stock Exchange (stock code: 2057) and on the New York Stock Exchange (stock symbol: ZTO), and she served as vice president of finance at ZTO Express from January 2018 to May 2018. Since October 2024, Ms. Yan has also been an independent director of WeRide Inc., a company listed on NASDAQ (stock symbol: WRD). From March to November 2017, Ms. Yan worked as a senior vice-president responsible for financial affairs at Neoglory Holdings Group Co. Ltd. Prior to that, Ms. Yan served as chief financial officer from May 2014 to January 2016 at Zhejiang Cainiao Supply Chain Management Co., Ltd., which is the logistics arm of Alibaba Group Holding Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 9988) and the New York Stock Exchange (stock symbol: BABA). Ms. Yan served as a senior vice president of finance and strategy from September 2009 to April 2010 and chief financial officer from April 2010 to April 2014 at Home Inns & Hotel Management Inc., a company listed on NASDAQ (stock symbol: HMIN, which was delisted in April 2016). Prior to that, Ms. Yan held various key positions in corporate and operational finance management at General Electric Company from August 1998 to August 2009, and she worked in various positions at Deloitte & Touche from February 1992 to July 1998. Ms. Yan accumulated corporate governance knowledge and experience through her aforementioned management positions at General Electric Company, Home Inns & Hotel Management Inc., Zhejiang Cainiao Supply Chain Management Co., Ltd. and ZTO Express.

Ms. Yan studied in English Literature and Linguistics major at Shanghai International Studies University, and received her bachelor's degree in business and administration at Hawaii Pacific University in August 1991. Ms. Yan has been a U. S. certified public accountant since 1994 and became a CGMA designation holder (AICPA) in 2012.

Mr. Feng Wei (奉瑋), aged 45, is an independent non-executive Director effective from September 2023. Mr. Feng is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Feng has served as senior vice president and secretary to the board of directors at Hikvision, a company listed on the Shenzhen Stock Exchange (stock code: 002415), since October 2024. Prior to joining Hikvision, Mr. Feng served as chief financial officer at NIO Inc., a company listed on the New York Stock Exchange (stock symbol: NIO), the Main Board of the Stock Exchange (stock code: 9866) and the Singapore Exchange (stock symbol: NIO), from November 2019 to July 2024. Before joining NIO Inc., Mr. Feng served as managing director and head analyst of the auto industry team at China International Capital Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3908) and on the Shanghai Stock Exchange (stock code: 601995), from November 2013 to November 2019. Additionally, Mr. Feng served as an industry analyst at Everbright Securities Co. Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601788) and on the Main Board of the Stock Exchange (stock code: 6178), from July 2010 to November 2013. Mr. Feng's career also includes more than five years' work experience from March 2005 to June 2010 at the ZF (China) Investment Co., Ltd. where he served as a manager of market analysis. Mr. Feng accumulated corporate governance knowledge and experience through his aforementioned management positions at China International Capital Corporation Limited and NIO Inc.

Mr. Feng received his bachelor's degree in Engineering from the Department of Automotive Engineering at Tsinghua University in the PRC in July 2001, and his joint master's degree in Automotive System Engineering from Rheinisch-Westfälische Technische Hochschule Aachen University in Germany and Tsinghua University in the PRC in July 2004.

Mr. Wang Jingbo (王靜波), aged 43, is an independent non-executive Director effective from September 2023. Mr. Wang is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Wang has served as chief financial officer of Agora, Inc., a company listed on NASDAQ (stock symbol: API), since January 2020. Mr. Wang has also served as an independent non-executive director of Edianyun Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2416), since May 2023, and an independent director of ATRenew Inc., a company listed on the New York Stock Exchange (stock symbol: RERE), since June 2021. Mr. Wang previously served as a director and the chief financial officer of Qutoutiao Inc., a company previously listed on the NASDAQ, from February 2018 to January 2020, and as the chief financial officer of Yintech Investment Holdings Limited, a company previously listed on NASDAQ, from October 2014 to February 2018. Prior to that, Mr. Wang worked at Deutsche Bank from 2009 to 2014 with last position held being a vice president in the corporate finance division. Mr. Wang accumulated corporate governance knowledge and experience through his aforementioned management positions and directorship at Yintech Investment Holdings Limited, Qutoutiao Inc. and Agora, Inc.

Mr. Wang graduated from Tsinghua University in the PRC with a bachelor's degree in engineering in July 2003, and obtained his master's degree in computer science from the University of Hong Kong in December 2005. He was awarded a PhD degree in management studies from the University of Oxford in the United Kingdom in March 2010.

SENIOR MANAGEMENT

Mr. Chen Min (陳敏), is a co-founder of the Company, chairman of the Board, chief executive officer and executive Director. See "— Board of Directors – Executive Directors" in this section for his biographical details.

Mr. Hu Xiaodong (胡曉東), is a co-founder of the Company, president and executive Director. See "— Board of Directors – Executive Directors" in this section for his biographical details.

Ms. Wang Lingjie (王玲潔), aged 42, is the chief operating officer of the Company. She became part of the Group in September 2019 and took on the role of chief operating officer of the Company in March 2024.

Prior to joining the Group, Ms. Wang worked as human resources director at Tianjin Sankuai Technology Co., Ltd, a subsidiary of Meituan, a company listed on the Main Board (stock code: 3690), from July 2015 to September 2019. Ms. Wang co-founded Shanghai Xiangfenxiang Information Technology Co., Ltd. and served as a supervisor from November 2014 to June 2015. Prior to that, Ms. Wang served as a human resources leader at Shanda Computer (Shanghai) Co., Ltd. from July 2011 to August 2014. Prior to that, Ms. Wang served as a human resource manager at Ctrip Computer Technology (Shanghai) Co., Ltd. from July 2010 to July 2011.

Ms. Wang received her bachelor's degree in English from Inner Mongolia University in the PRC in July 2005 and her master's degree of arts in language and culture from Linköping University in Sweden in 2008.

Profiles of Directors and Senior Management

Mr. Zhang Zhisong (張志嵩), aged 41, is the chief financial officer of the Company. He became part of the Group in July 2021 and took on the role of the chief financial officer of the Company in July 2022.

Mr. Zhang was the deputy chief financial officer and senior vice president from July 2021 to July 2022. Prior to joining the Group, Mr. Zhang served as executive director at Goldman Sachs (Asia) L.L.C. from 2018 to 2021. Prior to that, Mr. Zhang served as vice president at Citigroup Global Markets Asia Limited from 2015 to 2018 and associate at Merrill Lynch (Asia Pacific) Ltd. from 2014 to 2015. He also worked at Deutsche Bank AG as an associate from 2008 to 2014.

Mr. Zhang received his master's degree in management from Cass Business School in the United Kingdom in October 2008.

JOINT COMPANY SECRETARIES

Mr. Chen Zhe (陳哲), joined the Company on 20 December 2021 as head of investor relations centre and is our joint company secretary. Prior to joining the Company, Mr. Chen served as head of investor relations department at Ping An Healthcare and Technology Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1833), from December 2019 to December 2021. Prior to that, Mr. Chen worked as a senior associate at strategic investment department and a senior manager at investor relations department from July 2017 to December 2019 at Tongcheng Network Technology Limited, a consolidated affiliated entity of Tongcheng-Elong Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0780). Prior to that, Mr. Chen worked at Wanda Group from September 2016 to June 2017, and worked at Huabao (Shanghai) Management Co., Ltd. from June 2015 to September 2016.

Mr. Chen obtained his bachelor's degree in Japanese from Southeast University in China in June 2012, and his master's degree of science in management with international finance from University of Glasgow in the United Kingdom in December 2013.

Mr. Lee Chung Shing (李忠成) is the joint company secretary of the Company. Mr. Lee has over 20 years of experience in providing auditing, financial management, company secretarial and investor relations services to listed companies in Hong Kong. He is currently a vice president of Entity Solutions of Computershare Hong Kong Investor Services Limited and the joint company secretary and the company secretary of various companies listed on the Stock Exchange.

Mr. Lee obtained his bachelor's degree in accountancy from City University of Hong Kong in December 1994 and a master's degree in business administration (financial services) from The Hong Kong Polytechnic University in November 2002. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2024.

CORPORATE CULTURE

Tuhu is one of the leading integrated online and offline platforms for automotive service in China. By providing a digitalised and on-demand service experience underpinned by the customer centric model and streamlined supply chain, the Company directly addresses car owners' diverse product and service needs, creating an automotive service platform consisting of car owners, suppliers, automotive service stores and other participants, with the mission to innovate simple and easy automotive services and the goal to provide its customers high-quality services and attractive pricing for authentic automotive products on its platform.

The corporate ethos of Tuhu is rooted in a commitment to ongoing learning and enhancement, fostering a culture of innovation and adaptability in the face of an ever-evolving landscape. Embracing this mindset, the Group confronts obstacles with optimism, drawing lessons from difficulties to better tackle future challenges.

Upholding the highest standards of governance, transparency, and integrity, the leadership team of the Group sets a strong example. The Group upholds its corporate values, which include, "keeping advancing," "customer first," "no false transaction," "no fraud," "technology creates value," "serving franchisees," and "win-win collaboration."

The Board ensures these values are embedded throughout the Group, shaping its corporate culture and aligning its purpose, culture and values across all areas of the business. The Group's operating practices, workplace policies and stakeholder relationships give the Group the opportunity to bring its culture and values to life, supported by a strong governance framework, disciplined risk management and effective internal controls, which create long-term value for Shareholders through continued, sustainable business development.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted and applied the principles as set out in the Corporate Governance Code in Appendix C1 to the Listing Rules. The Board is of the view that during the year ended 31 December 2024, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code, except for code provision C.2.1 described in "—Board of Directors – Chairman and Chief Executive Officer" in this corporate governance report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company.

Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the provisions of the Model Code during the year ended 31 December 2024.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the year ended 31 December 2024.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

For details of the Board composition, see “Corporate Information” of this annual report. The biographical information of the Directors is set out in “Profiles of Directors and Senior Management” of this annual report. To the best knowledge of the Company, there are no financial, business, family, or other material/relevant relationships among members of the Board.

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

The Company has received written annual confirmation from each independent non-executive Director of his or her independence pursuant to the requirements of the Listing Rules. The Company considers all the independent non-executive Directors to be independent in accordance with the independence requirements as set out in Rule 3.13 of the Listing Rules.

Responsibilities and Delegation

The Board is responsible for the leadership and control of the Company, directing and supervising the Company’s affairs and acting in the best interests of the Company and its Shareholders.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group’s operational and financial performance, and ensures that sound risk management and internal control systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the information of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company’s expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them. The Board reserves for its discretion on all major matters relating to policy matters, strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the chief executive officer and senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions is entered into.

Corporate Governance Report

Chairman and Chief Executive Officer

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

The Company does not have a separate chairman of the Board and chief executive officer and Mr. Chen Min currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association.

In accordance with the Articles of Association, the Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director, and by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office. At every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which such Director retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Each Director is engaged for a term of three years. They are subject to retirement, re-election and removal in accordance with the provisions of the Articles of Association as mentioned above.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. The newly appointed Directors will be provided with a detailed induction to the Group's businesses by senior management.

Code provision C.1.4 of the Corporate Governance Code prescribes that Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors.

Corporate Governance Report

The training received by the Directors during the year ended 31 December 2024 is summarised below:

Name of Director	Participated in continuous professional development[(1)]
Mr. Chen Min	√
Mr. Hu Xiaodong	√
Mr. Yao Leiwen	√
Ms. Yan Huiping	√
Mr. Feng Wei	√
Mr. Wang Jingbo	√

Note:

(1) Attended training/seminar/conference arranged by the Company and/or other external parties or read relevant materials

Attendance Record of Board Meetings

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

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. For other Board meetings and Board committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board committees members at least three days before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and Board committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board committees meetings. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board committees meeting are sent to the relevant Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Corporate Governance Report

During the year ended 31 December 2024, the Board convened 6 Board meetings and one annual general meeting. The attendance records of each Director at the above meetings are set out in the table below:

Name of Director	Attendance/Number of meetings Board meetings	General meetings
Mr. Chen Min	6/6	1/1
Mr. Hu Xiaodong	6/6	1/1
Mr. Yao Leiwen	6/6	1/1
Ms. Yan Huiping	6/6	1/1
Mr. Feng Wei	6/6	1/1
Mr. Wang Jingbo	6/6	1/1

Code provision C.2.7 of the Corporate Governance Code prescribes that the chairman at least annually holds meetings with the independent non-executive directors without the presence of other Directors. 1 meeting was held among Mr. Chen Min, the chairman of the Board, and the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2024.

BOARD COMMITTEES

The Board has established four Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with specific terms of reference which deal clearly with their authority and duties, and are posted on the Company's website and the Stock Exchange's website.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee, among others, are to assist and advise the Board to review and supervise the financial reporting process, the risk management and internal controls systems of the Group and maintain an appropriate relationship with Auditor.

The Audit Committee consists of three independent non-executive Directors, namely, Ms. Yan Huiping, Mr. Feng Wei and Mr. Wang Jingbo. The chairperson of the Audit Committee is Ms. Yan Huiping. All members at Audit Committee hold the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the year ended 31 December 2024, the Audit Committee has held 2 meetings, in which the Audit Committee has performed the following major tasks:

(i) reviewed the audited annual results and annual report of the Group for the year ended 31 December 2023;

(ii) reviewed the 2024 interim results announcement and interim report of the Group;

(iii) reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, financial reporting and internal audit function;

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(iv) reviewed the continuing connected transactions of the Group;

(v) reviewed the risk management and internal control systems of the Group;

(vi) reviewed the Auditor's independence and terms of engagement for the year ended 31 December 2024, and made recommendations on the re-appointment of the Auditor;

(vii) approved the Auditor's remuneration for the year ended 31 December 2024; and

(viii) reviewed and approved the non-audit services conducted by the Auditor.

The Auditor was invited to attend the Audit Committee meeting to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee was satisfied with the independence and engagement of the Auditor. As such, the Audit Committee has recommended the re-appointment of the Auditor.

The attendance of each member at the Audit Committee meeting, during the year ended 31 December 2024, is set out in the table below:

Name of member	Attendance/Number of meetings
Ms. Yan Huiping	2/2
Mr. Feng Wei	2/2
Mr. Wang Jingbo	2/2

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee, among others, are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management, to establish a formal and transparent procedure for developing policy to review the terms of incentive schemes and Directors' service contracts, and to recommend the remuneration packages for all Directors and senior management. The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of the Corporate Governance Code.

The Remuneration Committee consists of one executive Director and two independent non-executive Directors, namely, Mr. Chen Min, Ms. Yan Huiping and Mr. Wang Jingbo. The chairperson of the Remuneration Committee is Ms. Yan Huiping.

During the year ended 31 December 2024, the Remuneration Committee has held 1 meeting, in which the Remuneration Committee has performed the following major tasks:

(i) reviewed the remuneration policy and the remuneration packages of the Directors and senior management of the Company; and

(ii) reviewed and approved the granting of options and restricted share units under the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares).

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management, including those members of senior management who are also the executive Directors, by band for the year ended 31 December 2024 is set out below:

Remuneration bands	**Number of person**
RMB0 to RMB10,000,000	3
RMB10,000,001 to RMB20,000,000	1
>RMB20,000,000	1
Total	**5**

Further details of the remuneration of Directors for the year ended 31 December 2024 are set out in note 10 to the Financial Statement in this annual report.

The attendance of each member at the Remuneration Committee meeting, during the year ended 31 December 2024, is set out in the table below:

Name of member	**Attendance/Number of meetings**
Ms. Yan Huiping	1/1
Mr. Wang Jingbo	1/1
Mr. Chen Min	1/1

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 8A.27 of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee, among others, are to review the Board composition, to make recommendations to the Board regarding the rotation and appointment of Directors and Board succession, and to assess the independence of independent non-executive Directors.

The Nomination Committee consists of one executive Director and two independent non-executive Directors, namely, Mr. Hu Xiaodong, Mr. Wang Jingbo and Mr. Feng Wei. The chairperson of the Nomination Committee is Mr. Wang Jingbo.

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During the year ended 31 December 2024, the Nomination Committee has held 1 meeting, in which the Nomination Committee has performed the following major tasks:

(i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group;

(ii) recommended the re-election of the retiring Directors at the forthcoming annual general meeting;

(iii) assessed the independence of all the independent non-executive Directors;

(iv) reviewed the Board diversity policy; and

(v) reviewed the Directors nomination policy.

The attendance of each member at the Nomination Committee meeting, during the year ended 31 December 2024, is set out in the table below:

Name of member	Attendance/Number of meetings
Mr. Wang Jingbo	1/1
Mr. Feng Wei	1/1
Mr. Hu Xiaodong	1/1

Director Nomination Policy

The Company has adopted a Director nomination policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Director nomination policy:

(i) The company secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(ii) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

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(iii) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from Shareholders, a circular will be sent to Shareholders. The circular will set out the lodgment period for Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

(iv) A Shareholder can serve a notice to the company secretary within the lodgement period of its intention to propose a resolution to elect a certain person as a Director, without the Board's recommendation or the nomination committee's nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

Pursuant to the Director nomination policy, for assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee will consider, including but not limited to (i) reputation for integrity, (ii) accomplishment and experience in the automotive industry, (iii) commitment in respect of available time and relevant interest, and (iv) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee is responsible for reviewing the Director nomination policy, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board diversity policy, in reviewing and assessing suitable candidates to serve as a Director, the nomination committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge, and industry experience. The Nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

The Company recognises the particular importance of gender diversity. The Board currently comprises six Directors, including one female Director. The Company will maintain the current gender ratio of the Board and aim to have at least 30% female members on the Board by 31 December 2025. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. The Board diversity policy provides that the Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to maintain the proportion of female members. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engage more resources in training more female staff with the aim of providing a pipeline of female senior management and potential successors to the Board going forward. It is the objective to maintain an appropriate balance of gender diversity with reference to the Shareholders' expectation and international and local recommended best practices.

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The Nomination Committee is responsible for reviewing the diversity of the Board. It will from time to time review the Board diversity policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

Diversity at Work Force

The Company strives to enhance gender diversity of staff and management to create a fair, diverse and inclusive workplace. As at 31 December 2024, the gender ratio of the Group's workforce (including the Company's senior management) was approximately 63% male to 37% female. The Board expects the diversity at workforce to reach a more balanced level by the end of 2025. To achieve the goal of improving fairness and create more opportunities for female employees, the Group has put in place recruitment and hiring, training and promotion measures such that a diver range of candidates are considered. The Group also provides physical and mental health, care and benefits, safe workplace environment and communication channels to empower the female employees. During the year ended 31 December 2024, the Board was not aware of any mitigating factors or circumstances which made achieving gender diversity across the Group's workforce (including senior management) more challenging or less relevant.

For details of the Group's diversity practices for employees, see "Environmental, Social and Governance Report" of this annual report.

Corporate Governance Committee

The Company has established the Corporate Governance Committee with written terms of reference in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code. The Corporate Governance Committee is responsible for performing the functions set out in code provision A.2.1 of the CG Code. The primary duties of the Corporate Governance Committee, among others, are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the WVR structure of the Company.

The Corporate Governance Committee is comprised of three independent non-executive Directors namely Mr. Feng Wei, Ms. Yan Huiping and Mr. Wang Jingbo. The chairperson of the Corporate Governance Committee is Mr. Feng Wei.

During the year ended 31 December 2024, the Corporate Governance Committee has held 1 meeting, in which the Corporate Governance Committee has performed the following major tasks:

(i) reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report;

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

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

(iv) reviewed and monitored all risks related to the WVR structure;

(v) made a recommendation to the Board as to the appointment or removal of the compliance adviser;

(vi) reviewed the implementation and effectiveness of the Shareholders' communication policy, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules; and

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

In particular, the Corporate Governance Committee has confirmed to the Board that it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the WVR Beneficiary in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole. These measures include the Corporate Governance Committee ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) any Directors who have a conflict of interest abstain from voting on the relevant board resolution, and (iii) the compliance adviser is consulted on any matters related to transactions involving the WVR Beneficiary or a potential conflict of interest between the Group and the WVR Beneficiary. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives.

Having reviewed the remuneration and terms of engagement of the compliance adviser, the Corporate Governance Committee confirmed to the Board that it was not aware of any factors that would require it to consider either the removal of the current compliance adviser or the appointment of a new compliance adviser. As a result, the Corporate Governance Committee recommended that the Board retain the services of the compliance adviser of the Company.

The attendance of each member at the Corporate Governance Committee meeting, during the year ended 31 December 2024, is set out in the table below:

Name of member	Attendance/Number of meetings
Mr. Feng Wei	1/1
Ms. Yan Huiping	1/1
Mr. Wang Jingbo	1/1

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DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Financial Statements.

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

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

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

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the Auditor about their reporting responsibilities on the Company's Financial Statement is set out in "Independent Auditor's Report" of this annual report.

The remuneration for the audit and non-audit services provided by the Auditor to the Group for the year ended 31 December 2024 is analyzed below. The remuneration for the audit services includes the service fees in connection with audit and reviews of the Group. The non-audit services conducted by the Auditor mainly include professional services on consultation services.

Type of services provided by the Auditor	**Amount** ***(RMB'000)***
Audit services	5,125
Non-audit services	260
Total	5,385

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risk of failure to achieve the Company's strategic objectives, as well as establishing and maintaining effective risk management and internal control systems.

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The Audit Committee assists the Board in leading the management team to oversee the design, implementation and monitoring of the risk management and internal control systems.

The management considers it is important to establish and continue to improve its risk management and internal control systems, and has strengthened internal control, internal audit, compliance and forensic functions of the Company during year ended 31 December 2024. The Company's risk management and internal control systems have been developed with the following principles, features and processes:

Organisation Principles

To ensure that the risk management and internal control systems are effective, the Company, under the supervision and guidance of the Board and factoring the actual needs of the Company, has adopted the "Three Lines of Defense" model as an official organizational structure for risk management and internal control.

The First Line of Defense – Management and Operation

The first line of defense is mainly implemented by the business departments of the Company which are responsible for the day-to-day operations, and they are responsible for designing and implementing control measures to address the risks.

The Second Line of Defense – Risk Management, Internal Control and Other Functions

The second line of defense is mainly implemented by, among others, the internal control team, finance department, legal department, quality injection department, information security department, and other departments with similar functions. This line of defense is responsible for formulating policies related to management of operations, finance, compliance and litigation, information security and internal controls of the Company, and for planning and establishing an integrated risk control system. For ensuring effective implementation of such systems, this line of defense also assists and supervises the first line of defense in the establishment and improvement of risk management and internal control systems.

The Third Line of Defense – Internal Audit and Forensic

The third line of defense is mainly implemented by the internal audit and forensic teams, which hold a high degree of independence. The internal audit team provides an evaluation on the effectiveness of the Company's risk management and internal control systems, and monitors management's continuous improvement over these areas. The forensic team is responsible for receiving whistle-blowing reports and investigating alleged fraudulent incidents.

Risk Management Process

The Company has established a risk management system (including the "Three Lines of Defense" internal monitoring model as detailed above) which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes.

All business and functional departments of the Company are responsible for conducting internal control assessment regularly to identify risks that may potentially impact the business of the Group.

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The internal audit department is responsible for performing independent review of the effectiveness and adequacy of the risk management and internal control systems. These reviews are performed annually. The internal audit department examined key issues in relation to the accounting practices and all material controls and provided its findings to the Audit Committee.

The Board, from time to time, as supported by the Audit Committee as well as the management, has reviewed the report from the management and findings from the internal audit, and reviewed the risk management and internal control systems, including the financial, operational and compliance controls. The annual review also covered areas on the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, financial reporting and internal audit functions.

The Board considered the risk management and internal control systems of the Company during the year ended 31 December 2024 were effective and adequate.

Ethics and Integrity Conduct

The Group is committed to achieving the highest standards of integrity and ethical behavior in conducting business.

To facilitate this, the Board has set up whistle-blowing policy and anti-bribery and anti-corruption policy. The whistle-blowing policy is to (i) provide a trusted avenue for employees and other stakeholders to report serious wrongdoing or concerns, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistle-blowing in good faith; and (ii) to ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken. The nature, status and the results of the allegations received under the whistle-blowing policy are reported to the Audit Committee or the human resource manager of the Group.

The anti-bribery and anti-corruption policy forms an integral part of the Group's corporate governance framework, setting out the specific behavioral guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. The anti-bribery and anti-corruption policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Furthermore, proper internal control procedures and guidelines are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations. Access to inside information is at all times confined to relevant personnel (i.e., Company's Directors, senior management and relevant employees) and on "as needed" basis until proper disclosure or dissemination of inside information in accordance with applicable laws and regulations. Company's Directors, senior management and relevant employees in possession of potential inside information and/or inside information are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognize their obligations to maintain the information confidential.

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is set out below:

Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

Independent Assessment in Nomination Process

The Company has nomination policy for election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors (including the independent non-executive Directors) of the Company. The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure they can continually exercise independent judgement. The Board believes that the defined selection process is good for corporate governance in serving the Board continuity and appropriate leadership at Board level, enhancing Board effectiveness and diversity, and ensuring independent views and input are available to the Board.

Compensation

No equity-based remuneration with performance-related elements has been granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties. If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution. A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

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COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The general meetings of the Company provide an opportunity for communication between the Directors, senior management and the Shareholders. The chairman of the Board as well as chairpersons of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee, in their absence, other members of the respective committees, are available to answer questions at general meetings. The chairman of the meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll. The annual general meeting shall be called by not less than 21 days' notice to Shareholders in writing and any extraordinary general meeting shall be called by not less than 14 days' notice to Shareholders in writing. Shareholders may require extraordinary general meeting with a requisition of one or more Shareholders 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. The procedures for Shareholders to convene and put forward proposals at an extraordinary general meeting are stated as follows:

(i) the Shareholders' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and 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; and

(ii) if there are no Directors as at the date of the deposit of the Shareholders' requisition or if the Directors do not within 21 days from the date of the deposit of the Shareholders' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves 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 day period.

The Company has adopted the Shareholders' communication policy, which sets out the framework the Company has put in place to promote effective communication with Shareholders so as to enable them to engage actively with the Company and exercise their rights as Shareholders in an informed manner. To promote effective communication, the Company has established several channels to communicate with the Shareholders as follows, among others:

(i) both English and Chinese versions of corporate communications (as defined in the Listing Rules) such as annual reports, interim reports and circulars are available in printed form (if requested) and are available electronic form on the Stock Exchange's website (www.hkexnews.hk) and the Company's website at (www.tuhu.cn), where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access;

(ii) corporate information is made available on the Company's website; and

(iii) the Hong Kong share registrar of the Company serves the Shareholders in respect of share registration, dividend payment and related matter.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available and the Company has an investor relationship function (Email: ir@tuhu.cn) to attend to enquiries from the Shareholders.

Having considered the multiple channels of communication, the Board is satisfied that the Shareholders' communication policy provided effective channels by which Shareholders can communicate and raise concern with the Company and is effective during the year ended 31 December 2024.

To preserve environment and increase efficiency in communication with the Shareholders, the Company made arrangement pursuant to Rule 2.07A of the Listing Rules and the Articles of Association for the Shareholders to elect to receive corporate communication in printed form or by electronic means through the Company's website. Shareholders have the right to change their choice of receipt of its corporate communications (as defined in the Listing Rules) at any time by giving reasonable notice to the Company. The change request form may be downloaded from the websites of the Company and the Stock Exchange. The Company will send the actionable corporate communication (as defined in the Listing Rules) to the Shareholders individually in electronic form by email or in printed form (if requested or if the Company does not possess the functional email address of the Shareholders).

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. All resolutions put forward at the Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.tuhu.cn) and the Stock Exchange (www.hkexnews.hk) after each Shareholders' meeting.

In accordance with Article 20.7 of the Articles of Association, a resolution put to the vote of the meeting shall be decided on poll, save that the chairperson may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

For the avoidance of doubt, the Shareholders must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

There is no provision allowing the Shareholders to move new resolutions at general meetings under the Cayman Companies Law. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

With respect to the Shareholders' right in proposing persons for election as Directors, see the procedures available on the website of the Company (www.tuhu.cn).

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024 and up to the date of this annual report, the Company has not made any changes to its Articles of Association.

The Articles of Association of the Company is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tuhu.cn).

DIVIDEND POLICY AND FINAL DIVIDENDS

The Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from the subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS Accounting Standards. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such fund reaches 50% of its registered capital, which are not available for distribution as cash dividends. Dividend distribution to the Shareholders is recognised as a liability in the period in which the dividends are approved by the Shareholders or Directors, where appropriate.

Any future determination to pay dividends will be made at the discretion of the Directors and may be based on a number of factors, including the future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Directors may deem relevant. As advised by the Cayman Islands legal counsel, under Cayman Islands law, a Cayman Islands exempted company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase the shares with the expectation of receiving cash dividends.

The Company did not declare or pay any dividends on the shares during the year ended 31 December 2024 and it does not anticipate paying any cash dividends in the foreseeable future. During the Reporting Period, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

JOINT COMPANY SECRETARIES

Mr. Chen Zhe, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Mr. Lee Chung Shing, an external service provider, has been engaged by the Company as the other joint company secretary to assist Mr. Chen Zhe to discharge his duties as the joint company secretary of the Company. The primary contact person at the Company is Mr. Chen Zhe.

During the year ended 31 December 2024, Mr. Chen Zhe and Mr. Lee Chung Shing have each taken not less than 15 hours of relevant professional training to update their skills and knowledge.

Directors' Report

The Board is pleased to present this Directors' report in the Group's annual report for the year ended 31 December 2024.

GLOBAL OFFERING AND USE OF PROCEEDS

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

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

As of 31 December 2024, the Group has utilised the Net Proceeds as set out in the table below:

Description	Percentage to the Net Proceeds	Allocation of Net Proceeds	Unutilised amount as of 31 December 2023	Utilised amount between 1 January 2024 to 31 December 2024	Unutilised amount as of 31 December 2024	Expected timeline for utilising for the unutilised Net Proceeds
		(HK$ in millions)	*(HK$ in millions)*	*(HK$ in millions)*	*(HK$ in millions)*	
Enhancement of the supply chain capability	35.0%	445.6	317.4	241.9	75.5	31 December 2025
Research and development to advance the data analytics technologies and further enhance the operating efficiency	20.0%	254.7	227.7	80.8	146.9	31 December 2025
Expanding the store network and franchisee base	15.0%	191.0	110.3	104.1	6.2	31 December 2025
Funding investment related to automotive services for NEV owners as well as investment in tools and equipment related to these services	20.0%	254.7	219.8	54.8	165.0	31 December 2025
Working capital and general corporate purposes	10.0%	127.3	108.9	47.3	61.6	31 December 2025
Total	**100.0%**	**1,273.3**	**984.1**	**528.9**	**455.2**	

The unutilized net proceeds are placed in licensed banks in PRC and Hong Kong as of the date of this annual report.

Directors' Report

BUSINESS AND COMPANY-RELATED INFORMATION

Principal Activities

The Company is one of the leading integrated online and offline platforms for automotive service in China. Online, the Company streamlines diverse car service needs into one centralized platform through its flagship "TUHU Automotive Service" APP and online interfaces, delivering the digital and on-demand service experience to customers. Offline, the Company has three different types of stores, including self-operated Tuhu workshops, franchised Tuhu workshops, and third-party partner stores. The Company serves most of the passenger vehicle models sold in China, fulfilling automotive service demands ranging from tires and chassis parts replacement to auto maintenance, repair, detailing, and more.

The activities of the principal subsidiaries are set out in note 1 to the Financial Statement in this annual report.

Results of Operations

The results of the Group for the year ended 31 December 2024 are set out in "Consolidated Statement of Profit or Loss" and "Consolidated Statement of Comprehensive Income" of this annual report.

Final Dividend

Details of final dividends of the Company for the year ended 31 December 2024 are set out in "Corporate Governance Report – Dividend Policy and Final Dividends" in this annual report.

Business Review

Details of business review and performance analysis of the Group for the year ended 31 December 2024 are set out in "Chairman's Statement," "Management Discussion and Analysis," "Corporate Governance Report" and "Environmental, Social and Governance Report" of this annual report.

Future Development

Details of future development of the Group are set out in "Chairman's Statement" of this annual report.

Environmental Policies and Performance

During year ended 31 December 2024, the Group had not been subject to any fines or other penalties due to non-compliance with environmental regulations. Details of the environmental policies and performance of the Group are set out in "Environmental, Social and Governance Report" of this annual report.

Directors' Report

Key Relationships with Stakeholders

Relationship with Employees

The Company embraces employees as the most valuable assets of the Group. The objective of the Group's human resources management is to reward and recognise outstanding employees by providing competitive remuneration packages and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities.

Relationship with Shareholders

The Company recognises the importance of protecting the interests of the Shareholders and of having effective communication with them. Details of the communication practice with Shareholders are set out in "Corporate Governance Report – Communications with Shareholders and Investors" of this annual report.

Relationship with Customers and Suppliers

The Group's major customers primarily include individual car owners that represent a highly-fragmented customer base. The Group's top five customers accounted for less than 30% of the Group's total revenues for the year ended 31 December 2024.

The Group's major suppliers primarily include manufacturing brands and wholesalers of various auto parts and equipment. The Group's top five suppliers and largest supplier accounted for 35.6% and 12.7% of the Group's purchasers for the year ended 31 December 2024, respectively.

As of the Latest Practicable Date, to the best knowledge of the Company, none of the Directors or their close associates or Shareholders (as defined in the Listing Rules) held a 5% or more shareholding interest in the top five customers or suppliers.

Share Capital

Details of the issued Shares of the Group for the year ended 31 December 2024 are set out in note 34 to the Financial Statements in this annual report.

Reserves

Details of movements in the reserves of the Company for the year ended 31 December 2024 are set out in "Consolidated Statement of Changes in Equity" of this annual report.

Distributable Reserves

As at 31 December 2024, the Group has distributable reserves of RMB17.0 billion in total available for distribution.

Directors' Report

Charitable Donations

During the year ended 31 December 2024, the Group made charitable donations of RMB1.7 million.

Bank Loans and Other Borrowings

As at 31 December 2024, the Group recorded bank loans and other borrowings amounted to RMB7.5 million.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the Financial Statements in this annual report.

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the Latest Practicable Date.

Issue of Debentures

The Group did not issue any debentures during the year ended 31 December 2024.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a *pro rata* basis to the existing Shareholders.

Tax Relief

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

Compliance with Relevant Laws and Regulations

The Group may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of its business. During the year ended 31 December 2024, the Group had not been a party to, and was not aware of any threat of, any legal, arbitral or administrative proceedings, which would likely to have a material and adverse effect on its business, financial conditions or results of operations.

The Group is subject to applicable laws and regulations in the PRC in respect of its business operations. During the year ended 31 December 2024, as far as the Board is aware, the Group has complied with applicable laws and regulations in all material respects.

Directors' Report

Principal Risk and Uncertainties

The Directors are aware that the Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are set out as follows:

(i) The Company's business and growth are affected by changes in customer demand and spending for automotive service in China;

(ii) The Company primarily provides the automotive services to customers through Tuhu workshops and partner stores, and it may not be able to attract or retain franchisees or partner store operators;

(iii) The Company's business may be affected by advances in automotive technology, such as new energy vehicles, autonomous driving and shared mobility; and

(iv) Any harm to the brand or reputation may materially and adversely affect the Company's business, market share and results of operations;

For details of the nature and extent of the principal risks faced by the Group, see "Risk Factors" of the Prospectus.

Contracts with the Controlling Shareholders

Save as disclosed in this annual report, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries during the year ended 31 December 2024.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

On 14 March 2024, the Board resolved to repurchase Class A Shares in the open market from time to time up to HK$1.0 billion in value, pursuant to the general mandate (the "Share Repurchase Mandate") granted to the Directors, approved and/or subsequently refreshed or renewed by the Shareholders at the general meeting. During the period from 18 March 2024 to 22 April 2024, the Company has repurchased 12,286,900 Class A Shares on the Stock Exchange at an aggregate consideration of approximately HK$204 million under the Share Repurchase Mandate. The Board believes that the repurchase was effected to benefit the Company and create value for its Shareholders.

Directors' Report

Particulars of the Class A Shares repurchased are as follows:

Month and year	Number of Class A Shares repurchased	Purchase price per Class A Share Highest *(HK$)*	 Lowest *(HK$)*	Aggregate consideration *(before expense)* *(HK$ in millions)*
March 2024	3,297,200	15.30	12.96	46.2
April 2024	8,989,700	18.78	14.70	158.0
Total	**12,286,900**			**204.2**

All shares repurchased were subsequently cancelled on 3 June 2024. Upon cancellation of such Class A Shares, Chen Min, as a WVR Beneficiary, simultaneously converted 1,030,720 Class B Shares to Class A Shares on a one-to-one ratio as required by the Listing Rules.

On 25 June 2024, the Company announced the adoption of the Second Post-IPO Share Scheme (Existing Shares), which is funded by the existing Class A Shares only. During the period from 25 June 2024 to 14 February 2025, the trustee entrusted by the Company purchased Class A Shares on the Stock Exchange pursuant to the terms and conditions of the Second Post-IPO Share Scheme (Existing Shares). Further details are set out in the voluntary announcements dated 25 June 2024, 23 July 2024 and 17 February 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the year ended 31 December 2024 and up to the Latest Practicable Date. As of 31 December 2024, the Company did not hold any treasury Shares.

Corporate Governance Practice

The Company has adopted and applied the principles as set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules. For details of practice, see "Corporate Governance Report – Corporate Governance Practices" of this annual Report.

Model Code for Securities Transactions

The Company has adopted the Model Code. For details of practice, see "Corporate Governance Report – Model Code for Securities Transactions" of this annual Report.

Auditor

Ernst & Young was appointed as the Auditor for the year ended 31 December 2024 and there had been no change in auditor of the Company in the past three years. The accompanying Financial Statements prepared in accordance with IFRS Accounting Standards have been audited by Ernst & Young.

Ernst & Young will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

Directors' Report

Audit Committee

The Audit Committee (comprising three independent non-executive Directors, namely Ms. Yan Huiping (chairperson), Mr. Feng Wei and Mr. Wang Jingbo), after the discussion with the Auditor, has reviewed our Company's audited consolidated financial statements for the year ended 31 December 2024 and the unaudited financial statements for the six-month periods ended 31 December 2023 and 31 December 2024 (collectively, the "Unaudited Financial Statements"). The Audit Committee has reviewed the accounting principles and practices adopted by our Company and discussed matters in respect of risk management and internal control of our Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by our Company.

Our Group's audited consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with IFRS Accounting Standards. The accounting policies used in the preparation of the Unaudited Financial Statements are consistent with those adopted in preparing the audited consolidated financial statements for the years ended 31 December 2023 and 31 December 2024. The Unaudited Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2023 and 31 December 2024, which have been prepared in accordance with the IFRS Accounting Standards.

Closure of Register of Members and Record Date

For determining the entitlement to attend and vote at the AGM, the record date will be Friday, 6 June 2025 and the register of members of our Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025 (both days inclusive), during which period no transfer of Shares of our Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with our Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 2 June 2025.

DIRECTORS AND SENIOR MANAGEMENT

Details of Board composition are set out in "Corporate Information" in this annual report.

Biographical details of the Directors of the Group are set out in "Profiles of Directors and Senior Management" of this annual report. Save as disclosed in this annual report, during the year ended 31 December 2024 and up to the Latest Practicable Date, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Service Contracts and Appointment Letters

Each of executive Directors entered into a service contract with the Company on 5 September 2023. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice. The executive Directors are not entitled to receive any remuneration in their capacities as executive Directors under their respective service contracts.

Directors' Report

The non-executive Director entered into an appointment letter with the Company on 5 September 2023. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than one month's written notice. The non-executive Director is not entitled to receive any remuneration and benefits in his capacity as non-executive Director under his appointment letter.

Each of independent non-executive Directors entered into a service contract with the Company either on 5 September 2023 or 6 September 2023. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice. The annual Director's fees of the independent non-executive Directors payable by the Company under their respective service agreements is RMB300,000.

None of the Directors have an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence from the Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent during the year ended 31 December 2024 and remain so as of the date of this annual report.

Re-election of Directors

In accordance with article 27.4 of the Articles of Association, Mr. Hu Xiaodong and Mr. Yao Leiwen shall retire by rotation at the AGM and, being eligible for re-election at the AGM. Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders to be despatched (if requested) in due course.

Directors' Report

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Nature of interest	Class of Shares	Number of Shares	% of interest in each class of Shares of the Company[1]
Mr. Chen Min	Beneficial owner	Class A Shares	850,000 (L)[2]	0.1% (L)
	Interest in controlled corporations	Class A Shares	13,518,284 (L)[3]	1.8% (L)
	Interest in controlled corporations	Class B Shares	67,918,860 (L)[3]	100.0% (L)
Mr. Hu Xiaodong[3]	Beneficial owner	Class A Shares	300,000 (L)[4]	0.0% (*) (L)
	Interest in controlled corporations	Class A Shares	25,223,685 (L)[5]	3.4% (L)
		Class A Shares	2,996,703 (S)[6]	0.4% (S)

Remark: (L) denotes a long position; (S) denotes a short position; (*) denotes less than 0.005%.

Notes:

(1) As at 31 December 2024, the Company had 818,715,162 issued Shares in total, comprising 750,796,302 Class A Shares and 67,918,860 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of 31 December 2024.

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

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

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

Directors' Report

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

(6) TroisUnis.HU Investment Limited entered into equity collar option transaction with a bank in respect of which TroisUnis.HU Investment Limited (i) entered into certain call and put options referencing 2,996,703 Class A Shares, and (ii) has delivered 2,996,703 Class A Shares to the bank under credit support annex with return obligation.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2024, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Total number of Shares	% of interest in each class of Shares in the Company[(1)]
Tencent[(2)]	Interest in controlled corporation	Class A Shares	158,895,235 (L)	21.2%
Image Frame Investment (HK) Limited	Beneficial interest	Class A Shares	151,792,350 (L)	20.2%
Joy Capital GP, Ltd[(3)]	Interest in controlled corporation	Class A Shares	44,007,640 (L)	5.9%
Pandanus Associates Inc.[(4)]	Interest in controlled corporation	Class A Shares	42,995,455 (L)	5.7%
FIL Limited[(4)]	Interest in controlled corporation	Class A Shares	42,995,455 (L)	5.7%
Ubiquity Holdings Ltd.[(5)]	Beneficial interest	Class A Shares	42,707,045 (L)	5.7%
Max Hope Limited[(6)]	Beneficial interest	Class A Shares	39,167,585 (L)	5.3%
	Interest in controlled corporation	Class A Shares	453,132 (L)	0.1%

Directors' Report

Remark: (L) denotes a long position.

Notes:

(1) As at 31 December 2024, the Company had 818,715,162 issued Shares in total, comprising 750,796,302 Class A Shares and 67,918,860 Class B Shares. The above calculation is based on the total number of relevant class of Shares or the total number of Shares in issue as of 31 December 2024.

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

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

(4) To the best knowledge of the Company, FIL Limited was deemed to be interested in 42,995,455 Class A Shares in aggregate through a series of its controlled entities or corporations. Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., which in turn holds as to 40.44% shareholding interest in FIL Limited. Accordingly, each of Pandanus Associates Inc. and Pandanus Partners L.P. was deemed to be interested in 42,995,455 Class A shares of the Company via FIL Limited under the SFO.

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

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

Directors' Report

Save as disclosed above, to the best knowledge of the Directors and the chief executive of the Company, as at 31 December 2024, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in "— Equity Incentive Schemes" of this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Directors' and Controlling Shareholders' Interests in Competing Business

Except for the interests of the Controlling Shareholders in the Group, during the year ended 31 December 2024, neither the Controlling Shareholders nor any of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in "— Continuing Connected Transactions" of this Directors' report, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended 31 December 2024 or as at 31 December 2024.

Remuneration Policy

The remuneration of the Directors is paid in the form of fees, salaries, allowances and benefits in kinds, share-based payment and pension scheme contributions.

The Company has established the Remuneration Committee to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management, having regard to the factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of the Directors and senior management, and the employment conditions of the Group.

The Directors and the senior management members are eligible participants of the Equity Incentive Schemes.

Directors' Report

During the year ended 31 December 2024, none of the other Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for the loss of office.

Details of the emoluments of the Directors, and five highest paid individuals for the year ended 31 December 2024 are set out in notes 10 and 11 to the Financial Statements in this annual report.

Retirement and Employee Benefits Scheme

Details of the retirement and employee benefits scheme of the Company are set out in notes 2, 9, 10 and 11 to the Financial Statements in this annual report.

Directors and Officers Liability Insurance

The Company has arranged appropriate directors' and officers' liability insurance in respect of legal action against the Directors and senior management.

Directors' Permitted Indemnity Provision

Pursuant to Article 49.1 of the Articles of Association and subject to Cayman Companies Law, every Director and officer of the Company (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former officer of the Company (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under the Articles of Association unless or until a court of competent jurisdiction shall have made a finding to that effect.

CONTINUING CONNECTED TRANSACTIONS

Upon Listing, transactions between members of the Group and the Company's connected persons have become connected transactions under Chapter 14A of the Listing Rules.

Among the related party transactions disclosed in note 41 to the Financial Statements, the transactions are entered into with Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) ("**Tencent Computer**") constituted the partially-exempt continuing connected transaction of the Group of the year ended 31 December 2024. Tencent Computer is a subsidiary of Tencent, which is a substantial Shareholder of the Company, and therefore Tencent Computer is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The Company confirmed that the other related party transactions as disclosed in the note 41 to the Financial Statements do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules.

Directors' Report

Tencent Group Framework Agreement

On 7 September 2023, the Company entered into a business cooperation and service framework agreement with Tencent Computer (the "**Tencent Group Framework Agreement**"), pursuant to which Tencent Computer and its affiliates (the "**Tencent Group**") would provide to the Group (i) cloud services; (ii) advertising services; and (iii) payment services.

The terms of the Tencent Group Framework Agreement were entered into on normal commercial terms after arm's length negotiations and the transactions under the Tencent Group Framework Agreement will commence on the Listing Date and continue until 31 December 2025 (both dates inclusive).

Cloud services

Pursuant to Tencent Group Framework Agreement, Tencent Group will provide certain technology services, including but not limited to provision of cloud services and other cloud-related technical services to the Group (the "**Tencent Cloud Services**"), allowing a higher degree of flexibility in managing the IT infrastructure of the Group. The service fees will be determined after arm's length negotiation between the parties based on the fee rates disclosed on the relevant websites of the Tencent Group.

The annual cap of the Tencent Cloud Services for the year ended 31 December 2024 is approximately RMB35.0 million, while the actual transaction amount for the year ended 31 December 2024 were approximately RMB21.8 million.

Advertising services

Pursuant to Tencent Group Framework Agreement, Tencent Group will provide the Group with advertising solutions utilising its communication channels, social media channels and online advertising platforms ("**Tencent Advertising Services**"), on which the Group will send promotional messages to potential users in relation to the mobile application and website. The service fee will be charged on the basis of (i) the price of each click and the aggregate number of clicks of online users; (ii) the number of impressions generated by the Tencent Advertising Services to online users; and (iii) the number of advertisement served or delivered through the Tencent Advertising Services.

The annual cap of the Tencent Advertising Services for the year ended 31 December 2024 is approximately RMB102.0 million, while the actual transaction amount for the year ended 31 December 2024 were approximately RMB53.0 million.

Payment services

Pursuant to Tencent Group Framework Agreement, Tencent Group will provide the Group with payment services through its payment channel ("**Tencent Payment Services**") in order to enable the Company's users to conduct online transactions on the Company's platform through Tencent Group payment channels. The service fee will be determined after arm's length negotiation between the parties with reference to the market rates. The charge rates and calculation method shall be agreed between the parties separately.

The annual cap of the Tencent Payment Services for the year ended 31 December 2024 is approximately RMB90.0 million, while the actual transaction amount for the year ended 31 December 2024 were approximately RMB58.2 million.

Directors' Report

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors have confirmed that the above continuing connected transactions were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements (including the pricing principle and guidelines set out therein) governing them and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Auditor has reviewed the continuing connected transactions referred to above and confirmed to the Board that such continuing connected transactions: (i) have received the approval of the Board; (ii) were entered into in accordance with the relevant agreements governing the transactions; and (iii) have not exceeded the caps.

Save as disclosed in this annual report, during the year ended 31 December 2024, the Company had no connected transactions or continuing connected transactions which are required to be disclosed under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2024.

EQUITY INCENTIVE SCHEMES AND EQUITY-LINKED ACTIVITIES

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

2019 Share Incentive Plan

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

A summary of the principal terms of the 2019 Share Incentive Plan is set out below:

Purpose

The purpose of the 2019 Share Incentive Plan is to promote the success and enhance the value of the Company by linking the personal interests of the Directors, employees, and consultants to those of Shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Shareholders.

Eligible Participants

Any person, including an employee, a director or a consultant ("**Service Provider**") employed by the Company or trusts or companies established in connection with any employee benefit plan of the Company for the benefits of the Service Providers.

Directors' Report

Maximum Number of Class A Shares Available for Issue

The overall limit on the number of underlying Class A Shares pursuant to the 2019 Share Incentive Plan is 93,737,185 Class A Shares, representing approximately 11.4% of the total issued Shares of the Company (excluding treasury Shares) as of the date of this annual report, being 820,657,124 Shares.

Maximum Entitlement of Each Participant

The 2019 Share Incentive Plan contains no provisions on the maximum entitlement of each participant.

Option Period

Subject to the sole discretion of the administrator, the options period under the 2019 Share Incentive Plan shall not exceed ten years from the date of grant.

Vesting Period

The administrator of the 2019 Share Incentive Plan determines the vesting period, which is specified in the relevant award agreement.

Acceptance of Offers of Awards

The grantees were not required to pay any consideration for the granting of the outstanding options, restricted shares or restricted share units under the 2019 Share Incentive Plan.

Basis of Determining the Exercise Price or Issue Price

The exercise price of all the options granted under the 2019 Share Incentive Plan is US$0.00002 per Class A Share. The issue price of all restricted shares and restricted share units under the 2019 Share Incentive Plan is nil.

Remaining Life

The 2019 Share Incentive Plan shall continue in effect for a term of ten years from its date of effectiveness. The remaining life of the 2019 Share Incentive Plan is over four years.

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

Directors' Report

The following table shows detail of outstanding options granted under the 2019 Share Incentive Plan during the year ended 31 December 2024:

Name and Category of grantee	Date of grant	Option period	Vesting period[(1)]	Exercise price	Performance target	Outstanding as of 1 January 2024	Number of Class A Shares underlying options: Granted between 1 January 2024 to 31 December 2024	Exercised between 1 January 2024 to 31 December 2024	Cancelled between 1 January 2024 to 31 December 2024	Lapsed between 1 January 2024 to 31 December 2024	Outstanding as of 31 December 2024	Weighted average closing price per Class A Share immediately before the date of exercise
Director												
Mr. Chen Min	1 May 2021	10 years	4 years	US$0.00002 per Class A Share	-	850,000	-	-	-	-	850,000	N/A
Mr. Hu Xiaodong	1 May 2021	10 years	4 years	US$0.00002 per Class A Share	-	300,000	-	-	-	-	300,000	N/A
Other grantees												
Employees and consultants	1 January 2017 – 1 September 2023	-	1 – 5 years	US$0.00002 per Class A Share	-	41,624,699	-	11,196,353	234,050	1,923,796	28,270,500	HK$20.07
Total						**42,774,699**	**-**	**11,196,353**	**234,050**	**1,923,796**	**29,420,500**	

Notes:

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

Post-IPO Share Scheme

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

A summary of the principal terms of the Post-IPO Share Scheme is set out below:

Purpose

The purpose of the Post-IPO Share Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company so as to align the interests of the selected participants with those of the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Directors' Report

Eligible Participants

Participants of the Post-IPO Share Scheme include any individual, who is:

(i) an employee (whether full-time or part-time), director or officer of any member of the Group, including persons who are granted awards under the Post-IPO Share Scheme as an inducement to enter into employment contracts with any member of the Group;

(ii) an employee (whether full-time or part-time), director or officer of: (a) a holding company; (b) subsidiaries of the holding company other than members of the Group; or (c) any company which is an associate of the Company; or

(iii) who is a consultant or an adviser who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group, a franchisee of the Group and a partner store operator of the Group (whether it is an individual or a corporate entity), or an advertising service provider, a software service provider, a warehousing and logistics services provider or a labour service provider who in the opinion of the administrator has contributed or will contribute to the growth and development of the Group ("**Service Provider Participants**")

Maximum Number of Class A Shares Available for Issue

The total number of Class A Shares which may be issued upon exercise of all awards to be granted under the Post-IPO Share Scheme is 48,862,286 Class A Shares (the "**Scheme Mandate Limit**"), representing approximately 6.0% of the total issued Shares of the Company (excluding treasury Shares) as of the date of this annual report, being 820,657,124 Shares. Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The total number of Shares which may be issued pursuant to awards to be granted to Service Provider Participants under the Post-IPO Share Scheme is 8,143,714 Class A Shares (the "**Service Provider Sublimit**"), representing approximately 1.0% of the total issued Shares of the Company (excluding treasury Shares) as of the date of this annual report, being 820,657,124 Shares.

The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed (i) from the later of three years after the adoption date of the Post-IPO Share Scheme or three years after the date of the previous Shareholder approval for refreshment of the Scheme Mandate Limit or Service Provider Sublimit (as the case may be) or (ii) by obtaining prior approval of the Shareholders in general meeting and subject to compliance with any additional requirements prescribed under the Listing Rules from time to time. However, the refreshed Scheme Mandate Limit cannot exceed 10% of the Class A Shares in issue as of the date of such approval. Awards previously granted under the Post-IPO Share Scheme and any other share option schemes of the Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

Directors' Report

Maximum Entitlement of Each Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of Class A Shares in issue.

Option Period

Subject to the sole discretion of the administrator, the options under the Post-IPO Share Scheme shall not be exercisable (to the extent not already exercised) on the expiry of the tenth anniversary from the date of grant.

Vesting Period

The vesting period in respect of any awards shall be not less than 12 months from the date of grant. The administrator of the Post-IPO Share Scheme determines the vesting period, which is specified in the relevant award letter.

Acceptance of Offers of Awards

Unless otherwise specified in the award letter, a grantee shall have 20 business days from the date of grant to accept the offer of awards. A grantee may accept an award by giving written notice of their acceptance to the administrator, together with remittance in favour of the Company of any consideration payable upon grant of the award.

Basis of Determining the Exercise Price or Issue Price

The exercise price of all the options granted under the Post-IPO Share Scheme shall be determined by the administrator but shall in any event be no less than the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

The issue price for restricted shares or restricted share units granted under the Post-IPO Share Scheme shall be such price determined by the administrator in their absolute discretion and notified to the grantee in the award letter. For the avoidance of doubt, the administrator may determine the issue price to be at nil.

Remaining Life

The Post-IPO Share Scheme shall be valid and effective for the period of ten years commencing on the Listing Date and ending on the 10th anniversary of the Listing Date. The remaining life of the Post-IPO Share Scheme is over eight years.

As of 1 January 2024, being the beginning of the Reporting Period, the total number of restricted shares, restricted share units and options available for grant under the Post-IPO Share Scheme and under the service provider sublimit of Post-IPO Share Scheme were 39,905,978 and 8,143,714, respectively. While as of 31 December 2024, being the end of the Reporting Period, the total number of restricted shares, restricted share units and options available for grant under the Post-IPO Share Scheme and under the service provider sublimit of Post-IPO Share Scheme were 39,933,447 and 8,143,714, respectively.

Directors' Report

The following table shows detail of movements of the restricted share units granted under the Post-IPO Share Scheme during the year ended 31 December 2024:

Name and Category of grantee	Date of grant	Vesting period	Purchase price	Performance target	Outstanding as of 1 January 2024	Number of Class A Shares underlying restricted share units: Granted between 1 January 2024 to 31 December 2024	Vested between 1 January 2024 to 31 December 2024	Cancelled between 1 January 2024 to 31 December 2024	Lapsed between 1 January 2024 to 31 December 2024	Outstanding as of 31 December 2024	Closing price per Class A Share immediately before the date of grant	Fair value of each restricted share units at the date of grant[1]	Weighted average closing price per Class A Share immediately before the date of vest
Employees	1 December 2023	48 months	Nil	-	3,296,947	-	758,504	-	303,284	2,235,159	N/A	N/A	HK$21.45
	1 January 2024	47 – 48 months	Nil	-	-	914,599	154,766	-	195,847	563,986	HK$28.10	HK$28.10	HK$21.39
Total					**3,296,947**	**914,599**	**913,270**	**-**	**499,131**	**2,799,145**			

Note:

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

The following table shows detail of movements of options granted under the Post-IPO Share Scheme during the year ended 31 December 2024:

Name and Category of grantee	Date of grant	Option period	Exercise period[1]	Exercise price	Performance target	Outstanding as of 1 January 2024	Number of Class A Shares underlying options: Granted between 1 January 2024 to 31 December 2024	Exercised between 1 January 2024 to 31 December 2024	Cancelled between 1 January 2024 to 31 December 2024	Lapsed between 1 January 2024 to 31 December 2024	Outstanding as of 31 December 2024	Closing price per Class A Share immediately before the date of grant	Fair value of each options at the date of grant[2]	Weighted average closing price per Class A Share immediately before the date of exercise
Employees	1 December 2023	10 years	48 months	HK$33.0	-	5,659,361	-	-	4,198,330	442,937	1,018,094	N/A	N/A	N/A
Total						**5,659,361**	**-**	**-**	**4,198,330**	**442,937**	**1,018,094**			

Notes:

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

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

As of 31 December 2024, the Shares that may be issued in respect of all the options, restricted shares and restricted share units granted under 2019 Share Incentive Plan and Post-IPO Share Scheme, represented approximately 6.1% the weighted average number of Class A Shares of the Company (excluding any treasury Shares) for the year ended 31 December 2024.

Second Post-IPO Share Scheme (Existing Shares)

On 25 June 2024, the Company announced that Second Post-IPO Share Scheme (Existing Shares). The total number of Shares which may be granted under the Second Post-IPO Share Scheme (Existing Shares) is 33,000,000 Class A Shares which shall consist of existing Class A Shares only as referred to under Rule 17.01(1)(b) of the Listing Rules. The principal terms of Second Post-IPO Share Scheme (Existing Shares) are set in the announcement of the Company dated 25 June 2024.

A summary of the principal terms of the Post-IPO Share Scheme is set out below:

Purpose

The purpose of the Second Post-IPO Share Scheme (Existing Shares) is (i) to provide the Company with a flexible means of remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants, (ii) to align the interests of eligible participants with those of the Company and Shareholders by providing such eligible participants with the opportunity to acquire proprietary interests in the Company, and (iii) to encourage eligible participants to contribute to the long-term growth and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Eligible Participants

Eligible participants under the Second Post-IPO Share Scheme (Existing Shares) include (i) employees (whether full-time or part-time), director or officer of any member of the Group; (ii) employee (whether full-time or part-time), director or officer of any related entities (including (a) a company of which the Company is a subsidiary, (b) any subsidiary of a company of which the Company is a subsidiary other than members of the Group, or (c) any company which is an associate of the Company); and (iii) any consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of the Group or any related entities of the Group, who as determined by the scheme administrator in its sole discretion has contributed or will contribute to the growth of the Group.

Maximum Number of Class A Shares Available for Grant

The total number of Class A Shares which may be granted under the Second Post-IPO Share Scheme (Existing Shares) is 33,000,000 Class A Shares which shall consist of existing Shares only, representing approximately 4.0% of the total issued Shares of the Company (excluding treasury Shares) as of the date of this annual report, being 820,657,124 Shares.

Maximum Entitlement of Each Participant

There is no specific limit on the maximum entitlement of each eligible participant under the Second Post-IPO Share Scheme (Existing Shares).

Exercise Period

The exercise period for awards in the form of share options under the Second Post-IPO Share Scheme (Existing Shares) shall in any event be no longer than 10 years from the grant date.

Directors' Report

Vesting Period

The scheme administrator or the Board may in respect of each award and subject to all applicable laws, rules and regulations determine such vesting criteria and conditions or periods for vesting of awards in its sole and absolute discretion. The relevant vesting date of any award shall be set out in the award letter.

Exercise Price and Basis of Determination

The purchase price or exercise price of each award shall be determined by the scheme administrator or the Board in its absolute discretion.

Remaining Life

Unless terminated as determined by the Board, the Second Post-IPO Share Scheme (Existing Shares) shall be valid and effective for a term of ten years commencing on the adoption date, after which no further awards will be granted. The remaining life of the Second Post-IPO Share Scheme (Existing Shares) is over nine years.

From the adoption date of the Second Post-IPO Share Scheme (Existing Shares) to 31 December 2024, being the end of Reporting Period, 60,000 options and 13,142,826 restricted share units were granted under the Second Post-IPO Share Scheme (Existing Shares).

The following table shows detail of movements of options granted under the Second Post-IPO Share Scheme (Existing Shares) during the year ended 31 December 2024:

							Number of Class A Shares underlying options							
Name and Category of grantee	Date of grant	Option period	Exercise period[1]	Exercise price	Performance target	Outstanding as of 1 January 2024	Granted between 1 January 2024 to 31 December 2024	Exercised between 1 January 2024 to 31 December 2024	Cancelled between 1 January 2024 to 31 December 2024	Lapsed between 1 January 2024 to 31 December 2024	Outstanding as of 31 December 2024	Closing price per Class A Share immediately before the date of grant	Fair value of each options at the date of grant[2]	Weighted average closing price per Class A Share immediately before the date of exercise
Employees	31 May 2024	10 years	-	US$0.00002 per Class A Share	-	-	60,000	-	-	-	60,000	HK$25.2	HK$25.6	N/A
Total						**-**	**60,000**	**-**	**-**	**-**	**60,000**			

Notes:

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

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

Directors' Report

The following table shows detail of movements of the restricted share units granted under the Second Post-IPO Share Scheme (existing Shares) during the year ended 31 December 2024:

Name and Category of grantee	Date of grant	Vesting period	Purchase price	Performance target	Number of Class A Shares underlying restricted share units: Outstanding as of 1 January 2024	Granted between 1 January 2024 to 31 December 2024	Vested between 1 January 2024 to 31 December 2024	Cancelled between 1 January 2024 to 31 December 2024	Lapsed between 1 January 2024 to 31 December 2024	Outstanding as of 31 December 2024	Closing price per Class A Share immediately before the date of grant	Fair value of each restricted share units at the date of grant[1]	Weighted average closing price per Class A Share immediately before the date of vest
Five highest paid individuals													
Five highest paid individuals	1 July 2024	48 months	Nil	-	-	397,220	-	-	-	397,220	HK$23.25	HK$23.25	N/A
	1 December 2024	12-48 months	Nil	-	-	1,403,345	-	-	-	1,403,345	HK$21.45	HK$21.45	N/A
Other grantees													
Employees	1 July 2024	48 months	Nil	-	-	2,698,614	45,400	-	505,582	2,147,632	HK$23.25	HK$23.25	HK$20.98
	1 October 2024	48 months	Nil	-	-	2,175,357	-	-	180,743	1,994,614	HK$23.25	HK$23.25	N/A
	1 December 2024	48 months	Nil	-	-	6,468,290	-	-	-	6,468,290	HK$21.45	HK$21.45	N/A
Total					**-**	**13,142,826**	**45,400**	**-**	**686,325**	**12,411,101**			

Note:

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

Convertible Securities, Options, Warrants or Similar Rights

Save for options, restricted shares or restricted share units granted, vested or exercised as disclosed in "– 2019 Share Incentive Plan", "– Post-IPO Share Scheme" and "– Second Post-IPO Share Scheme (Existing Shares)" of this Directors' report, there had been no convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries during the year ended 31 December 2024, and there had been no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2024.

Equity Securities and Equity-Linked Agreement

During the year ended 31 December 2024, the Company did not carry out fund raising activities by way of issue of equity securities or sale of treasury Shares.

Save as otherwise disclosed herein, other than the 2019 Share Incentive Plan, Post-IPO Share Scheme and Second Post-IPO Share Scheme (Existing Shares), no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of 2024.

Directors' Report

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As of 31 December 2024, the Directors were not aware of any circumstances giving rise to the disclosure obligations under Rules 13.20, 13.21, 13.22, 14.36B and 14A.63 of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2024

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the Latest Practicable Date.

By order of the Board
TUHU Car Inc.
Mr. Chen Min
Chairman
20 March 2025

Environmental, Social and Governance Report

ABOUT THE REPORT

Overview

This is the second Environmental, Social and Governance (ESG) Report (hereinafter referred to as "the Report") released by Tuhu Car Inc. Aimed at all stakeholders of the Company, the ESG Report focuses on disclosing the management, practices and performance of the Company in environmental, social and governance areas.

Reporting Period

The Report covers the period from January 1, 2024 to December 31, 2024 (the "Reporting Period"), with some contents referencing previous years or extending into 2025.

Reporting Scope and Boundaries

The Report defines the organizational scope on the principle of materiality. Unless otherwise specified, all substantive contents indicated herein pertains to Tuhu Car Inc. and its subsidiaries, which is consistent with the scope of disclosure in the financial report.

Reference Description

For simplicity, Tuhu Car Inc. and its subsidiaries are collectively referred to as "the Company", "Tuhu" or "We" throughout the Report.

Reporting Basis

The Report is compiled mainly in accordance with the Environmental, Social and Governance Reporting Code in Appendix C2 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited ("the Stock Exchange").

Data Sources and Reliability Statement

The information and data disclosed in the Report are sourced from the Company's statistical reports and official documents, which have been reviewed by relevant departments. The Company affirms that the contents of the Report are free from false records or misleading statements, and takes full responsibility for their authenticity, accuracy and completeness.

Confirmation and Approval

The Report was approved by the Board of Directors on March 20th, 2025, following management's confirmation.

Access to the Report

The Report is available in both Traditional Chinese and English. The electronic version can be accessed on the official website of the Stock Exchange and the Company's investor relations website.

Contact Details

We value the opinions of stakeholders and welcome readers to contact us through the following channel. Your feedback will help us further improve our ESG disclosure and performance.

Email: ir@tuhu.cn

Environmental, Social and Governance Report

BOARD STATEMENT

The Board Responsibility

The Board assumes ultimate responsibility for the Company's ESG-related matters. It actively participates in the formulation and review of ESG policies and issues, regularly evaluating and making decisions on the overall ESG strategy to balance business growth with environmental and social impact, thereby advancing sustainable development.

Risk Management

The Board identifies, evaluates, and manages ESG-related risks, formulating appropriate and effective rules for ESG risk management and internal controls as needed. Under the Board's supervision, the Company actively identifies and monitors short-, medium-, and long-term climate-related risks and opportunities, integrating climate considerations into its business operations, strategies, and financial planning.

Materiality Analysis

This year, the Company further refined and optimized the materiality analysis of ESG issues. The Board participated in evaluating, prioritizing, and managing significant ESG issues, regularly reviewing Tuhu's ESG principles and management strategies, assessing their potential impact on the Company's overall strategy, and promptly tracking ESG development trends and best practices within the industry.

Target Tracking

Tuhu has set clear ESG targets, including a diversity goal to "reach 30% female representation on the Board by the end of 2025," and a long-term carbon emissions goal to "strive for continuous reduction in carbon emission intensity." The Board reviews and approves ESG strategies and goals, overseeing performance and progress toward achieving these targets.

Environmental, Social and Governance Report

ABOUT US

Company Profile

Tuhu is a leading integrated online and offline automotive service platform in China. In September 2023, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange under stock code 9690. HK. We have meticulously built an automotive service ecosystem that connects car owners, suppliers, service stores, and other participants. Guided by our customer-first principle and supported by an efficient supply chain, we offer a digitalized, on-demand service experience that comprehensively meets the diverse needs of car owners.

As of the end of the reporting period, our flagship Tuhu APP and other online platforms had accumulated 139 million registered users, with 24.1 million transacting users throughout the reporting period. With the continuous expansion of our service network, we have established 6,874 Tuhu workshops nationwide, covering 32 provincial-level administrative regions and 318 prefectural-level administrative regions across China.

Development Goals

Aggregate fragmented automotive service demands onto one platform.

- Our platform serves nearly all passenger vehicle models sold in China, offering a comprehensive range of automotive services, including tire replacement, auto maintenance, quick repairs, and detailing and beauty services. Compared to the traditional offline automotive service model, which relies heavily on localized services, we have significantly enhanced customer engagement and improved service efficiency by consolidating fragmented service demands onto a unified platform.

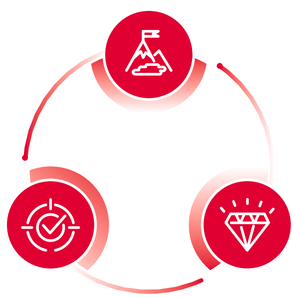
Build customer trust via standardized and digitalized operations.

- To provide customers with authentic automotive products, professional services, and highly competitive prices, we have developed an end-to-end digital solution that integrates product procurement, inventory management, order delivery, and service fulfillment. This scientifically calibrated system optimizes each key link in the supply and service chain, setting industry benchmarks and fostering strong customer trust in our platform.

Corporate Culture

Our Mission

- To innovate simple and easy automotive service



Our Values

- Continuous improvement
- Customer first
- Integrity: no fake transactions, no deception, no fraud
- Value creation through relentless innovation
- Supporting franchisees
- Win-win collaboration

Our Vision

- To become a leader in the automotive service industry

Environmental, Social and Governance Report

HONORS AND PERFORMANCE HIGHLIGHTS

Honors and Awards

JANUARY


荣誉证书

“蓉e行” 优秀交通众治公益联盟企业

“Rong e Xing” Outstanding Traffic Governance Alliance Enterprise

Chengdu Public Security Bureau Traffic Management Bureau


国家标准化管理委员会
2024年1月10日

2024 年度国家级服务业标准化试点项目表

地区	试点项目名称	承担单位名称	领域
上海	上海技术交易所技术交易服务标准化试点	上海技术交易所有限公司	专业技术服务
	上海拉扎斯即时配送服务标准化试点	拉扎斯网络科技（上海）有限公司	物流快递
	上海途虎养车汽车服务标准化试点	上海阑途信息技术有限公司	商贸服务
	上海第一社会福利院智慧养老服务标准化试点	上海市第一社会福利院	养老康养与医养结合

Selected as the 2024 National Service Standardization Pilot Project

Standardization Administration of China (SAC)

FEBRUARY

Workers’ Pioneer Commendation

Shanghai Municipal Trade Union

MAY

“Sustainable Development Innovation Case” Award

Xinhua News Agency


2023 年生活服务业连锁企业 Top100

CCFA 2024 年 5 月 30 日发布

行业	细分行业	企业名称	主要品牌	营收规模（万元）	门店总数（个）	备注
汽车养护维修	汽车养护维修	上海阑途信息技术有限公司	途虎养车	1360000	5909	
		杭州天猫车站科技有限公司	新康众、天猫养车等	912600	3728	
		浙江快准车服网络科技有限公司	快准车服	570000	2300	*
		驰加（上海）汽车用品贸易有限公司	驰加	540000	1653	*
		广州百援精养汽车信息技术有限公司	百援精养	510331	2000	*
		广东三头六臂信息科技有限公司	三头六臂	350000	3300	*
		北京汽广行信息技术有限公司	京东养车	300000	1518	*
		杭州小拇指汽车科技服务有限公司	小拇指	265118	1306	
		中石化易捷销售有限公司	易捷养车	220000	9500	*
		广州华胜企业管理服务有限公司	华胜	212273	270	

Ranked 1st in Automotive Maintenance & Repair Industry in “2023 Top 100 Life Service Chain Enterprises”

China Chain Store & Franchise Association

JUNE

2023 Minhang District Most Socially Responsible Enterprise Award

Minhang District Enterprise Federation (Shanghai)

Five-Star Grassroots Party Organization Honor (Minhang District)

Organization Department of Minhang District Committee

Environmental, Social and Governance Report

JUNE


MOST HONORED COMPANIES
2024 ASIA PACIFIC (EX-JAPAN) EXECUTIVE TEAM - MAINLAND CHINA

2024 China Region's Most Respected Companies Award

Institutional Investor Magazine

2024 "Shanghai Excellence" Top 30 Tech Innovators in Intelligent Manufacturing

Shanghai United Media Group (Caixin Media)

JULY

Shanghai Commercial Innovation Award

Shanghai Commerce Association

OCTOBER

Standard Chartered Business Achievement Award 2024 – Outstanding Innovation Economy Enterprise

Standard Chartered Bank

NOVEMBER

2024 Sirius Awards – Most Popular Employer Brand Among University Students

Moka & HRflag

DECEMBER

Niuke 2024 Most Preferred Tech Talent Recruitment Employer Award

Niuke.com

High-Quality Service Best Practice Case

China Consumers Magazine

Environmental, Social and Governance Report

ESG PERFORMANCE HIGHLIGHTS

Environment

Addressing Climate Change	We comprehensively identify and assess climate change risks and opportunities, implementing proactive adaptation measures. We have set greenhouse gas reduction targets and continuously track our progress.
Energy Conservation and Emission Reduction	We continue to promote the recycling of logistics packaging. In 2024, we reduced the use of cardboard boxes by 550,000, thereby lowering resource consumption and optimizing the supply chain's green and low-carbon level.
Hazardous Waste Compliance Management	We strictly adhere to hazardous waste management standards, ensuring compliant storage and disposal of waste oil and facilitating the recycle of used storage batteries.
Supporting the Transition to a Low-Carbon Industry	We have established a leading after-sales network for new energy vehicles to support the adoption of electric vehicles. In 2024, the number of new energy vehicle (NEV) users on our platform exceeded 2.7 million, accounting for over 11% of total transacting users. We also optimized warehouse and distribution planning, actively utilizing new energy vehicles for delivery services. By the end of 2024, over 30% of our delivery routes used electric vehicles.

Social – Users

User Experience and Rights Protection	We continuously optimize product and service experiences, resulting in a 2 percentage point increase in overall platform user satisfaction to 95% in 2024, and a 24% decrease in the customer complaint rate per 10,000 orders.
Product Diversification and Quality Assurance	We continuously expand product categories, brands, and coverage, with SKUs exceeding 9 million by the end of 2024. We ensure product quality through brand authorization, end-to-end traceability, and a premium warranty program. Our automotive product quality management system is certified to the ISO 9001 standard.

Environmental, Social and Governance Report

Social – Users

Service Standardization and Efficiency Improvement	We implement granular operational standards combined with comprehensive video surveillance, real-time intelligent analysis, and periodic inspections and quality audits to ensure consistent service experiences at our stores. We optimize our nationwide warehouse and logistics network, improving next-day delivery rates by 5 percentage points to 79% in 2024. Leveraging large-scale models and process optimization tools, we enhance customer service levels, maintaining human agent satisfaction at over 90% and achieving a more than 10 percentage point increase in AI agent satisfaction.
Data Security and Privacy Protection	We establish a full-lifecycle privacy protection model, conduct internal and external information security audits, and regularly perform privacy compliance drills. Our core information systems' information security management activities are certified with ISO 27001.

Social – Employees

Employee Rights Protection	We strictly uphold principles that prohibit child labor, discrimination, and harassment, while actively promoting workplace diversity and ensuring trade union representation. By the end of 2024, women made up 37% of our workforce, and all employees were covered by trade union rights.
Career Development and Training	We conduct talent reviews based on company-wide performance evaluations and managerial potential assessments, developing talent development plans to support employees' professional growth. We establish a comprehensive training system covering new employees, general skills, professional competencies, and leadership development, achieving 98% employee participation and over 95% satisfaction rates across multiple modules in 2024.
Compensation, Benefits, and Incentives	We offer variable compensation to all employees, with an increasing ratio of variable to total compensation to enhance motivation. Long-term incentives covered 17% of employees by the end of 2024, strengthening loyalty and long-term commitment.
Health and Safety Assurance	We implement safety management mechanisms across workplaces, service stores, and logistics warehouses. Our self-developed platforms enable real-time monitoring and closed-loop incident management, significantly improving occupational health and safety standards to safeguard employee well-being.

Environmental, Social and Governance Report

Social – Value Chain and Community

Empowerment and Support for Franchisees	We establish a comprehensive empowerment mechanism covering merchandise supply, logistics, customer traffic, digital systems, and operational management for over 3,000 franchisees within our network. Through targeted incentives and support policies, we drove same-store user growth of 5% in 2024, with over 90% of franchised stores achieving profitability.
Supporting Technician Employment and Development	We collaborate with franchisees to create over 40,000 technician jobs and strengthen talent cultivation through university-industry partnerships. A holistic technical empowerment framework was implemented, including online learning resources, expert technical support, competency certification programs, and new energy technology training. As of the end of 2024, the pass rate for senior technician certification among our technicians was nearly 70%, elevating service quality across the network.
Supplier Management and Collaboration	ESG requirements related to business ethics, information security, and environmental hygiene are integrated into supplier onboarding and ongoing cooperation processes. Product quality assurance is reinforced through mandatory on-site audits, ensuring supply chain sustainability.
Contributing to Industry and Community Development	We actively share innovative practices to promote standardized and efficient industry development. Leveraging our operational expertise, we conduct diversified public welfare initiatives encompassing disaster relief, educational support, and community welfare programs.

Governance

Strengthened ESG Governance	The Board of Directors is designated as the supreme decision-making and oversight body for ESG matters. Management regularly reports ESG progress to the Board. During the reporting period, we conducted two dedicated reports to ensure the effective supervision and management of ESG priorities.
Deepened Risk Management	A "Three lines of defense" risk management framework is institutionalized, supplemented by a dedicated risk control task force responsible for closed-loop management spanning risk identification, assessment, mitigation, and continuous monitoring. During the reporting period, our risk assessments covered core business units.
Enhanced Business Ethics	We rigorously enforce the code of business ethics, achieving 100% signing rates for anti-bribery and anti-corruption commitments/agreements among all employees and suppliers, while optimizing whistleblower channels and protections.

Environmental, Social and Governance Report

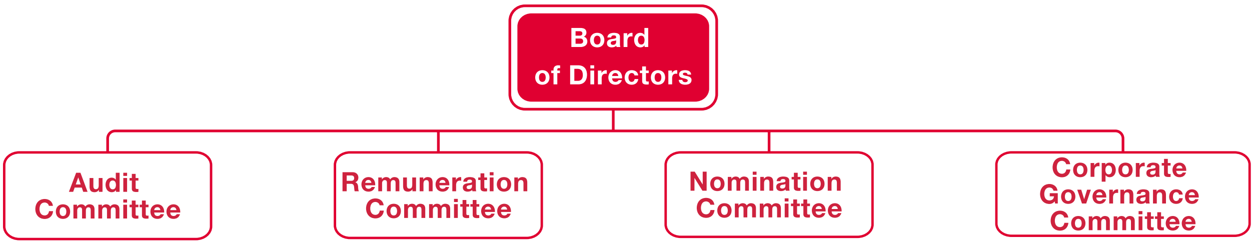
1. BUILDING GOVERNANCE FOUNDATION AND PROMOTING COMPLIANCE CULTURE

A robust corporate governance framework serves as the cornerstone and critical safeguard for our sustainable development. As China's leading independent automotive service platform, Tuhu consistently refines its governance structure, optimizes operational processes, and elevates risk control standards, thereby laying a solid foundation for its sustainable development.

1.1 Corporate Governance

Tuhu rigorously adheres to the *Company Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and other applicable laws and regulations governing listed entities. Aligned with our operational realities, we continuously enhance the working protocols for the Board and its specialized committees to ensure rigorous implementation of governance processes, thereby establishing an effective and standardized corporate governance system.

The Board functions as the ultimate decision-making authority, overseeing the formulation of corporate strategy, significant decision-making, and ESG governance. It operates the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee. These committees collectively supervise all facets of the Company's operations and management, ensuring decisions are made in a scientific and rational manner.



Tuhu's Corporate Governance Structure

We place a strong emphasis on the diversity of our Board of Directors, considering multiple dimensions such as gender balance, industry expertise, and professional backgrounds. The Nomination Committee rigorously reviews and oversees the implementation of our board diversity policies. As of the end of the reporting period, Tuhu's Board consists of six directors, including one female director. Each director possesses extensive professional expertise and substantial management experience across various industries, including internet, technology, automotive, and logistics.

Environmental, Social and Governance Report

1.2 ESG Governance

Tuhu is deeply committed to sustainable development and has established a comprehensive ESG management system to actively fulfill its responsibilities across environmental protection, social welfare, and corporate governance. This system ensures practical and effective responses to the expectations of all stakeholders, including customers, investors, government authorities, business partners, and employees.

1.2.1 ESG Governance Structure

To strengthen ESG oversight and effectively implement our sustainability strategy, Tuhu has established a three-tier ESG governance structure, with the Board of Directors serving as the highest decision-making authority. This structure ensures the continuous integration of ESG principles into business operations. In March and December 2024, the Board reviewed ESG reports covering work summaries, materiality assessments, current ESG performance, and future improvement plans with actionable measures.

Furthermore, the Remuneration Committee incorporates ESG considerations into the compensation policies for senior executives. By implementing deferred incentive structures and integrating ESG metrics – such as employee retention rates – into performance evaluations, the Committee ensures that senior management of the Company are incentivized to pursue long-term sustainable development.

Board of Directors

- Assumes the ultimate responsibility for ESG related matters of the Company as the highest decision-making body
- Reviews and approves ESG strategies and goals, overseeing the ESG performance and progress in achieving such goals

ESG Committee

- Develops medium- and long-term ESG goals and work plans
- Ensures the effective operation of the ESG system and the implementation of related initiatives, providing resource support and strong backing for the smooth advancement of ESG efforts

ESG Task Force

- Implements the annual ESG work plan under the leadership of the ESG Committee, with members composed of heads of various functional and operational departments in charge of ESG affairs

Tuhu's ESG Governance Structure

1.2.2 Stakeholder Communication

Tuhu has established a multi-level and comprehensive stakeholder communication framework, proactively responding to stakeholder feedback and actively gathering insights on their expectations and suggestions regarding the Company's ESG efforts.

Environmental, Social and Governance Report

Interaction Between Tuhu and Stakeholders

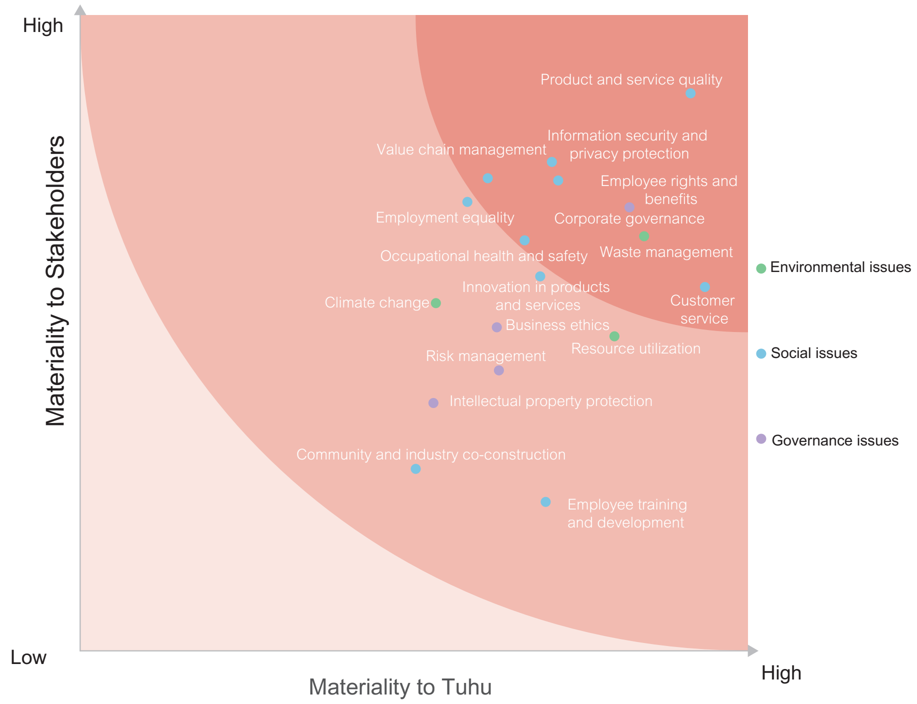
Stakeholders	Material Issues	Communication Channels
Employees	• Legal employment • Diversity and inclusiveness • Training and development • Employee benefits • Occupational health and safety	• Employee satisfaction surveys • Internal office systems • Internal communication meetings • Online/offline training activities • Corporate culture promotion activities • Employee care activities
Customers	• Product quality and safety • Customer service and satisfaction • Data security and privacy protection • Business ethics and anti-corruption	• Official APP • Customer service hotline • Offline stores • Official website and social media • User surveys
Shareholders and Investors	• Compliance governance and risk management • Data security and privacy protection • Business ethics and anti-corruption • Product quality and safety • Diversity and inclusiveness	• Offline and online meetings • Official website and social media • Regular reports and announcements • Shareholders' meetings
Suppliers and Business Partners	• Product quality and safety • Customer service and satisfaction • Data security and privacy protection • Business ethics and anti-corruption • Supplier management	• On-site inspections • Official website and social media • Supplier communication and trainings • Franchisee communication and trainings
Government Authorities and Regulators	• Compliance governance and risk management • Data security and privacy protection • Business ethics and anti-corruption • Climate change, energy conservation and emission reduction	• Information disclosure • Regular communication and reporting • Visits and on-site inspections
Media and the Public	• Compliance operation • Environmental protection • Product quality and safety • Community engagement and development	• Official website and social media • Press conferences • Media interviews
Communities	• Community engagement and development • Environmental protection	• Philanthropic projects/volunteer activities • Communication with associations

Environmental, Social and Governance Report

1.2.3 Materiality Issues

During the reporting period, Tuhu followed the materiality assessment process outlined in the Hong Kong Stock Exchange's *Environmental, Social, and Governance Reporting Code* and other relevant guidelines. Taking into full consideration Tuhu's operational realities, industry trends, and feedback from internal and external stakeholders, we identified and assessed 16 material ESG issues that could impact the Company's long-term operations and sustainable development. These issues were analyzed and prioritized, culminating in the ESG materiality matrix below.

ESG Materiality Matrix of Tuhu



Dimension	Issue	Degree of Importance
Governance	Corporate governance	High
	Risk management	Moderate
	Business ethics	Moderate
	Intellectual property protection	Moderate
Social	Customer service	High
	Occupational health and safety	High
	Information security and privacy protection	High
	Value chain management	High
	Employee rights and benefits	High
	Product and service quality	High
	Product and service innovation	Moderate
	Equal employment	Moderate
	Employee training and development	Moderate
	Community and industry co-construction	Moderate
Environmental	Waste management	High
	Addressing climate change	Moderate
	Resource utilization	Moderate

Environmental, Social and Governance Report

1.3 Risk Management

Amid a rapidly evolving market environment, a robust risk management mechanism serves as the cornerstone for Tuhu's steady growth. The Company has established and continuously enhanced its risk management system, comprehensively strengthening capabilities in risk identification, assessment and mitigation. By deepening "Three lines of defense" mechanism, innovating digital risk control tools, and institutionalizing compliance awareness cultivation, Tuhu not only effectively identifies and resolves potential risks across operational processes but also integrates ESG governance requirements into its risk management process, ensuring sustainable and resilient business development.

1.3.1 Risk Management System

Tuhu prioritizes risk management by establishing internal policies such as the *Risk Event Database Management Rules of Tuhu* and the *Risk Assessment Procedures of Tuhu*. The Company has institutionalized the "Three lines of defense" risk management framework, thereby effectively enhancing its risk resilience.

First line of defense All business units and functional departments

- Regularly review business processes within the business unit or department, identify potential risk areas, and conduct risk assessments
- Implement corresponding risk management measures based on the results of the risk assessment

Second line of defense Risk Control Task Force (Consisting of Internal Control Center, Information Security Department, Legal Center)

- Strictly enforce risk management systems and process controls, comprehensively identify and assess the various risks faced by the Company, establish key risk indicators, and conduct continuous monitoring
- Develop and implement a comprehensive risk response strategy and ensure the effective implementation of risk management measures

Third line of defense Internal Audit Center and Supervision Center

- The internal audit and supervision teams being highly independent of the business operations
- Internal audit team responsible for assessing the effectiveness of the Company's risk management and internal control systems and overseeing management's efforts in continuously improving the risk management and internal control
- Supervision team responsible for monitoring fraud, corruption and other risks, and investigating and combating fraud and corruption

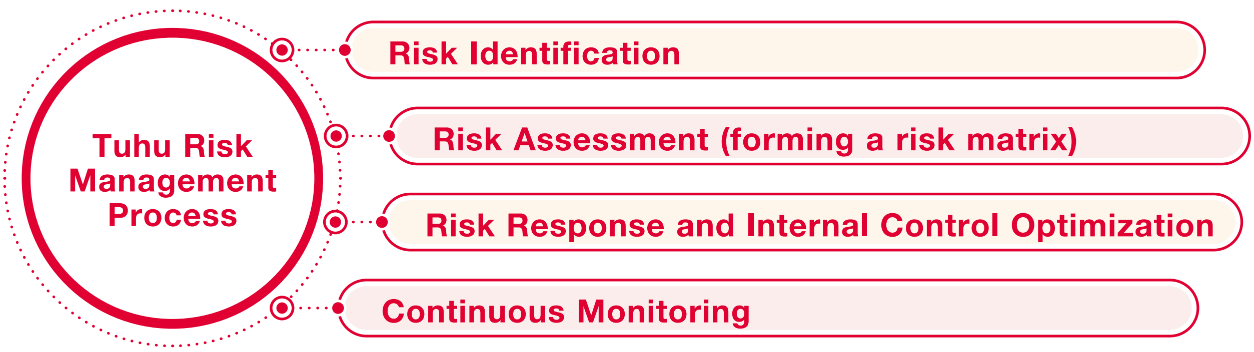
Risk Management Framework of Tuhu —"Three Lines of Defense"

Environmental, Social and Governance Report

1.3.2 Risk Management Process

To comprehensively identify and monitor operational risks, Tuhu established the Risk Control Task Force during the reporting period, directly reporting to Mr. Hu Xiaodong, Executive Director of the Company. The task force systematically mapped core business processes and conducted multidimensional evaluations of identified risk factors using qualitative and quantitative analytical methods. During the assessment process, the Company developed a risk quantification model based on the probability of risk occurrence, potential impact severity, historical loss data, business scale and strategic importance, which enabled the prioritization of risk levels. The results were visualized through risk map and compiled into comprehensive risk assessment reports, including risk matrices, prioritized control lists, and mitigation recommendations, thereby providing systematic data support for risk management decisions. In 2024, the Company completed comprehensive risk assessments for core departments such as car detailing and beauty services and logistics.

Based on risk assessment outcomes, we implement dedicated internal control enhancements and specialized internal audits. Throughout 2024, the Company's Internal Audit Center conducted more than ten specialized audit projects, and systematically addressed key identified issues through rectification and continuous monitoring, thereby advancing the effective closed-loop management of the Company's risk framework.



Risk Management Case: Control and Rectification of Anomalous Travel Behavior

In 2024, Tuhu developed and implemented a travel anomaly cohabitation risk control model to address potential risks associated with irregular travel practices. This model automates monthly screening of travel data, triggers real-time alerts for anomalies, and effectively identifies employees violating travel policies.

Meanwhile, to mitigate such risks, Tuhu introduced "cohabitant confirmation" and "direct supervisor approval" steps into the travel application process. Compliance training was specifically conducted for departments with high travel frequency.

Through these control measures, Tuhu reduced irregular travel cases by 98.2% and exceeded expenditure amounts by 98.7% in 2024. Travel fraud risks were significantly reduced, comprehensively enhancing the Company's compliance management capabilities.

Environmental, Social and Governance Report

Simultaneously, Tuhu has extended risk management practices to supply chain operations, strengthening risk identification and early warning mechanisms for supplier behavior. Through these efforts, a multi-layered and multi-dimensional risk management framework is established to provide robust safeguards for stable business operations.

Risk Management Case: Optimization of Supplier Blacklist Mechanism

In 2024, to address the risk of delisted suppliers re-entering the supply chain through tactics such as obtaining new business licenses, Tuhu developed a risk control model based on our supplier database. By matching critical information of suppliers and their key personnel, the system precisely identifies suppliers associated with blacklisted entities.

Concurrently, to mitigate such risks, the Company optimized internal processes through cross-departmental collaboration, enhancing audit mechanisms during supplier onboarding. Moreover, technical solutions were integrated into the merchant-side APP to enrich the key information for verifying the relevance of new and existing suppliers. These measures significantly increased the accuracy of identifying non-compliant suppliers, effectively preventing attempts to bypass the blacklist mechanism for re-entry, thereby ensuring standardized and transparent supplier management.

1.3.3 Culture Cultivation

To enhance employees' risk awareness and compliance capabilities, Tuhu regularly conducts risk management training programs, enabling employees to thoroughly understand operational and compliance risks while ensuring the integration of risk management principles into daily operations. In 2024, we further aligned risk control requirements with practical business needs by opening up "internal control hotline" to provide practical guidance to various business units, which covered 17 tier-1 departments with a 65% internal coverage rate. Additionally, we implemented the concept of "checking instead of training" to further convey the risk control management requirements to the front line of business through inspection, audits, issuance of rectification orders, supervision and guidance, and collaborative rectification, thereby enhancing the Company's overall risk control management capabilities.

Environmental, Social and Governance Report

1.4 Business Ethics

Establishing a solid framework for business ethics is fundamental to strengthening corporate governance. Tuhu has consistently prioritized business ethics compliance. Through a comprehensive set of mechanisms, strict implementation measures, company-wide training and education, compliance management across the supply chain, and an efficient reporting system, we ensure the integrity, transparency, and compliance of all business activities.

1.4.1 Mechanism Guarantee

Tuhu upholds a "zero-tolerance" stance toward corrupt practices, integrating the principles of "no fake transactions, no deception, no fraud" into its corporate values to establish a robust foundation for fostering an ethical and integrity-driven business culture. The Company strictly adheres to laws and regulations such as the *Supervision Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, while implementing internal policies including the *Anti-Corruption Policy of Tuhu* and *Anti-Corruption and Business Conduct Policy of Tuhu*. These policies explicitly define and prohibit violations such as bribery, conflicts of interest, asset misappropriation, and fraud.

The Supervision Center serves as the independent investigative body for anti-corruption matters, conducting unannounced internal investigations each year through proactive risk identification and reporting channels. Since 2021, Tuhu has launched the "Sharp Sword Program: Transparent Workplace" initiative, investigating various business units, issuing internal circulars on identified typical cases and imposing disciplinary actions and accountability measures on violators.

Additionally, in core risk areas, the Internal Audit Center conducts specialized in-process audits and audits of personnel in sensitive positions. During the reporting period, the Company intensified audit efforts in high-risk areas such as capital expenditure projects to effectively control integrity risk exposure. For employees in sensitive positions, we increased the efforts of auditing employees in roles with substantial economic responsibilities based on the *Management Rules for Sensitive Position of Tuhu*, expanding from post-employment audits to include mid-tenure audits during the reporting period.

1.4.2 Implementation Measures

In the *Tuhu Employee Handbook*, we explicitly classify bribery and corruption-related activities as zero-tolerance violations. The *Code of Conduct for Employees of Tuhu* further defines the types and standards of bribery-related behaviors, while stipulating corresponding disciplinary actions for breaches of laws, regulations, or internal policies, escalating based on the severity of violations. To ensure effective implementation of the Company's anti-corruption policies and strengthen employee engagement in ethical business practices, all employees have signed the *Anti-Commercial Bribery Agreement* and the *Anti-Corruption Policy Acknowledgment*.

Environmental, Social and Governance Report

Bribery-related Behavior	Exhortation behaviors	Vigilant behaviors	Red line behaviors
Participation in meals paid for by partners without the Company's approval, where the cost exceeds the Company's standard for hospitality meals	Per capita consumption below RMB500	Per capita consumption of RMB500 or more	–
Acceptance of cash, cash equivalents, physical gifts, entertainment, various gift vouchers, or tickets from partners	Below RMB500	RMB500 or more	RMB1,000 or more
Including but not limited to soliciting benefits from subordinates by explicitly or implicitly promising promotions, salary increases, or job adjustments, or disguising illegal purposes under the guise of loans or other legal forms			✓
Direct or indirect acceptance of money or other benefits from others by taking advantage of one's position or influence			✓
Acts of accepting bribes in disguised forms, including but not limited to soliciting or accepting money or property from partners under any pretext			✓
Acceptance of improper material or spiritual benefits directly or indirectly provided by partners			✓

Classification of Bribery-Related Behaviors at Tuhu

To further strengthen business ethics compliance, enhance the anti-corruption awareness among all employees, and reinforce integrity safeguards, we regularly conduct routine trainings on business ethics, anti-fraud, and integrity for the Board, senior management, and all employees. Specialized education is also provided based on job roles to ensure employees stay updated on the latest anti-bribery and anti-corruption policies. Simultaneously, we utilize our official WeChat Work account "Integrity Tuhu" to share disciplinary reports, internal case studies, and holiday compliance reminders, reaching all employees (including outsourced staff and interns). This approach reinforces strict adherence to internal and external regulations in daily operations and fosters a clean and transparent workplace culture. Additionally, we regularly report the progress of corruption investigations in senior management meetings, conduct in-depth analysis and discussions on risks and loopholes revealed during investigations and collaboratively develop improvement plans, to strengthen executives' awareness of internal corruption cases and improve risk control capabilities at all levels, effectively reducing corruption risks.

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Integrity-Themed Training for All Employees

In 2024, Tuhu conducted a video training session for all employees with the theme of "Stay Clear of the Forbidden Zones". The training covered various topics in the *Code of Conduct for Employees of Tuhu*, including commercial conduct, information security, and teamwork. It aimed to help employees understand and adhere to the Company's business ethics and code of conduct, ensuring that all employees establish the correct professional ethics and behavioral standards.

Poster for Tuhu's Training on the *Code of Conduct for Employees of Tuhu*

Compliance Training for the Board

In March 2024, Tuhu organized compliance training surrounding post-listing regulation and compliance matters for all Board directors. The training covered director responsibilities and corporate governance, information disclosure, disclosable transactions, connected transactions, inside information, directors' share dealings, and interest declarations so as to ensure all directors fully understood commercial ethics requirements and enhanced their ability to fulfill relevant duties effectively.

Special Lectures on Business Ethics Cases

In 2024, Tuhu organized special lectures for key departments, focusing on internal cases of business ethics violations, including supplier bribery incidents and embezzlement. By systematically explaining the case backgrounds, handling process, and the measures taken by the Company, the lectures aimed to enhance employees' awareness of the severity of disciplinary and regulatory violations while reinforcing their understanding of the Company's stringent requirements for compliance and integrity.

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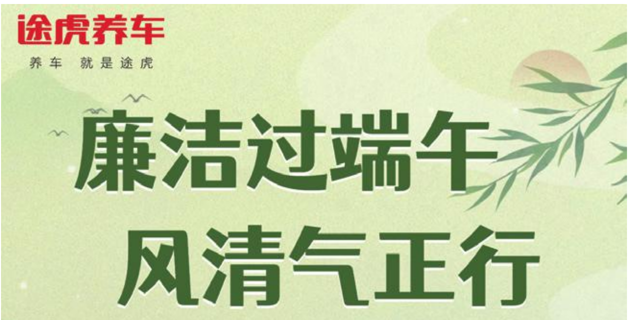
Integrity-Themed Holiday Reminders

Tuhu reinforced integrity-themed messaging during holiday periods through targeted awareness campaigns. Through compliance reminders during holiday periods, the Company reminded employees to proactively report the acceptance of holiday gifts and to refuse gifts exceeding compliance-specified value thresholds, aiming to prevent improper professional conduct.



Integrity Advocacy Articles at Tuhu's WeChat Work Account

In addition to strictly enforcing business ethics requirements internally for employees and board members, we have established clear business ethics compliance standards for external partners, reinforced through legally binding contracts. During the reporting period, all supplier contracts incorporate the *Anti-Commercial Bribery and Anti-Corruption Agreement* while all franchisee contracts include the *Anti-Commercial Bribery and Anti-Corruption Clauses*. This ensures the compliance, health and sustainability throughout our supply chain collaborations.

Employee training coverage **98.4%**

Number of employees involved in training **18,117** person-times

Employee training hours **7,422** hours

Tuhu's Integrity Training Metrics in 2024

Environmental, Social and Governance Report

1.4.3 Reporting Channels and Whistleblower Protection

We continuously optimize our anti-corruption reporting mechanism. In terms of reporting channels, we have established multiple public access points including hotlines, dedicated email addresses, and questionnaire on Blue Tiger APP. These reporting channels are prominently communicated through official announcements and APP banner displays, encouraging employees, customers, suppliers and other stakeholders to monitor and report any misconduct, illegal activities, or fraudulent practices.

For reported incidents, the Company's Supervision Center conducts preliminary investigations and commits to providing feedback to whistleblowers within 12 hours or by 12:00 noon on the following business day after receipt. Upon formal acceptance of cases, the Company deploys comprehensive investigation methods including evidence collection and interviews to analyze circumstances, clarify issues and their nature, then formulates investigation conclusions and corresponding disciplinary decisions. Furthermore, we conduct systematic reviews to address identified operational or procedural deficiencies, implementing continuous improvements to prevent recurrence.

In addition, Tuhu places paramount importance on whistleblower privacy protection, strictly enforcing the *Management Rule of Privacy Protection for Whistleblowers of Tuhu*. We guarantee complete anonymity for all reports, maintain strict confidentiality of whistleblower information throughout case handling processes and expressly prohibit any form of retaliation, thereby safeguarding whistleblowers' legitimate rights and interests.

Reporting hotline:
021-31106900

Email:
jubao@tuhu.cn

Questionnaire:
"Integrity Reporting" questionnaire entry on the Blue Tiger APP and other APPs.

Tuhu's Reporting Channels for Business Ethics Issues

Environmental, Social and Governance Report

1.5 Intellectual Property

Tuhu strictly complies with relevant laws and regulations, including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China* and established the *Intellectual Property Management Regulation of Tuhu* to systematically and standardly manage trademarks, copyrights and patents. The Company consistently adheres to a zero-tolerance stance toward intellectual property infringement and resolutely combats any violations. Furthermore, we actively encourage continuous innovation among employees through incentive mechanisms and innovation-driven activities, fostering the accumulation and development of the Company's intellectual property.

1.5.1 Intellectual Property Protection

Internally, we actively promote and strengthen employees' awareness of intellectual property protection, ensuring strict compliance with relevant regulations across all business operations to mitigate infringement risks. During the reporting period, Tuhu was not involved in any case of serious intellectual property infringement.

Externally, we proactively monitor and identify potential infringements, incorporate explicit intellectual property protection clauses in contracts and effectively safeguard our intellectual property rights. We have also established a comprehensive intellectual property rights protection mechanism to address potential external violations. During the reporting period, Tuhu initiated and resolved 25 intellectual property rights protection cases.

Online

- Monitoring Methods: Tuhu conducts monthly monitoring on major e-commerce platforms (e.g., Taobao, Douyin) and classifies and manages infringements based on severity. The Company also regularly monitors the website of the China National Intellectual Property Administration (CNIPA).
- Enforcement Actions: Upon identifying infringements, Tuhu proactively safeguards our rights by reporting violations to platforms, issuing cease-and-desist letters to infringing stores and filing administrative complaints, filing opposition applications for similar trademark registration attempts, initiating invalidation petitions or pursuing cancellation actions against registered trademarks. For critical infringement cases where infringers refuse cooperation or exhibit clear malicious intent, Tuhu conducts comprehensive evaluations of factors such as the impact on the Company and enforcement costs before deciding to pursue litigation to protect its interests.

Offline

- Monitoring Methods: Tuhu continuously monitors offline activities through operational supervision and field inspections, with a dedicated enforcement group for reporting and recording infringements by severity.
- Enforcement Actions: Once an infringement is identified, we first communicate with the infringing party. If cooperation is not forthcoming, we prioritize administrative complaints. For critical cases involving uncooperative infringers or clear malicious intent, we comprehensively assess the impact on the Company and the cost of protecting rights, and then decide whether to pursue litigation as a means of safeguarding the Company's interests.

Tuhu's Intellectual Property Protection Measures

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1.5.2 Innovation Incentives

In addition to controlling internal infringement risks and proactively protecting intellectual property rights externally, the Company places great emphasis on incentivizing patent achievements and research and development (R&D) innovations to promote the realization of more innovative results. For example, we have established a Software Copyright and Patent Fund to encourage employees to apply for intellectual property rights for eligible technological innovation projects. We also offer both material and honorary incentives to R&D teams, including quarterly bonuses for innovative technical projects, annual awards recognizing both individual and team innovation excellence, and the "Value Creation via Innovation Award". We also foster a culture of innovation and learning new technologies through events such as hackathons and the "1024 Programmer's Day", promoting the Company's core value of "value creation through relentless innovation".

To continuously cultivate employees' innovation and R&D capabilities, during the reporting period, we shared knowledge through our internal technical knowledge platform and organized a series of training sessions on R&D topics, guiding employees to integrate innovative ideas into the entire product development and design process. Through systematic sharing and training, we help employees solidify their R&D fundamentals and further enhance their innovation and R&D capabilities. During the reporting period, the Company's internal technical knowledge platform published a total of 27 technical articles with a total of 4,349 views and conducted 8 R&D-themed training sessions covering 1,095 employees.

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R&D Training Case: Tuhu's Specialized Training on Foundational R&D Skills

In 2024, Tuhu conducted the Specialized Training on Foundational R&D Skills, targeted at all employees in the R&D department, with the goal of enhancing frontline developers' efficiency and output quality.

The training featured a two-week online learning cycle, covering 643 R&D employees. Centered on the internally compiled *Development Manual* as the core learning material, the training combined online learning and assessments to ensure all participants master the standardized norms and practices during R&D.

We plan to provide follow-up sessions for key employees to further solidify their foundational R&D capabilities.

Training Framework for Foundational R&D Skills

Benefiting from the Company's initiatives to encourage innovation and its standardized management of intellectual property, as of the end of the reporting period, the Company cumulatively obtained a total of 169 patents and 1,850 trademarks.

As of the end of the reporting period, the Company's patent and trademark application and acquisition status is as follows:

Intellectual Property		Newly Applied	Newly Obtained	Cumulatively Obtained
Trademarks		3,333	69	1,850
Patents	Design	45	14	155
	Utility Models	0	0	7
	Invention	0	3	7

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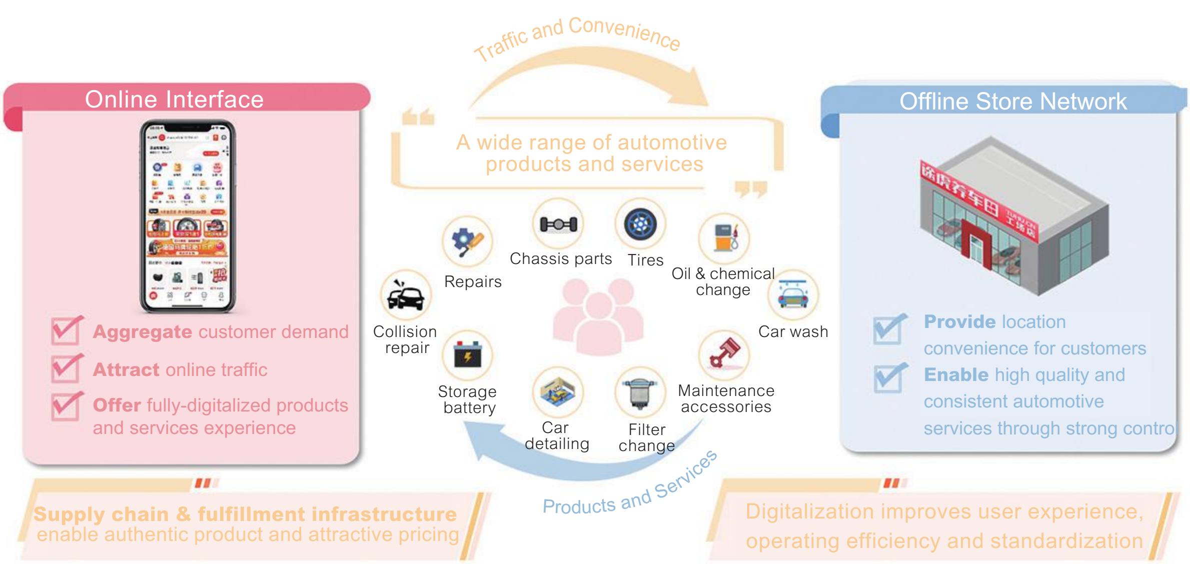
2. STRENGTHENING PRODUCTS AND SERVICES TO ENSURE USER EXPERIENCE

Tuhu has amassed over 24 million transacting users and approximately 140 million registered users. We deeply understand that continuously optimizing product and service experiences to serve our users well is the foundation of the Company's long-term development. On the product front, we are constantly enhancing variety, innovating, and reinforcing quality assurance. On the service front, we are persistently improving standardization and efficiency. In addition, we further ensure product and service experience through a comprehensive quality inspection system. Moreover, we regulate our own marketing practices, thoroughly implement user privacy information protection measures, and take responsibility for every end-user.

We have also independently established a user experience monitoring platform to achieve a closed loop of user experience issue detection, circulation, and optimization. In 2024, we are committed to providing the best user experience at every stage of the order journey. Based on our satisfaction survey aimed at all orders, we achieved an order satisfaction rate of over 95%, an increase of 2 percentage points year-on-year.

2.1 Product and Service Assurance

As China's leading online and offline integrated automotive service platform, we are committed to providing car owners with genuine, value-for-money, and professional one-stop automotive service solutions.



Tuhu's Business Model

Environmental, Social and Governance Report

Online Ordering

- The Tuhu APP offers users a vast selection of automotive products and services.
- When users open the APP, the platform intelligently provides customized and convenient product and service recommendations based on the user's vehicle model, browsing and order history, other user profile factors, and the service capabilities of the stores.

Logistics Dispatch

- For online orders, our logistics system will dispatch the order and products are generally delivered from regional warehouses to the store on the next day, through the efficient operation of the warehouse and distribution network.
- For offline walk-in orders, if there is no in-store inventory available, products are generally delivered from front warehouse to the store within 30 minutes or 1 hour through the front warehouse network and on-demand delivery service providers.

Offline Fulfillment

- We have developed the *Standard Eight-Step Service Process* to ensure that users receive standardized services and products at any Tuhu workshop they visit.
- We live stream the entire service process and conduct a final quality check before returning the vehicle to the customer to ensure that the products have been installed correctly, the service has been completed properly, and the vehicle is in a safe condition.

After-Sales Support

- Users can contact the customer service team through the online interface and telephone hotline, where intelligent customer service or dedicated human customer service representatives help customers find feasible solutions and promptly address customer requests.

Tuhu's End-to-End User Journey

Environmental, Social and Governance Report

2.1.1 Product Experience

For passenger vehicles in operation in the Chinese market, the SKUs of related automotive parts amount to tens of millions, making it crucial to provide users with diverse, affordable, and genuine guaranteed products.

Product Selection

As of December 31, 2024, the Tuhu platform has covered 9.5 million SKUs, spanning various automotive accessories such as tires, oils and chemicals, filters, batteries, quick repair parts, car films, and car accessories, meeting users' one-stop automotive maintenance and repair needs with ample product supply.

On one hand, we continue to broaden our coverage of sub-categories. Taking the quick repair service as an example, by the end of 2024, the platform's self-operated quick repair service has expanded to 35 sub-categories, covering core sub-categories such as shock absorbers, control arm assemblies, ignition coils, wheel speed sensors, accessory belts, and timing belts. Additionally, in 2024, we also enhanced the supply of basic detailing and beauty services, by extending the service capability to over 5,700 Tuhu workshops, and optimizing the service matrix including Tuhu Quick Car Wash, Tuhu Standard Car Wash, Tuhu Premium Car Wash, Interior Cleaning, Tuhu Signature Waxing, etc.

On the other hand, we continue to enrich the supply of product types and brands within each category, especially by meeting users' diverse needs through continuous expansion of our private label products. In 2024, against the backdrop of cautious consumers, our private label products provided users with a diverse selection of value-for-money options, and the revenue contribution from our private label products has exceeded 30%.

Tires

- Tuhu has successively upgraded and launched the new Peak series under the century-old domestic brand Feiyue Tires and the new Victory series under the national industrial brand Dongfeng Tires, further extending the brands into the mid-to-high-end market on the basis of the widespread popularity of Feiyue and Dongfeng Tires on the platform.

Motor Oil

- Tuhu has jointly launched Petro Power engine oil with Valvoline Global Products, a subsidiary of Aramco, and for the first time sponsored various events in the F1 Esports Open Series in China. Additionally, Tuhu has collaborated with Total Energies, a global energy giant, to introduce Badao engine oil, and during the Paris Olympics, invited Shi Zhiyong, an Olympic gold medalist from the Chinese weightlifting team, to serve as the brand ambassador. Furthermore, Tuhu has partnered with Castrol to launch the Formula RS series engine oil in China, providing users with a track-level maintenance experience.

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Storage Battery

- Tuhu has introduced the Berga and OSRAM storage batteries onto its platform, and launched a high-temperature-resistant version under the Think Auto brand. This expansion has enabled the platform to cover dozens of mainstream storage battery brands in the market, catering to the diverse and tiered users needs.

Quick Repair Parts

- Tuhu has newly introduced the Champion brand, whose product range covers categories such as shock absorbers, belts, control arms, and ignition coils. As a result, the online search query match rate in quick repair category increased by 13 percentage points from 67% in April 2024 to 80% in December 2024.

Automotive Films

- Tuhu has joined forces with Aerospace Shanyou, a subsidiary of China Aerospace Science and Industry Corporation, to launch a brand-new Shengli automotive film brand. Under the brand, we have released a series of products, including the Chang'e Series - Lanyue Heat Insulation Window Film and the Planet Series - Venus Stealth Paint Protection Film. Leveraging the same magnetron sputtering technology used in spacecraft and the protective coating technology for rocket surfaces, Tuhu aims to provide users with high-quality yet affordable automotive film products.

Automotive Accessories

- Tuhu has launched value-for-money accessories such as the Shengli Huiyan S Dash Cam.

Examples of Tuhu's Private Label Products Newly Launched in 2024

Environmental, Social and Governance Report

Product Quality

Ensuring product quality is the foundation for delivering an exceptional user experience. We collaborate directly and officially with numerous domestic and international brands, guaranteeing authentic product supplies. Additionally, we have established a comprehensive monitoring and management process covering the entire product lifecycle, utilizing a "Unique Code for Each Auto Part" traceability system across the supply chain. Furthermore, guided by customer needs, we work closely with suppliers to continuously enhance product quality and offer industry-leading warranty benefits.

In as early as 2019, Tuhu collaborated with cloud service providers and brand partners to launch a "Unique Code for Each Auto Part" full-chain traceability system for automotive products. This system enables users to track products sold on Tuhu platform across the entire supply chain, from factory production and in-transit transportation to channel inventory and end-user consumption. Currently, the "Unique Code for Each Auto Part" system covers numerous brands in categories such as motor oil, tires, storage batteries, and quick repair parts on the Tuhu platform. End consumers can use the "scan" feature in the Tuhu APP to verify authenticity and shop with confidence. Additionally, our "Unique Code for Each Auto Part" platform became the first automotive aftermarket innovation service system showcased at the China International Import Expo (CIIE) in November 2024.

Product Quality Assurance Case: "Unique Code for Each Auto Part" for Storage Batteries

After successfully implementing the "Unique Code for Each Auto Part" system in categories such as tires and maintenance, Tuhu has also fully rolled out this system in the storage battery category under the door-to-door delivery and installment scenario. We use laser etching to create a unique identification ID for each storage battery, rejecting refurbished products and truly achieving a "Unique Code for Each Auto Part." Simultaneously, before installing for each doorstep installation order, we require technicians to scan the QR code on the battery casing to verify its authenticity and simultaneously generate an electronic warranty from the manufacturer.

In 2024, Tuhu's doorstep storage battery installation service saw over 1 million verified orders, representing a year-on-year increase of 25%. This has effectively provided users with assurance for worry-free consumption.

As China's largest independent automotive service platform, Tuhu has accumulated vast amounts of user behavior and feedback data. Based on anonymized data analysis and insights, we collaborate with brands and manufacturers to continuously drive product quality optimization, providing further assurance for product quality. For instance, in 2024, through data analysis of user feedback on our platform, we discovered that users had frequently reported bulging issues with a specific model of tires from a certain brand. Consequently, we worked with the brand to develop a product upgrade plan, transitioning from a single-layer sidewall design to a double-layer design, thereby enhancing the tire's rigidity and reducing the incidence of bulging.

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In addition to brand authorization for genuine products, full-process traceability, and feedback mechanisms, we also offer warranty services that exceed industry standards. In 2024, we launched the "Gold Medal Warranty" service, further enhancing product protection through extended warranty benefits for free. Since the launch of our tire "Gold Medal Warranty" service in March 2024, over 20 tire brands have joined the program. Simultaneously, we have expanded this service to categories such as transmission oil, braking systems, and belts, extending coverage and protection to more automotive categories. On December 11, 2024, at the 2024 Consumer Responsibility Dialogue Conference hosted by China Consumer Magazine, the Zhejiang Provincial Consumer Protection Commission, the Hangzhou Municipal Market Supervision Administration, and other organizations, Tuhu was awarded the "Typical Case of High-Quality Service" prize for the 2024 Consumer Responsibility Social Public Welfare Activity, for its innovative user services, including the tire "Gold Medal Warranty" and the "Unique Code for Each Auto Part" traceability platform. Additionally, considering the unique characteristics of storage batteries, we have also introduced the cross-regional warranty services.

Product Quality Assurance Case: "Gold Medal Warranty" for Braking Systems

In September 2024, Tuhu launched the "Gold Medal Warranty for Braking Systems" service. Customers who purchase and install brake pads and brake discs on the Tuhu platform can enjoy this premium warranty service (brake pads sold on Tuhu come with a 2-year/30,000-kilometer warranty, while brake discs come with a 5-year/80,000-kilometer warranty). During the warranty period, if the brakes exhibit issues such as abnormal noises, vibrations, or unusual wear while driving (excluding issues caused by the brake pads or discs themselves), Tuhu will provide free replacement services.

Currently, brands such as Champion, Bosch, TRW, Ferodo, Brembo, Jurid, Lesta, Goodridge, and AP on the Tuhu platform have all joined the "Gold Medal Warranty for Braking Systems" service, providing enhanced protection for users.

Tuhu "Gold Medal Warranty" for Braking Systems

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Product Quality Assurance Case: "Cross-Regional Warranty" for Storage Batteries

To address the urgent needs of users who encounter storage battery-related issues while traveling away from their installation location, in 2024, Tuhu's battery business introduced a cross-regional after-sales warranty service. Even if users are not in the city where the storage battery was installed, they can contact Tuhu's customer service to report any after-sales issues. Tuhu's customer service will then arrange for a local service provider to offer an on-site inspection service. During the inspection period, a spare battery will be provided free of charge to the vehicle owner to avoid any inconvenience. After the inspection is completed, the service provider will return to replace the battery for the customer.

Throughout 2024, our cross-regional after-sales service for storage batteries covered 191 cities.

To provide users with better guidance on product quality, we have collaborated with authoritative institutions to launch a series of certification systems. For instance, in 2022, Tuhu joined forces with TÜV Rheinland Greater China, an international independent third-party testing, inspection, and certification organization, to introduce the first consumer-oriented professional tire performance certification in China. This initiative allows consumers to select, purchase, and use tires with greater peace of mind and confidence. In 2024, we partnered with CATARC Information Technology Co., Ltd. (hereinafter referred to as "CATARC") to launch the "Gold Medal Evaluation" series. By collaborating with authoritative institutions, referencing authoritative standards, utilizing real-world testing sites, and employing professional testing equipment, we comprehensively evaluate the performance of leading brands across various automotive service categories and select outstanding products, thereby guiding users to make informed purchasing decisions.

Environmental, Social and Governance Report

Product Quality Guidance Case: "Gold Medal Evaluation" Series

Tuhu, in collaboration with CATARC, released the "Super Gold Medal Evaluation" list for tires in October 2024, the "Super Gold Medal Winter Quality Verification" report for motor oil and storage batteries in January 2025, and the "Super Gold Medal Automotive Film Quality Verification" report in February 2025. These reports comprehensively showcase the performance information of various tires, motor oil, storage batteries, and automotive films in real-world driving scenarios, providing authoritative references for consumers' purchasing decisions.

Taking storage batteries as an example, we selected four popular battery brands on our platform for testing in extremely cold environments based on dimensions such as product sales and discussion levels. All four batteries passed the tests and received the "CATARC Strict Selection – Super Gold Medal Winter Quality Verification" certificate. These four brands account for more than half of the battery sales on the Tuhu platform in 2024, which also confirms the high-quality assurance of the products sold on the Tuhu platform.

Tuhu "Gold Medal Evaluation" Series

Thanks to the aforementioned initiatives, we have obtained the GB/T 19001-2016 and ISO 9001:2015 certifications issued by Huazhong International Certification & Inspection Group, with the scope of certification covering our main business – sales of automotive products.

Tuhu's ISO 9001 Quality Management System Certification

Environmental, Social and Governance Report

Product Innovation

Collaborating with brands to drive continuous product innovation based on insights into user needs is also a crucial aspect of Tuhu's efforts to enhance product experience. In the motor oil category, as a leader in promoting the principle of precise oil usage, Tuhu has launched differentiated products targeting specific customer segments in collaboration with multiple brands. For instance, for Japanese car owners, we introduced APOLLOIL motor oil with excellent fuel efficiency. By now we have expanded our platform's offerings to include various motor oil products tailored for German, Japanese, American, and other passenger car brands. Moreover, in response to the increasing proportion of high-mileage customers, we launched long-mileage motor oil series by Honeywell and APOLLOIL. Additionally, with the continuous increase in the penetration rate of hybrid vehicles among China's passenger car parc, we pioneered the introduction of hybrid-specific motor oil products on our platform in 2023, and further enriched the product matrix while releasing the *Quality Standards for New Energy Vehicle Engine Oil* in 2024. Currently, brands including Shell, Castrol, Valvoline, Honeywell, and Think Auto have all launched various viscosity hybrid-specific motor oil series on the Tuhu platform.

Product Innovation Case: Hybrid-Specific Motor Oil

On November 6, 2024, at the 7th China International Import Expo (CIIE), Tuhu joined hands with co-exhibitor Valvoline Global Products, a subsidiary of Saudi Aramco, to launch Valvoline XEV hybrid-specific motor oil, marking the first hybrid-specific engine oil product showcased at the CIIE. This collaboration not only represents an innovation at the product level but also serves as an important demonstration of new quality productive forces in the automotive aftermarket sector.

During the launch event, Tuhu also released the *Quality Standards for New Energy Vehicle Engine Oil*. This standard is derived from Tuhu's research and insights into the hybrid engine oil standards and industry requirements of various hybrid vehicle manufacturers. It establishes stringent engine oil performance indicators within the platform and has been validated in CNAS-accredited standard laboratories to meet international standards, thereby assisting car owners in selecting and using motor oil products suitable for their hybrid vehicles on the Tuhu platform.

Tuhu – Valvoline XEV Hybrid-Specific Motor Oil Launch Event

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2.1.2 Service Experience

In addition to providing users with authentic and affordable automotive products, we are also committed to continuously improving the service quality and standards of our platform, encompassing in-store services, logistics services, and pre-sales, in-sales, and after-sales customer service. This ensures a seamless and positive experience for users throughout the entire journey of product and service delivery.

In-Store Service

Stores serve as the core venues where Tuhu delivers products and services to users. As of the end of 2024, Tuhu has operated 6,874 Tuhu workshops nationwide, comprising 158 self-operated workshops and 6,716 franchised workshops.

To ensure the service quality of our stores, we have formulated the *Tuhu Workshop Management Rules*, which cover primary modules related to in-store service quality, including sales management, inventory management, technical operations, service fulfillment, personnel management, and business operation management. Through detailed operational standards, full-process video surveillance and real-time intelligent analysis, continuous training, periodic supervisory inspections, and quality inspection mechanism, we ensure that users receive standardized and high-quality service experiences at our stores.

In 2024, building on the aforementioned safeguard mechanisms, we further upgraded our in-store service experience optimization efforts. We implemented improvement measures in sales, queuing, inspection, and technical operations processes, significantly enhancing the user experience in these areas.

Case on Enhancing In-Store Service Experience: Upgrading the Queuing System

In the first quarter of 2024, we focused on addressing issues such as difficulty in making appointments, long queuing times, and queue jumping. By standardizing appointment rules and upgrading the queuing system, we enhanced the experience in the queuing process at our stores. On one hand, we optimized service allocation by automatically calculating the number of available appointment slots based on real-time appointment data, walk-in queuing situations, service durations, and technician availability, thereby maximizing the effective use of appointment resources. On the other hand, we took into account the rights and interests of store technicians by reserving their rest times and not allowing appointments during these periods.

After the project was launched, there was a significant increase in user appointment rates. Meanwhile, complaints related to queuing per 10,000 orders decreased by 16% compared to before the launch, and the proportion of users waiting more than 20 minutes for a car wash service decreased by 5 percentage points.

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Case on Enhancing In-Store Service Experience: Curbing Over-Selling

At the beginning of 2024, in response to the prevalent issue of over-selling in the automotive service industry, Tuhu implemented a series of corrective measures. These measures included: 1) System Optimization: Establishing standard rules to restrict quotation on the system for 560 services unless abnormalities were detected during pre-inspection; 2) Enhancing AI Capabilities: Combining online AI quality inspections with offline spot checks to enhance inspection efficiency, while managing and penalizing non-compliant stores and technicians identified; 3) Trainings: Conducting training sessions for stores, while also posting posters to raise awareness among stores and customers about the hazards of over-selling.

Through the implementation of these compliance measures over the course of the year, by the end of 2024, customer complaints related to over-selling had decreased by 86% compared to January.

Case on Enhancing In-Store Service Experience: Free Installation of Automatic Battery Testing Equipment

In 2024, to improve the accuracy of storage battery testing data for customers visiting the stores, Tuhu provided free battery automatic testing equipment to all Tuhu workshops nationwide. The new equipment, through system integration, automatically synchronizes battery test results with vehicle condition reports, providing car owners with more standardized and transparent data on battery status. Meanwhile, the testing results are linked to the store's quotation permissions, allowing sales and order creation only for users whose battery tests show abnormalities. This initiative not only aids in standardizing in-store services but also enhances car owner trust and optimizes their experience.

As of the end of December 2024, the utilization rate of the automatic testing equipment for storage batteries across Tuhu workshops nationwide has reached 99.8%.

Tuhu's Automatic Battery Testing Equipment

Environmental, Social and Governance Report

Case on Ensuring In-Store Service Experience: Specification for Transparent Oil Change

At the beginning of 2025, to address the industry-wide risk of counterfeit engine oil, Tuhu further updated the *Tuhu Workshop Management Rules*, adding stricter requirements for handling oil containers during service. The revised standards mandate that after completing oil changes, workshops must ensure that the containers, including the QR codes and product labels on the bottles or caps, are visibly destroyed within the monitored service area. Additionally, the damaged containers must be shown to customers on-site to prevent the improper reuse of genuine containers.

This initiative reinforces transparency in oil change services, protecting customer interests and further enhancing trust in Tuhu's service standards.

Tuhu's Specification for Transparent Oil Change

In addition, our commitment to ensuring a seamless service experience for users is also reflected in our promise of providing round-the-clock services throughout the year. As of the 2025 Chinese New Year, Tuhu has launched its "Operation as Usual during Chinese New Year" initiative in workshops nationwide for ninth consecutive year, addressing the inconvenience faced by car owners during the festival when some merchants are closed. The stores under "Operation as Usual during Chinese New Year" initiative offer regular maintenance and repair services to car owners in need, adhering to a policy of no price increases and no order rejections. Additionally, they provide several convenient services such as free tire repairs and the addition of antifreeze windshield washer fluid, ensuring that car owners save money and have peace of mind during the peak usage period of vehicles in the holiday.

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Case on Ensuring In-Store Service Experience: Operation as Usual during Chinese New Year

Around the 2025 Chinese New Year, Tuhu unleashed its “Operation as Usual during Chinese New Year” initiative together with workshops, providing automotive maintenance and repair service to ensure smooth travel for car owners during the holiday. This marks the ninth consecutive year that Tuhu has offered such service. To encourage stores to remain open during the Chinese New Year, we have also increased our incentives for franchisees and technicians.

Tuhu’s “Operation as Usual during Chinese New Year” Initiative in 2025

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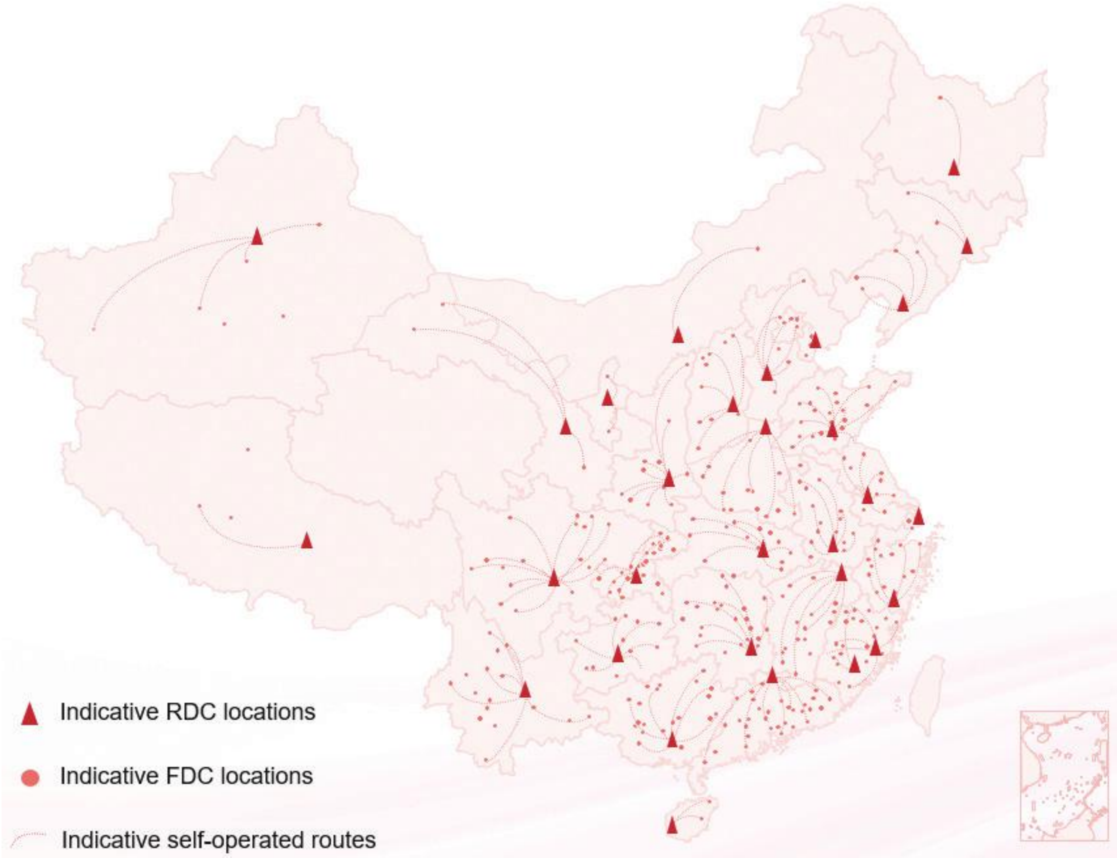
Logistics Service

An orderly and efficient logistics system is a critical infrastructure that ensures the Company's ability to deliver products to users efficiently. As of the end of the reporting period, we have built a nationwide logistics network encompassing 30 regional warehouses, 606 front warehouses, 243 self-delivery routes, and rigorously selected external service providers, supporting the efficient inventory turnover and optimizing the experience for end-users.



Tuhu's Nationwide Warehouse and Distribution Network

Environmental, Social and Governance Report

In 2024, through continuous warehouse and logistics network optimization initiatives, we further upgraded our logistics efficiency. For online appointment orders, our same-day or next-day fulfillment rate increased by more than 5 percentage points year-on-year to 79%; for offline walk-in orders, our front warehouse's fulfillment rate of 30-min within 5 km and 60-min within 10 km remained at a high level of 97%.

Case on Logistics Service Experience Optimization: 28-Minute Arrival Guarantee for Storage Batteries

Providing services that exceed customer expectations has always been Tuhu's pursuit. In addition to meeting the demand for products delivery to stores, our logistics services also cover door-to-door services. In 2024, building on our existing network of on-site installation services for storage batteries, we further increased the density of our rapid service outlets to offer users a 28-minute delivery service.

As of the end of the reporting period, Tuhu's "28-Minute Arrival Guarantee" service for storage batteries has covered 40 cities nationwide, including Shanghai, Beijing, Shenzhen, Guangzhou, Suzhou, Dongguan, Wuhan, Foshan, and Chengdu. During the reporting period, this service covered over 200,000 users, representing a year-on-year increase of over 200%. Meanwhile, for battery orders with the "28-Minute Arrival Guarantee", our 28-minute fulfillment rate reached approximately 80%.

Customer Service

Customer service is a crucial aspect of enhancing user experience and safeguarding user rights. During the reporting period, we continuously strengthen our customer service system by strictly implementing internal management regulations such as the *Tuhu Service Order Management Standards*. Additionally, we adopted intelligent customer service solutions, optimized our customer service knowledge base, and strengthened training initiatives to continually improve the quality of our customer service, thereby ensuring the delivery of high-quality Tuhu services.

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Improvement of Customer Service Capabilities

In 2024, we further upgraded the capabilities of our online intelligent customer service, comprehensively enhancing the level of service intelligence through the expansion of application scenarios and the improvement of large model capabilities. Additionally, at the beginning of 2025, we integrated advanced AI models such as DeepSeek into our intelligent customer service system, further improving user intent recognition, question-answering accuracy, and multi-turn interaction capabilities, thereby enhancing the AI's problem-solving abilities.

Intelligent customer service is comprehensively applied to pre-sales, in-sales, and after-sales scenarios.

- Pre-sales Scenarios: Product inquiries and shopping guidance, consultation on promotional activities, etc.
- In-sales Scenarios: Order inquiry and modification, installation appointment and postponement, payment issue resolution, etc.
- After-sales Scenarios: Return and refund, vehicle fault consultation, after-sales issue resolution, etc.

The application of large language models helps improve the quality of intelligent customer service.

- Reorganization and Precise Identification of User Needs: Leveraging the capabilities of large language models, intelligent customer service conducts in-depth analysis of historical conversation data, reorganizes user needs, and combines this with Tuhu's knowledge system and big data knowledge base to generate more targeted responses, significantly improving the efficiency of problem resolution.
- Personalized Recommendations and Shopping Guidance: Based on users' driving scenarios or purchasing needs, we provide personalized product recommendations along with rationale behind each recommendation, thereby enhancing pre-sales conversion rates.
- Expansion of Self-Service Capabilities: In scenarios such as returns and refunds, order installation postponements, after-sales order creation, and standardization of evidence submission, intelligent customer service leverages the capabilities of large language models to optimize processes, thereby further expanding the scope of self-service solutions.

Use Cases and Upgrade of Tuhu's Intelligent Customer Service

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In 2024, Tuhu's intelligent customer service on average handled nearly 100,000 interactions per day. Meanwhile, the rate of transferring from intelligent customer service to human agents decreased by more than 3 percentage points year-on-year, indicating a continuous improvement in the ability of intelligent customer service to resolve user issues.

Regarding human customer service, in order to optimize the user experience, we have further upgraded Tuhu's customer service workbench system and processes, and strengthened the training system to ensure that customer service representatives can handle user issues more quickly and efficiently.

Optimization of the customer service order creation process

- Enriching the required information for service order creation: Front-loading the identification of service order risks to reduce user waiting time.

- Hierarchical classification of customer complaint scenarios: Categorizing customer complaints into four levels based on factors such as impact, amount involved, and risk situation. High-level complaint scenarios are automatically escalated to "urgent" service orders and prioritized for customer service follow-up.

- Adding service order follow-up timeliness reminders: Prompting customer service representatives to adhere to the promised response time based on the priority of the service order.

Optimization of the service response process

- Categorizing user intentions: Refining and categorizing user inbound intentions into major groups such as "Urging Processing", "Inquiring Information", and "Supplementing/Updating Information". Providing operational prompts to customer service representatives based on different inbound intentions to improve the accuracy of their operations.

- User evidence upload reminder: After users upload evidence, sending reminders to the corresponding customer service specialists. This helps customer service representatives stay informed about updates to service order information and improves their processing efficiency.

- Clarifying urging processing standards and response scripts: Clarifying response standards and processing norms based on factors such as the status of service order processing, the status of the solution, and the person handling it, so as to assist customer service representatives in calming user emotions.

Optimization Measures for Tuhu's Customer Service Workbench System and Processes

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Diverse Information Reach

- To fundamentally improve employee service quality and solidify their knowledge base in customer service operations, Tuhu has established a comprehensive and multi-layered information dissemination system specifically tailored for newly introduced knowledge.
- On the one hand, by leveraging notifications in special columns on WeChat Work, with instant pop-ups and prominent reminders, Tuhu ensures that employees are immediately informed of the release of new knowledge and do not miss any crucial information.
- On the other hand, detailed knowledge documents are sent via email. These documents not only cover the core points of the new knowledge but also include application cases and operation guides, making it convenient for employees to refer to and delve deeper into the material at any time.
- Additionally, the new knowledge is integrated into the knowledge base, enabling employees to quickly and accurately locate the required information through various methods such as keyword searches, category filtering, and fuzzy queries.

Precise On-the-Job Training

- In the face of frequent changes in business processes, constant updates in product knowledge, and ongoing upgrades to system tools, Tuhu proactively conducts precise and effective on-the-job training.
- For processes and activities that undergo significant changes, we organize offline training courses that incorporate real-life case studies, allowing employees to gain a deep understanding of the operational key points and precautions of the new processes.
- Regarding new product knowledge, we actively coordinate with suppliers to deliver the latest product information to employees through various formats such as online live presentations and offline thematic training sessions. Additionally, the training sessions are recorded as online videos and uploaded to the learning and development platform, facilitating subsequent access and learning by employees at any time.
- When system tools are updated, we arrange hands-on guidance to ensure that employees become proficient in using the new features.
- In addition, we also focus on challenging issues encountered in work and conduct specialized training sessions, such as skill training for tire issue identification and common issues training for shock absorbers in quick repair categories. These sessions delve deeply into the causes of common issues and provide detailed explanations of solution strategies, comprehensively enhancing employees' ability to solve practical problems.

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Strict Examination

- To effectively ensure the consistency and accuracy of customer service, we implement a rigorous result acceptance mechanism for newly pushed knowledge.
- We have set up independent examinations on the customer service workbench, with exam content closely centered around the key points, difficulties, and practical application scenarios of the new knowledge, comprehensively assessing the customer service staff's grasp of the material. Only when the customer service staff successfully pass the exam will the system unlock their permission to serve customers. This measure controls service quality from the root, effectively preventing service errors caused by a lack of knowledge, and ensures that every customer can enjoy a professional and standardized service experience.

Tuhu's Training and Assessment Mechanism for Customer Service Personnel

In addition, we have established a customer service evaluation system based on dimensions such as problem-solving efficiency, customer satisfaction, and customer complaint rates. At the same time, we closely link evaluation indicators with salary incentives, thereby maximizing the motivation of customer service personnel and ensuring a positive interaction experience between users and customer service representatives.

Thanks to our continuous optimization of both intelligent and human customer service, user satisfaction with Tuhu's customer service has been steadily increasing. In 2024, user satisfaction with intelligent customer service has improved by more than 10 percentage points year-on-year, while satisfaction with human customer service has remained at a high level of over 90%.

Types of Customer Service	Survey Dimensions	Survey Coverage
Intelligent Customer Service	Evaluate user satisfaction by assessing dimensions such as the intelligent customer service's recognition and understanding capability, communication smoothness, problem-solving ability, and ease of transferring to human customer service.	Distributing satisfaction questionnaires based on conversation dimensions
Human Customer Service	Evaluate user satisfaction by assessing dimensions such as the human customer service's response speed, empathy, problem-solving ability, politeness, service proactivity, promise fulfillment, and the accuracy and fluency of responses.	Distributing satisfaction questionnaires based on service dimensions

Tuhu's User Satisfaction Survey on Customer Service

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Customer Complaint Management

Protecting customer rights and interests is a key objective of our customer service efforts. To achieve this, we have established a comprehensive customer complaint management mechanism that covers the entire process from receiving customer complaint to resolving the issue. Through the *Tuhu Service Order Management Standards*, we clearly define the operational requirements for handling customer complaints, ensuring that we listen to and address customer concerns in a timely manner.

Receive Issue

- After receiving a customer complaint, the customer service representative should objectively record the actual information and feedback by the user, and collect any other necessary information. A proper service order should be created promptly (within 30 minutes) after the service interaction concludes.
- If an immediate resolution or handling plan cannot be provided, the representative should make an agreement with the user to contact them within the promised response time frame (24 hours for general cases, 4 hours for urgent cases, and 30 minutes for emergency situations).

Clarify Issue

- Verify and clarify the issues raised by the user, and elucidate the background and current situation of the problem.

Verify and Assign Responsibility

- Internal and external collaboration to identify the root cause of the user's issue.
- Assign responsibility based on different complaint scenarios and verification outcomes.

Provide Solution

- Provide solutions to the user based on the assigned responsibility, including but not limited to explanations and reassurance, continued service, reshipment or replacement, and compensation, to reach a consensus with the user on the proposed solution.
- If the user does not accept the proposed solution, implement a tiered escalation review process based on factors such as the user's demands and the monetary value involved in the solution. Actively resolve the user's issue within reasonable limits and strive to reach an agreement with the user.

Implement Solution

- Implement the solution agreed upon with the user, covering but not limited to scenarios such as explaining the solution to the user and confirming they have no further objections, initiating compensation claims until the funds are credited to the user's account, initiating refunds until the funds are returned to the user's account, arranging for reshipment or replacement until the user receives the product, and completing rework or re-service at the store.

Close Service Order

- Resolve the user's issue within the stipulated time frame for closing the service order. Once the user confirms that the problem has been resolved, and all aspects of the solution have been fully implemented and acknowledged by the user, proceed to close the service order.

Closed-loop Customer Complaint Handling Process at Tuhu

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In 2024, Tuhu achieved a 24% year-on-year decrease in the customer complaint rate per 10,000 orders across its entire platform, while maintaining a 100% resolution rate for customer complaints.

2.1.3 Quality Assurance

Tuhu not only implements measures within each business line to ensure the platform's products and services, but also establishes a comprehensive quality inspection system around various scenarios, adding a solid layer of protection to the products and services we provide to users. Tuhu complies with relevant laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Standardization Law of the People's Republic of China*, and the *Metrology Law of the People's Republic of China*, and has formulated the *Tuhu Quality Inspection Standards*, establishing a full-process management mechanism for product and service quality.

Within the Company's quality inspection system, the Quality Management Center leverages the Company's proprietary standardized inspection tools. Through a combination of on-site inspections and remote checks, they conduct monthly or quarterly comprehensive inspections, as well as random sampling inspections to effectively monitor the quality of the Company's products and services.

Inspection Objects		Inspection Frequency/ Proportion	Inspection Tool	Inspection Checkpoints
Products	Automotive Products	• Regular products: Sampling inspection, with tire goods sampling ratio higher than 10% • Returned products: 100% full inspection (excluding maintenance products)	WMS system	Appearances of products including tires, batteries, and accessories
Services	In-Store Services	• On-site inspection: Quarterly inspection • Remote inspection: Monthly inspection	On-site inspection: Self-developed Yixing APP, equipped with standardized inspection tools Remote inspection: Quality inspection workstation	Store operation standards across 10 modules including sales management, personnel management, service fulfillment, safety management, product management, technical operations management, etc.
	Customer Service	Sampling inspection	Quality inspection workstation	Customer service's problem-solving quality, compliance requirements including privacy protection
	Logistics Services	On-site inspection: Quarterly coverage	On-site inspection: Self-developed the Yixing APP, equipped with standardized inspection tools	Safety management and inventory management of regional and front warehouses

Quality Inspection Mechanism at Tuhu

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In 2024, we further iterated and upgraded our quality inspection system. For example, for the quality inspection of in-store services, we expanded the inspection rules, breaking down the original 100+ inspection items into 400+ inspection points; at the same time, we refined the quality inspection rules, including adding quantitative judgment scales for inspection points that were previously subject to subjective judgment, externalizing some implicit standards in the form of special prompts, and further detailing the result data. Additionally, based on our self-developed standardized inspection tools, we scientifically designed on-site inspection routes and newly added mandatory requirements for recording compliance materials to strengthen internal audit management, driving a 45% increase in inspection time per store to achieve more comprehensive and detailed inspections.

We also continued to promote training for quality inspection personnel, empowering them to master general knowledge, in-store operation processes, and quality inspection standards through new employee training, monthly training, and special trainings, with a 100% pass rate for standard-related training. During the reporting period, we further introduced a monthly examination system to assess common error cases identified in internal audits and newly added quality inspection standards, ensuring that all employees engaged in quality inspection work have complete and up-to-date professional capabilities.

Furthermore, for areas with issues identified during the quality inspection process, Quality Management Center will drill down to analyze the root causes and push the business team to formulate corresponding improvement measures and implement them, thereby achieving a closed loop in quality management.

Establish Quality Standards	• Each business line formulates corresponding quality standards, including product quality standards, store management regulations, etc., based on national standards, industry standards, and internal requirements.
Establish Inspection Criteria	• The Quality Management Center establishes inspection criteria accordingly based on these quality standards and updates the inspection items and criteria synchronously with any updates to the quality standards.
Conduct Quality Inspection	• Based on the inspection criteria, the Quality Management Center conducts on-site or remote inspections and records data on compliance with quality standards. • Using the data from quality inspection, the Quality Management Center compiles quality analysis reports and conducts root cause analysis for indicators with significant fluctuations or lower compliance rates.
Improve Quality Issues	• Based on the quality reports, each business line formulates and implements corresponding improvement measures.

The End-to-End Quality Management Mechanism at Tuhu

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During the reporting period, on the product side, Tuhu did not experience any incidents of sold or shipped products being recalled for safety reasons; on the service side, against the backdrop of significantly increased and refined quality inspection standards for in-store services, thanks to the closed loop from quality inspection to business optimization, the inspection approval rate of in-store service provided by workshops continued to improve, with the approval rate in the fourth quarter of 2024 increasing by more than 10 percentage points compared to the first quarter.

2.1.4 Responsible Marketing

Tuhu places great emphasis on the protection of customer rights and strictly adheres to laws and regulations such as *the Consumer Rights Protection Law of the People's Republic of China* and the *Advertising Law of the People's Republic of China*. The Company has established the *Tuhu Marketing Material Review Standard* to strictly regulate all types of marketing activities. We are committed to promoting and advertising products with a responsible attitude, strictly prohibiting false promises and descriptions, and ensuring consumers' legitimate rights to access formal and transparent product service information.

The Company's Legal Center ensures the implementation of responsible marketing. We review the promotional content of all products sold on the Tuhu platform, including products from third-party brands and our private labels. We have established an intelligent review platform, and for risks flagged by the intelligent review, we escalate to manual review to ensure that the content published on the platform complies with regulations.

2.2 Data Security and Privacy Protection

Tuhu places great importance on data security and privacy protection, establishing and continuously improving its information security management system. During the reporting period, we also took initiatives such as conducting special information security governance and enhancing employees' awareness of data security and privacy protection, striving to ensure the security and reliability of data and private information during operations, and thereby safeguarding users' rights and interests.

2.2.1 Information Security Management System

Tuhu complies with relevant network security laws and regulations such as *the Cybersecurity Law of the People's Republic of China, Personal Information Protection Law, Data Security Law,* and *the Provisions on the Administration of Automobile Data Security (for Trial Implementation)*. We have established a three-tier information security management structure with the Information Security Committee as the highest authority. Hu Xiaodong, the Company's President and Executive Director, serves as the head of the Information Security Committee and also holds the position of Chief Data Officer of the Company.

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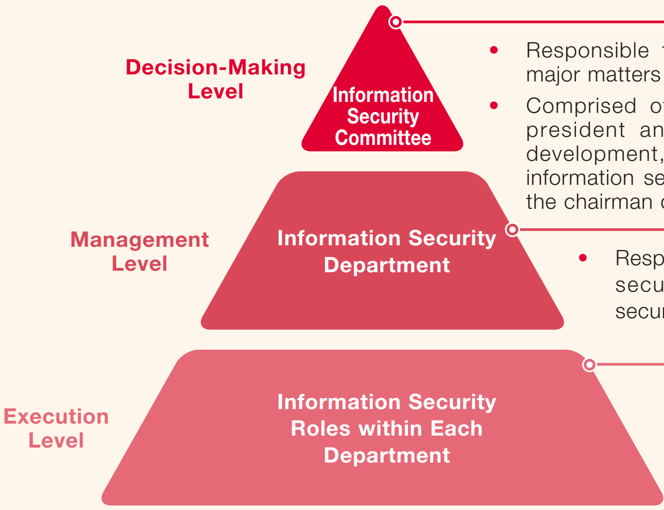

- Responsible for planning, overseeing, and making decisions on major matters pertaining to information security.
- Comprised of management personnel including the Company's president and executive director, the head of research and development, the head of human resources, and the head of information security. The president and executive director serves as the chairman of this committee.

- Responsible for the overall implementation of information security work, encompassing data security, network security, risk control security, privacy compliance, etc.

- Responsible for the execution and implementation of information security work within each department.

Tuhu's Three-Tier Information Security Governance Structure

Under the supervision of the Information Security Committee, in 2024, Tuhu further revised and improved internal rules on data security and privacy protection such as the *Tuhu Information Security Risk Management Regulations*, the *Tuhu Information Security Risk Assessment Implementation Guidelines*, the *Tuhu Data Security Management Regulations*, the *Tuhu Information Security Event Grading Standards,* the *Tuhu Information Security Business Continuity Management Regulations*, and the *Tuhu Information Security Incident Response Plan*. For example, in the *Tuhu Information Security Event Grading Standards*, the Company further strengthened and refined the management and incident response measures for privacy compliance incidents.

To ensure that the Company's information security system operates under continuous supervision and remains optimized, we have established a review and continuous improvement management process for our information security management system.

Internal Review Mechanism

- Through regular internal reviews, the execution of the information security management system is assessed to ensure that all security measures are effectively implemented.

Management Review Mechanism

- Regularly review and improve the overall operation of the information security management system to ensure its adaptability and effectiveness.

Effectiveness Measurement Mechanism

- Quantitatively assess key indicators of the information security management system to ensure continuous monitoring and optimization of the effectiveness of various measures.

Corrective and Preventive Action Management Mechanism

- Ensure that corrective measures can be swiftly taken when issues are identified, and prevent the recurrence of similar problems through analyzing the root causes.

Review and Continuous Improvement Management Process
for Information Security Management System at Tuhu

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During the reporting period, Tuhu's core information management systems and the related management activities have obtained certification for Multi-Level Protection Scheme (MLPS), Communication Network Security Protection Scheme, as well as ISO 27001 Information Security Management System certification (Note: The ISO 27001 and MLPS certification is granted to "Shanghai Lantu Information Technology Co., Ltd.," which is the main operating entity of the Company). In addition, we were honored to be listed on the Dragon and Tiger Rankings in the 2024 "Rock-Solid Initiative" cybersecurity offensive and defensive practical activities in the field of industry and information technology in Shanghai.

Tuhu's ISO 27001 Information Security Management System Certification

Tuhu's MLPS Certification

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2.2.2 Information Security Management Measures

Prevention Process

For internal employees, we have established rigorous internal control processes to prevent information security risks. Different control processes have been set up for data classified at levels C1 to C4 according to the *Tuhu Data Security Management Regulations*.

System Role Management

Implementing access control based on RBAC (Role-Based Access Control), where the role administrator maintains the mapping relationships among permissions, roles, and users. The creation and modification of roles require permission approval before they can take effect.

Role-Based Permission Management

When a user requests function or data permissions for internal applications, they need to submit a request and follow the approval process to obtain the necessary permissions.

Data Access and Download

Access to and download of data from data analysis reports, data analysis tool platforms, and data warehouses must all be subject to application and approval processes.

External Data Sharing

Any unauthorized sharing of sensitive data is prohibited. In necessary scenarios where data needs to be shared externally, it must undergo an approval process.

Tuhu's Internal Control Process for Data Permission

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For external partners, we also implement comprehensive pre-event and in-event information security management measures based on the *Tuhu Data Security Management Regulations for Partners*, and append information security clauses in all cooperation contracts involving critical data. Through contractual constraints and a supervisory management process that encompasses pre-event assessments and in-event requirements, we have established a comprehensive cooperation security management system. This system effectively reduces security risks associated with collaborations and ensures that both parties can safeguard information security, business continuity, and compliance during the cooperation process, laying a solid foundation for long-term and stable partnerships.

Pre-cooperation Assessment

Before entering into a partnership, we conduct a comprehensive assessment of the cooperating party's security qualifications, product security capabilities, and overall security management system. This includes, but is not limited to, their security certifications, internal security governance, data protection measures, incident response mechanisms, and more. The aim is to ensure that the cooperating party possesses adequate security capabilities and complies with our corporate security and compliance requirements, thereby minimizing potential security risks from the outset.

Management Requirements During Cooperation

During cooperation, we have established management requirements that cover multiple key security domains, including account and password management requirements, office security management requirements, instant messaging tool management requirements, network security management requirements, data security management requirements, and development security management requirements.

Data Security Management Measures for Tuhu's Partners

During the reporting period, we conducted four information security inspections for our partners, covering third-party data system and information service providers that we newly cooperated with.

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Incident Response

In 2024, based on internal management rules such as the *Tuhu Information Security Event Grading Standards* and the *Tuhu Information Security Incident Response Plan*, we have established varying levels of incident response procedures and workflows tailored to different categories and classifications of information security incidents.

1 Risk Identification

When an incident occurs, the initial risk level of the incident is determined according to the Tuhu Information Security Event Grading Standards.

2 Incident Response

Based on the incident risk level, the Information Security Department establishes an emergency response communication and task group to confirm the incident and formulate a preliminary mitigation plan.

3 Incident Mitigation

Guided by the incident mitigation plan, mitigation actions, including deleting leaked data and isolating compromised assets, are taken to prevent the incident's impact from further expanding.

4 Incident Investigation and Disposition

The department where the incident occurred is responsible for organizing an internal investigation into the cause and reporting the investigation results to the Information Security Committee. Disciplinary action recommendations are provided based on relevant regulations, and a consultation channel is offered.

5 Follow-up Reporting

The handling of the incident is tracked and reported to the head of the department to which the data assets belong, the head of the department where the violating employee works, and the Information Security Committee. If the incident involves illegal activities, it must be reported separately.

6 Internal Training

Lessons learned are summarized, with the director or immediate superior of the individual involved organizing learning sessions.

7 Incident Review and Debriefing

The incident is archived, and the Information Security Department reports the incident to the Information Security Committee. Regular incident reviews are conducted by Information Security Department to evaluate and improve strategies.

Tuhu's Information Security Incident Response Process for General Cases

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Trainings and Drills

To better integrate information security management capabilities with business operations, enrich the Company's experience in responding to emergencies, and enhance employees' cultural understanding and awareness of information security, we have conducted multiple information security training sessions and incident response drills for all employees as well as core teams involved in data security.

Information Security Phishing Drill

In 2024, we conducted a phishing drill by simulating phishing email content and sending them to employees in batches. The objective was to evaluate the effectiveness of the Company's incident response plan for information security incidents and to test employees' security awareness and the incident response capabilities of the information security team.

The drill covered over 1,500 employees, with some risk-aware employees reporting the phishing emails. Upon receiving these reports, the information security team promptly classified the incidents, identified associated risks, and established incident response groups for communication and discussion based on the incident levels. They then formulated and executed mitigation plans to prevent the incidents from escalating.

Following the drill, the Company conducted phishing email security training for all employees, covering topics such as phishing email identification, email verification techniques, and incident reporting procedures.

Special Audits

To ensure the suitability, adequacy, and effectiveness of the information security system and continuously improve the overall information security management level, the Company underwent a total of five external information security inspections and conducted four internal audits related to information security during the reporting period.

External Audit Inspection

- Information System Security Multi-Level Protection Evaluation
- Communication Network Security Protection Evaluation
- ISO27001 Information Security Management System Evaluation
- Pujiang Escort - Data Security Risk Assessment
- Credit Evaluation for Internet Enterprises

Internal Audit Inspection

- Vulnerability Inspection for Application Systems
- Special Audit for Data Permission
- Privacy Compliance Inspection for APPs
- Self-Assessment of Data Security

Internal and External Audits on Information Security at Tuhu

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External Audit Inspection Case: Pujiang Escort – Data Security Risk Assessment

In 2024, a third-party institution conducted an assessment of our data security compliance and security risks based on the YD/T 3956-2024 *Specification for Data Security Risk Assessment in the Telecommunications Sector*, evaluating our data security assurance level and ultimately producing an assessment report that was submitted to the Shanghai Communications Administration.

After the audit, all critical and general data of the Company passed the compliance assessment, with an overall data security risk assessment rating of excellent, and no high or higher risk data items were identified.

In the future, we will establish a normalized internal audit mechanism, conducting internal audits every quarter in accordance with the Pujiang Escort – Data Security Risk Assessment requirements and the latest regulatory requirements. At the same time, we will further improve our data security management and operation system, refining our control strategies in areas such as access control and data distribution, enhancing automation levels, and building an abnormal behavior analysis engine.

Internal Audit Inspection Case: Special Audit for Data Permission

In 2024, based on the Company's *Regulations on Information System Access Management*, Tuhu conducted an audit on access management for 30 key systems, covering core applications including finance management, contract management, logistics management, warehouse management, marketing, and offline operations. The audit mainly focused on issues related to the rationality of role permissions and the completeness of access to permission resources, and promoted rectification efforts.

As of the end of the reporting period, the completion rate for rectifying medium-to-high-risk issues identified has reached 90%, and the completion rate for high-risk issues has reached 96%, significantly mitigating risks in internal system access management. Additionally, during the rectification process, over 500 roles were reviewed and optimized, significantly enhancing the rationality of role design and allocation.

In the future, we plan to initiate Phase II of the data permission audit project, further expanding the scope to cover all systems. We will also continuously improve the operational control level of the access system and establish long-term monitoring and governance for the audited systems.

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2.2.3 User Privacy Protection

Tuhu strictly complies with the relevant laws and regulations including the *Personal Information Protection Law of the People's Republic of China*. In internal regulations such as the *Tuhu Information Security Laws and Regulations Management Norms*, the *Tuhu Data Security Management Regulations*, the *Tuhu Information Security Event Grading Standards* and the *Tuhu Information Security Incident Response Plan*, we have clearly defined privacy protection requirements and incident response procedures. Additionally, we have formulated and continuously improved the *Privacy Policies* for applications including the Tuhu APP and Tuhu Merchant APP. We attach great importance to the privacy and security of customer information and commit to never providing customers' personal privacy information to third parties for any illegal or unauthorized purposes.

Legality and Compliance

We collect, process, and deploy user data within the scope of authorization and strictly adhere to internal policies to encrypt user data.

Notification Before Collection

Upon registration in our mobile application, we enter into the *Privacy Protection Agreement* with users, under which users authorize Tuhu to collect, process, and deploy personal information and related data generated during the use of services.

Minimum Storage Duration

When a user ceases to use Tuhu's services or notifies Tuhu to delete their data, the Company will delete the user's data accordingly.

Tuhu's Commitment to User Privacy Protection

Additionally, we have developed a full lifecycle model for privacy protection that encompasses all internal and external stakeholders of Tuhu. This model includes the lifecycle information security firewall, spanning from the collection of user information to the eventual deletion of inactive user data. During the reporting period, there were no incidents of customer privacy information leakage at Tuhu.

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Data Collection Security

Before Collection: Clarify the sources, purposes, methods, quantity, accuracy, frequency, scope, etc., of data collection; take necessary measures such as testing and certification.
During Collection: Monitor abnormal data collection behaviors and take information recording measures.
After Collection: Audit data collection information, including but not limited to the time, scope, type, quantity, frequency, flow direction, and level of data collected.

Data Storage Security

Storage Media: Implement data secure storage through security control measures, verification techniques, encryption technologies, digital signatures, and other means.
Backup Management: Increase backup redundancy and the frequency of data recovery drills, with weekly full data backups and daily incremental data backups.
Security Monitoring: Monitor potential security risks related to the confidentiality, integrity, and availability of data during storage and issue alerts accordingly.

Data Usage & Processing Security

User Licenses and Permission Management: Ensure that confidential data require authorization and verification, and periodically review user operations on data.
Technical Enhancements: Avoid overlapping data storage spaces, employ malware detection, and implement access controls to ensure the security of data usage and processing.
Recording and Labeling: Record information about data usage behaviors such as data mining and associative analysis, and indicate the original data and analysis results.

Data Transmission Security

Adopt one-way isolated transmission and secure import/export technologies, and incorporate additional security requirements in detection technologies, backup, and transmission processes.

Data Sharing Security

Quantify data content and enforce data security agreements, mandating necessary protective measures such as data anonymization, data labeling, and data watermarking during the data provision process.

Data Destruction Security

Establish requirements for access permissions, non-recoverable principles, complete erasure, and update reporting to ensure that storage media are destroyed only after data has been thoroughly deleted.

Tuhu's Lifecycle Protection Model for User Privacy

Environmental, Social and Governance Report

During the reporting period, we also conducted regular APP privacy compliance tests to promptly identify and rectify issues related to infringements of user rights and interests. Simultaneously, we established an emergency response process for privacy incidents and regularly performed emergency drills for such incidents. These drills ensured that relevant personnel were familiar with the emergency procedures, improved response speed and collaborative response capabilities, promptly identified and optimized deficiencies in the contingency plans, and enhanced the overall level of privacy compliance management.

Privacy Compliance Drills

In 2024, the Company conducted three privacy compliance drills targeting core departments. These drills simulated privacy compliance incidents involving the illegal collection of personal information by our APPs, aiming to assess the effectiveness of our privacy compliance emergency response plans, test the coordination abilities of various departments such as security, technology, legal, and operations, and enhance our rapid response and risk control capabilities.

Upon simulating the occurrence of a privacy compliance incident, the information security team promptly classified the incident, identified related risks, and established an emergency response group for communication based on the risk level. The team discussed and formulated a rectification plan for the privacy compliance issue, completed the rectification within the specified time frame, and promptly produced a rectification report after retesting.

Following multiple rounds of drills, we optimized the review process for APP version updates and organized special training sessions on privacy compliance.

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3. ADVANCING TOGETHER WITH EMPLOYEES TO STRENGTHEN THE FOUNDATION FOR GROWTH

Tuhu firmly believes that talent is the fundamental driving force and core competitiveness for the sustainable development of an enterprise. We have established a comprehensive talent development system, offering employees a clear career progression path through scientific recruitment and selection processes, systematic training mechanisms, and competitive compensation and benefits. Moreover, we prioritize employee well-being, fostering an inclusive and caring work environment where employees grow alongside the Company, collectively shaping a brighter future.

3.1 Diversity and Rights Protection

Tuhu consistently prioritizes employee rights and remains steadfast in upholding fundamental principles such as equal employment and anti-discrimination. We are committed to fostering a diverse and inclusive work environment. By offering a variety of welfare policies and support measures, we actively address the multifaceted needs of our employees, continuously enhancing their satisfaction and enabling every employee to realize their personal value while growing together with the Company.

3.1.1 Talent Attraction

Compliant Employment

Tuhu strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, establishing and continuously improving standardized internal employment management systems to strictly prohibit child labor, forced labor and discrimination. Before the employee recruitment process begins, we ensure that all candidates participate legally and voluntarily through identity verification. In terms of hiring criteria, interviewers are explicitly required to avoid any form of employment discrimination based on factors such as race, religion, ethnicity, gender, age, place of residence, region, disability, health status, height, language, zodiac sign, or blood type. During the reporting period, Tuhu recorded no incidents of child labor or forced labor.

Multi-channel Recruitment

In 2024, Tuhu successfully attracted a large number of high-quality talents through various recruitment channels such as internal referrals, campus recruitment, internal talent pools, and supplier collaborations. This has effectively supported our business development needs and significantly enhanced the Company's talent competitiveness. During the reporting period, the number of newly hired employees at Tuhu reached 1,203.

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Campus Recruitment Case: Presentation Event at Shanghai Jiao Tong University

Campus recruitment is a pillar of Tuhu's medium-to-long-term talent strategy. We have established a comprehensive recruitment system for fresh graduates and maintain ongoing communication and collaboration with universities.

In 2024, we set up the internship base with the School of Cyber Science and Engineering at Shanghai Jiao Tong University and hosted a campus information session at the university. We opened positions across seven major categories for fresh graduates: technology, product, operations, procurement, marketing, design, and functional roles. During the information session, we shared insights into our company culture, business development, and career growth paths, helping students gain a comprehensive understanding of the development opportunities and talent value proposition at Tuhu. The event attracted numerous outstanding students who actively participated and engaged, generating enthusiastic responses. This further strengthened Tuhu's influence and appeal in the university talent market.

The Cooperation of Internship Base Between Tuhu and the School of Cyber Science and Engineering at Shanghai Jiao Tong University

Tuhu's Presentation Session at Shanghai Jiao Tong University

During the reporting period, Tuhu was honored with the "Most Preferred Campus Recruitment Employer Award for Tech Talents in 2024" by NOWCODER and the "Most Popular Employer Brand Among University Students" award by MOKA&HRflag. These accolades represent industry recognition of our efforts in attracting top talent.

Environmental, Social and Governance Report

3.1.2 Diverse Organization

Tuhu values employee diversity, respects the living habits and beliefs of employees of different nationalities, ethnicities, genders, and age groups, and strives to create an inclusive and equitable work environment. As of the end of the reporting period, the Company employed a total of 4,491 individuals, including 1,642 female employees. Female employees accounted for 37% of the workforce, which represented a 2 percentage point increase compared to the end of 2023.

Number of Employees	Unit	As of Dec 31, 2024/Full Year 2024
Overall		
Number of Full-time Employees	Person	4,491
Number of Newly Enrolled Full-time Employees	Person	1,203
By Region		
Employees of Mainland China	Person	4,478
– East China	Person	2,074
– South China	Person	343
– North China	Person	253
– Central China	Person	985
– Southwest China	Person	386
– Northwest China	Person	231
– Northeast China	Person	206
Employees from Hong Kong, Macao and Taiwan of China	Person	13
Employees from overseas	Person	0
By Gender		
Male	Person	2,849
Female	Person	1,642
By Age Group		
Aged below 30	Person	2,685
Aged 30 to 50	Person	1,785
Aged above 50	Person	21
By Level		
Top-level management	Person	13
Mid-level management	Person	140
Junior management	Person	371
Junior employees	Person	3,967

Environmental, Social and Governance Report

Employee Turnover Rate[1]	Unit	2023	2024
Overall			
Total Turnover	Person	1,642	1,479
Total Turnover Rate	%	33.9%	32.1%
By Gender			
Male	%	33.1%	34.6%
Female	%	32.7%	27.4%
By Age Group			
Aged below 30	%	41.6%	37.8%
Aged 30 to 50	%	30.5%	28.8%
Aged above 50	%	24.0%	23.3%
By Region			
Employees of Mainland China	%	33.9%	32.1%
– East China	%	31.6%	30.6%
– South China	%	41.7%	33.9%
– North China	%	40.1%	40.3%
– Central China	%	33.3%	29.1%
– Southwest China	%	36.1%	37.1%
– Northwest China	%	30.8%	35.8%
– Northeast China	%	38.4%	36.1%
Employees from Hong Kong, Macao and Taiwan of China	%	Not Applicable	0.0%
Employees from Overseas	%	Not Applicable	Not Applicable

1 Turnover rate is calculated as the total number of voluntary and involuntary departures of full-time employees during the reporting period divided by the average number of full-time employees at the beginning and end of the period. Figures for 2023 have been restated accordingly based on this methodology.

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3.1.3 Human Rights Protection

Tuhu actively adheres to international consensus and principles regarding recruitment, working hours and leave, including the *International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work* and the Ten Principles of the *United Nations Global Compact*. The Company has formulated the *Employee Handbook* and the *Code of Conduct for Employees*, explicitly prohibiting workplace discrimination, harassment, coercion and so forth. These measures ensure that employees are not unfairly treated due to factors such as age, gender, physical condition, race or nationality, and reflect the Company's commitment to fostering a respectful, equitable, and discrimination-free work environment.

To guarantee flexible rest time for employees, the Company has implemented a "flexible + adaptable attendance" policy for all staff. The "flexible" aspect allows a 30- to 60-minute adjustment in daily arrival times, while the "adaptable" aspect adjusts the next day's arrival time based on off-work time the previous day. This policy helps employees allocate their time effectively according to task demands while ensuring adequate rest, thereby enhancing their overall work experience.

In addition, Tuhu has established a labor union in accordance with the law. Through a well-structured organization and standardized operational mechanisms, the union provides equal rights protection and support to every employee, fully demonstrating the Company's high regard and comprehensive care for employee welfare. During the reporting period, the main operating entity of Tuhu, "Shanghai Lantu Information Technology Co., Ltd.," formed a labor union, offering union benefits including collective agreements to all employees of Tuhu.

Tuhu Held Employee Representative Conference

In May 2024, Tuhu successfully hosted the first-ever employee representative conference in China's automotive service industry. This conference introduced an innovative organizational structure combining a "employee representative conference + specialized democratic management committee + enterprise consultation and coordination mechanism." In addition to the traditional collective consultation and employee representative conference model, this new structure further strengthened the enterprise consultation and coordination mechanism, enhancing the relevance and effectiveness of consultations. It has effectively leveraged the positive role of the consultation and coordination mechanism, fostering the joint development of the Company and its employees.

Tuhu Employee Representative Conference

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Tuhu Joined the "Moss Flower Convention"

In January 2025, Tuhu announced its participation in the public welfare initiative Moss Flower Convention, launched by Xinhua News Agency in collaboration with the Publicity Department of the Chengdu Municipal Committee of the Communist Party of China and the film team of Tiny Me. The Company solemnly pledged that, as an employer, it will work with its nationwide workshops to provide fair employment opportunities for individuals with disabilities. Additionally, as a provider of public services, Tuhu will offer assistance within its capacity to people with disabilities.

Tuhu Workshop Displaying the Moss Flower Convention Poster

3.2 Training and Development

Tuhu always focuses on employee growth and places great importance on talent cultivation and empowerment. We advocate for the co-development of employees and the Company, making employee development a core priority. We continuously optimize our training system to enhance its diversity, scientific rigor, and efficiency. Additionally, we broaden career development pathways and stimulate employee enthusiasm through various initiatives, comprehensively promoting their skill enhancement and career advancement.

3.2.1 Employee Training

Tuhu has established a systematic, scientific, and forward-looking employee training system, dedicated to enhancing employees' professional skills and comprehensive competence through diversified training channels and resources. Leveraging the online "Tuhu Learning and Development" platform and offline face-to-face sessions, we focus on employee skill enhancement and career development across four dimensions: new employee training, general training, professional skill training, and management skill training. We are committed to building a learning organization, accumulating knowledge assets, and cultivating Tuhu's professional talents and management echelons, thereby laying a solid talent foundation for the Company's long-term development.

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Management Skill Training

- Targeted training on management awareness and foundational skill enhancement is provided based on different positions and ranks.
- Training programs include the “New Elite Training” for new managers and the “Arbor Program” for new directors, among others.

Professional Skill Training

- Tailored training is provided according to different specialized fields.
- Training contents cover business development (BD) skills, chain operations management, customer service capabilities, logistics expertise, research and development (R&D) skills, product management competencies, and business intelligence (BI) capabilities, among others.

General Training

- Training programs are offered to all employees to enhance their understanding of the industry and the Company, improve general workplace skills, align with company strategy, and elevate professional competence.
- Training initiatives include “Tuhu Lecture Hall,” “Easy Identification of Auto Parts,” “Workplace Skills for You,” and “Red Line Policy Compliance,” among others.

New Employee Training

- Specialized training programs are offered for new hires to help them understand company culture and values, and to quickly integrate into the team.
- Training initiatives include the “New Power” program for campus recruits, the “New Starting Point” program for experienced hires, the “New Store Manager” program for offline operations staff, and the “Keep Climbing” program for new directors.

Tuhu Employee Training System

Environmental, Social and Governance Report

2024 Tuhu Employee Training Cases: New Employee Training

Training Programs	On-Site Training Photos

New Starting Point Training

During the reporting period, we conducted a total of 12 sessions of the "New Starting Point" training for newly hired experienced employees. The training covered topics such as company culture and development history, career growth, daily behavioral regulations, and an overview of the automotive aftermarket industry. The average satisfaction score for the training reached 4.94 out of 5.

New Power Training

During the reporting period, we conducted one session of the "New Power" training for 155 campus recruits who joined in 2024. At the training session, Chen Min, the Company's founder and CEO, thoughtfully prepared a welcome letter for each campus recruit. Hu Xiaodong, the Company's president, personally presented employee badges and welcome packages to representatives of the campus recruits, and shared his understanding of the Company's mission, vision, and values. Leaders from multiple departments, including the Strategic Planning, Human Resources, and Platform Product Operations, carefully crafted a "business knowledge feast" for the campus recruits. They provided multi-angle insights into the automotive aftermarket, systematically introduced Tuhu's business processes, clarified the responsibilities of platform operations, and analyzed the operational models of workshops. Additionally, outstanding alumni from previous years shared valuable experiences with the new recruits.

New Store Manager Training

During the reporting period, we conducted a total of 10 sessions of the "New Store Manager" training, covering 229 new employees from the offline operations department. The training introduced company culture and development history, an overview of the automotive aftermarket, store management and standardization, supervisory responsibilities, and practical store operations and customer service processes. The average satisfaction score for the training reached 4.98 out of 5.

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2024 Tuhu Employee Training Cases: Management Skill and General Skill Training

Training Programs	On-Site Training Photos

New Elite Training

During the reporting period, we conducted a total of 2 sessions of the "New Elite" training, covering 67 newly appointed managers. Through a combination of offline lectures and online assignments, the training helped participants master organizational development principles, talent management practices, and key management techniques such as recruitment and performance interviews. The average satisfaction score for the training reached 4.78 out of 5.

Arbor Program

During the reporting period, we conducted one session of the "Arbor Program" training, covering 29 newly appointed directors. Through a combination of offline lectures and online assignments, the training equipped participants with knowledge and skills in strategic planning and execution, organizational and business processes, organizational development and talent management, as well as data concepts and analytical techniques. The average satisfaction score for the training reached 4.84 out of 5.

Tuhu Lecture Hall

During the reporting period, we conducted a total of 6 offline "Tuhu Lecture Hall" sessions, where leaders from various business departments shared insights on the current status, strategies, and future plans of the Company's key business segments. The sessions were met with overwhelming enthusiasm from employees upon opening for registration. A total of 515 participants attended these sessions, with an average satisfaction score of 4.84 out of 5.

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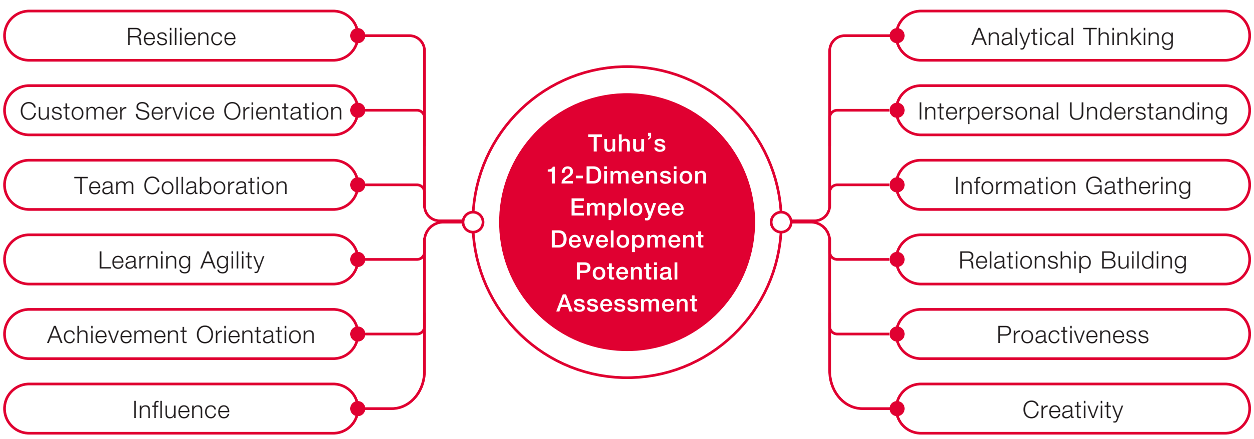
3.2.2 Talent Management

Performance Evaluation

Tuhu implements a performance evaluation system for all employees, with evaluation cycles set as monthly or quarterly based on positions. Evaluation dimensions include achievement of performance goals, management capabilities, work quality and efficiency, and alignment with company values. At the same time, the Company regularly reviews and optimizes the performance evaluation mechanism to ensure its scientific rigor and fairness. During the reporting period, for certain positions, we further strengthened the link between performance results and quantifiable output to reduce subjective discretion and ensure evaluation fairness, so that each employee's contributions receive the recognition and motivation they deserve.

Potential Assessment

In addition to performance evaluations, we have also formulated a systematic competency assessment framework based on 12 indicators. This framework tailors core competency criteria to different positions, enabling a more scientific and objective evaluation of employees' growth potential.

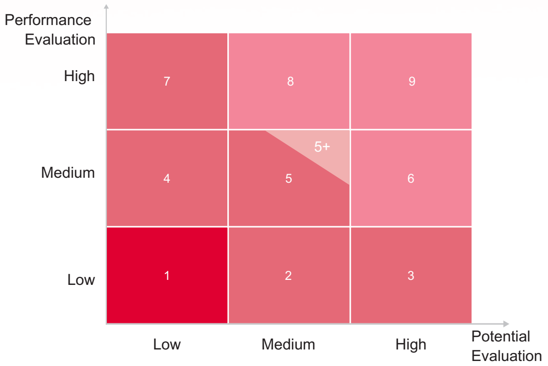


Based on this competency model, the Company conducts 360° potential assessments for employees at various levels. During the reporting period, approximately 1,000 employees participated in the 360° potential assessment, the result of which provided strong support for the Company's talent development decisions.

Environmental, Social and Governance Report

Talent Review

Based on employees' results on performance evaluation and development potential, Tuhu has established a systematic talent review mechanism. The Company's "9-Grid Organizational Talent Review (OTR)" model provides a scientific basis for talent decisions, significantly enhancing talent management effectiveness and organizational operational efficiency. Furthermore, the Company's talent review mechanism has evolved from a traditional personnel management tool into a core strategic human resource management instrument. It plays a critical role in talent echelon development, leadership development, and organizational capability enhancement, serving as an important engine for driving the Company's sustained growth.



Tuhu's 9-Grid OTR Model

Leveraging the 9-grid OTR model, the Company formulates personalized development paths for employees, continuously optimizing the talent pipeline. This approach supports the rapid growth of high-potential, high-performance, and versatile talent while providing long-term incentives, injecting a continuous source of energy into the Company's sustainable development.

3.2.3 Employee Development

Tuhu is committed to providing employees with broad career development opportunities and building diversified growth paths to help employees realize their personal value at different stages. We encourage employees to find the best development path between deepening expertise and exploring diverse opportunities, and support their career growth through role transfers, promotions, and other means.

Regarding the promotion mechanism, we open promotion windows twice a year, adhering to the principles of fairness, impartiality, and transparency to incentivize the growth and development of outstanding talents. Additionally, we conduct 360° promotion assessments for candidates based on evaluation dimensions such as professional knowledge and skills required for the target promotion role. This helps evaluators gain a comprehensive understanding of candidates' daily work and insights into their capabilities and performance. At the same time, we have established a standardized promotion appeal mechanism to ensure the fairness and transparency of promotion results, safeguarding employees' career development rights.

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Promotion Result Communication

- The supervisor conducts a one-on-one session with the candidate to communicate the promotion result and feedback from the evaluation panel.

Appeal Submission

- If the employee disagrees with the result, she/he may submit an appeal within the specified time frame.

Company Review of Appeal

- The Company conducts an initial review to verify the authenticity and reasonableness of the appeal content.

Secondary Evaluation

- If the appeal is accepted, the Company organizes a secondary evaluation within the specified time frame. The secondary evaluation panel must consist of different members from the original panel.

Result Implementation

- If the secondary evaluation panel approves the appeal, the promotion result will be adjusted accordingly. If the appeal is not approved, the employee will be provided with the evaluation result and the rationale behind.

Employee Promotion Appeal Mechanism at Tuhu

In addition to vertical promotions, the Company also values employees' horizontal development opportunities. We encourage employees to explore cross-departmental and cross-functional role transfer opportunities based on their career plans and organizational needs, thereby enhancing their comprehensive capabilities and broadening their career development paths. The Company has established a systematic internal talent mobility mechanism, regularly opening internal job applications. Employees can apply for internal transfers after intent discussions with their current department and evaluation interviews with the target department. At the same time, we provide necessary skill training and adaptation support to ensure that transferring employees can smoothly integrate into their new roles, achieving diversification in their career development.

Key Performance Indicators for Employee Trainings

Training and development	Unit	2024
Total number of full-time employees trained	Person	4,419
Total hours of training	Hour	35,527.92
Proportion of trained employees	%	98.40%
Total hours of training per employee	Hour	7.91
– Male		8.69
– Female		6.56

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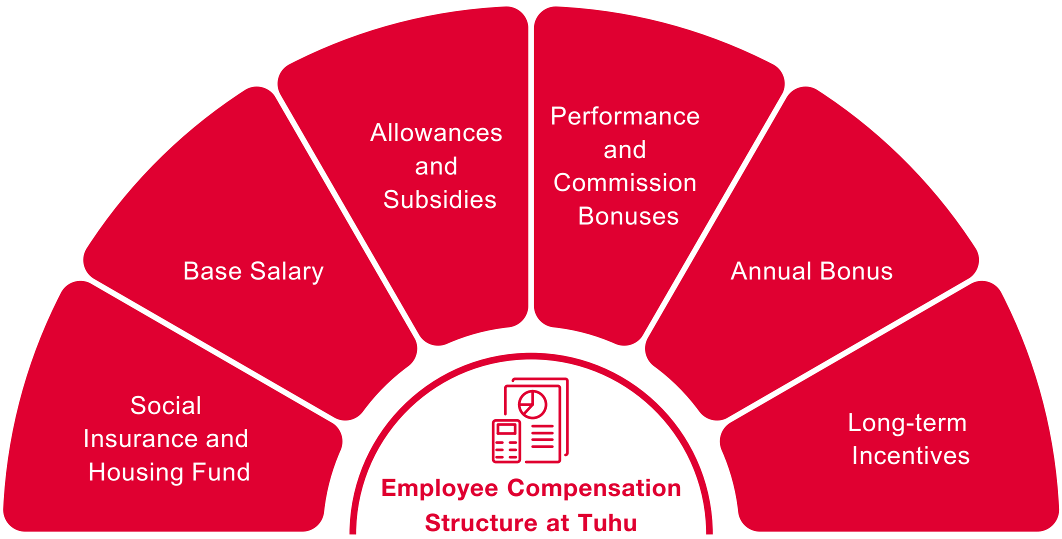
3.3 Benefits and Incentives

Tuhu is consistently committed to providing employees with competitive compensation and benefits. By building a compensation and benefits system that is externally competitive and internally fair, we ensure that all employee's efforts receive the recognition and rewards they deserve.

3.3.1 Compensation and Benefits

Tuhu has designed a competitive compensation structure based on three major compensation management principles: strategic alignment, market benchmarking, and performance orientation. In addition to base salary and social security contributions, our compensation and benefits package also includes allowances and subsidies, performance and commission bonuses, annual bonuses, and long-term incentives.



The Company has implemented a performance-based variable compensation mechanism for all employees, establishing a bonus system linked to performance evaluation results and flexibly setting bonus ratios based on positions to fully stimulate employees' work enthusiasm. In 2024, we further optimized the compensation structure for mid-to-senior-level employees by increasing the proportion of variable bonuses, effectively raising the overall income of high-performing employees and achieving more effective employee incentivization.

Positions	Proportion of Variable Bonus in Total Income
Frontline Basic Positions	Monthly assessment mechanism, with monthly bonuses directly linked to workload. The average bonus accounts for ~40% of the monthly income.
Sales Positions	Monthly assessment mechanism, with monthly bonuses directly linked to performance results. The average bonus accounts for 50%-60% of the monthly income.
Mid- and Back-Office Employees	Quarterly assessment mechanism, with quarterly bonuses linked to KPI and key task completion. The average bonus accounts for ~10% of the quarterly income, while that for mid-to-senior-level employees reaching ~25%.

Proportion of Variable Bonus by Position at Tuhu

Environmental, Social and Governance Report

In terms of long-term incentives, we have set equity incentive plans, granting options or restricted share units to high-performing and high-potential employees to ensure alignment between the Company's talent and its long-term objectives. Currently our effective employee stock ownership plans include the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares). As of the end of the reporting period, 16.6% of the Company's total workforce had been granted equity incentives.

3.3.2 Non-Remuneration Benefits

Tuhu provides employees with diversified non-remuneration benefits, covering areas such as occupational health, cultural and recreational activities, and life care.

Occupational Health

Annual Health Checkups: Free annual health examinations are provided to all employees to safeguard their physical well-being.

Accident Insurance: Accident insurance is specifically offered to employees in roles that require frequent business travel.

Psychological Counseling: A 24-Hour free psychological counseling hotline is available to all employees, ensuring their mental health is well-protected.

Cultural and Entertainment Activities

- A variety of cultural and recreational benefits are provided, including anniversary celebrations, promotional event activities, holiday care packages, and dedicated team-building funds. These benefits cover all full-time employees, outsourced staff, and more.

Daily Life Care

- Subsidies are provided to support employees in their daily lives, including high-temperature cooling care packages, one-time relocation allowance, night shift taxi subsidies, dinner and late-night meal vouchers, and more.

Non-Remuneration Benefits at Tuhu

Environmental, Social and Governance Report

Employee Welfare During Major Promotion Events

In 2024, Tuhu provided benefits to employees during major shopping festivals such as "618" and "Double 11." Employees could participate in raffles, receive snacks and fruits, and feel the Company's care amidst their intense and busy work schedules.

Employee Welfare at Tuhu During Major Promotion Events

Employee Welfare During Mid-Autumn Festival

During the 2024 Mid-Autumn Festival, Tuhu launched a series of employee welfare activities. These included online interactive gift giveaways and offline distributions of Mid-Autumn gift packages, as well as festive-themed gifts such as rabbit lanterns and lacquer fans. These efforts enabled us to create a happy and warm workplace atmosphere.

Employee Welfare at Tuhu During Mid-Autumn Festival

Employee Welfare for Frontline Workers During Hot Summer

In June 2024, Tuhu customized a "Cool Summer" gift pack for frontline fieldwork employees, including items such as water bottles, neck fans, cooling sleeves, and heat-relief medications. Over 3,000 welfare gift packs were distributed, bringing coolness and care to frontline colleagues.

Distribution of Gift Packs to Tuhu Frontline Workers

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3.4 Communication and Engagement

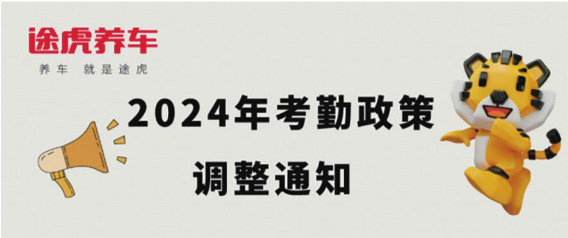
Tuhu regards employees as its most valuable asset and is committed to providing a warm, positive, and healthy workplace environment for every employee. We actively listen to employees' voices and organize a variety of employee activities to enhance their engagement and sense of belonging to the Company.

3.4.1 Employee Communication

Tuhu consistently upholds an open and inclusive communication philosophy and actively responds to employees' reasonable requests. We have set diversified employee communication and feedback channels, including unrestricted communication via WeChat Work, dedicated consultation portals for HR and administrative issues, and quarterly specialized satisfaction surveys. Through these channels, we regularly compile issues and suggestions raised by employees, promptly review the current situation, assess the necessity of improvement measures, and follow up on the effectiveness of improvement initiatives.

Employee Communication and Improvement Case: Flexible Attendance Policy

During the reporting period, based on employee feedback regarding the attendance policy and after conducting employee surveys and management discussions, Tuhu formulated and introduced a "Flexible + Adaptable Attendance" policy. This policy not only allows employees to manage their time effectively according to their work rhythms but also ensures that employees have necessary rest time.



Tuhu Attendance Policy Optimization

3.4.2 Employee Activities

In 2024, Tuhu actively organized various employee activities, including annual meetings, team-buildings, sports competitions, and themed festivals. These activities effectively enhanced the employees' cohesion and sense of unity, contributing to the development of our corporate culture.

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Employee Activity Case: 3rd "Badminton with You" Tournament

In June 2024, Tuhu officially held the 3rd "Badminton with You" Tournament in Shanghai and Wuhan, with over 120 employees participating. This event not only helped enhance employees' physical fitness and alleviate work stress but also promoted positive communication and good interaction among colleagues.

Snapshots from 3rd Badminton Tournament at Tuhu

Employee Activity Case: Team building

In 2024, the Company invested approximately RMB5.7 million in team-building activities, covering all departments and positions across the Company. By organizing team-building events quarterly or biannually, each department effectively enhanced mutual understanding and cohesion among team members.

Snapshots from Team-Building Activities at Tuhu

Employee Activity Case: 1024 Programmer's Day

Every year on October 24th, the Company hosts exclusive activities for programmers to enhance R&D colleagues' professional identity and sense of belonging.

Snapshots from Programmer's Day at Tuhu

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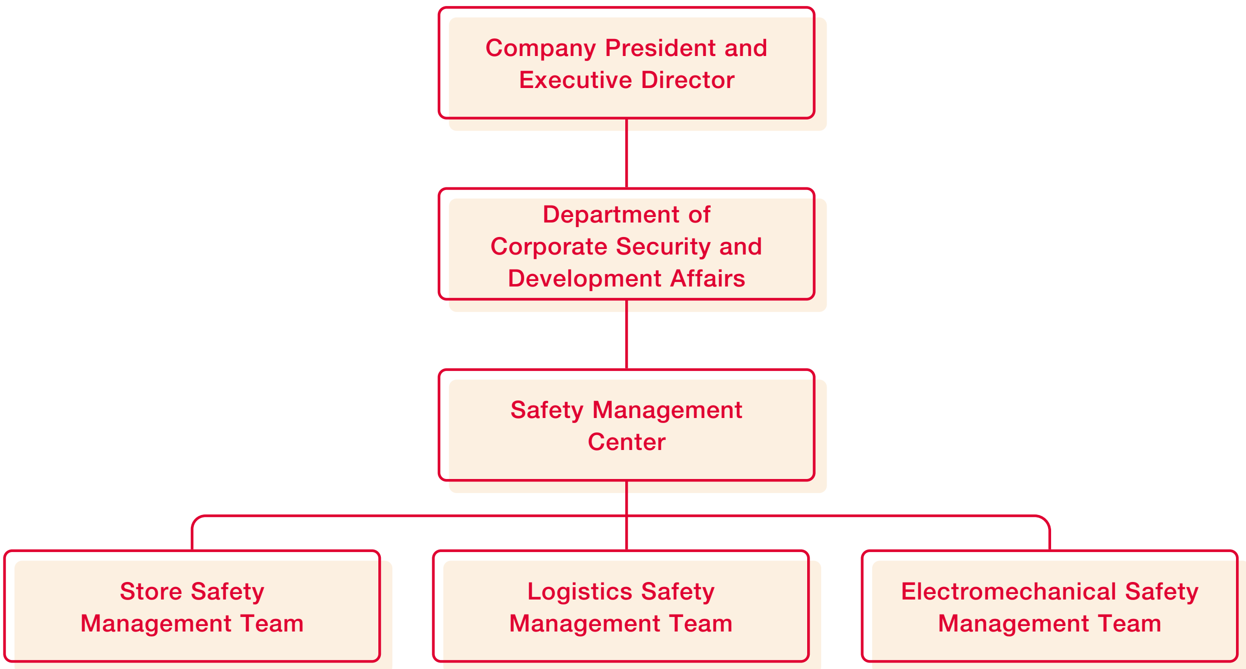
3.5 Occupational Health and Safety

Tuhu regards employees' occupational health and safety as a top priority in business operations. By establishing a comprehensive management system, we are committed to enhancing safety management standards across all aspects of daily operations.

3.5.1 Occupational Health and Safety Management System

The Company has established an occupational health and safety organizational structure with the President and Executive Director as the highest responsible person and the Safety Management Center as the executive body. Under the support of this structure, we strictly comply with laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China* and the *Occupational Health Examination Management Measures*, integrating safety management into the Company's daily operations.



Governance Structure for Occupational Health and Safety at Tuhu

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By integrating the requirements of the *Enterprise Safety Production Standardization Specification* (GB/T33000) and the *Occupational Health and Safety Management System* (ISO45001), we have established the Tuhu Occupational Health and Safety Management System. This system enables refined management of safety production and occupational health across the entire company. To ensure the effective operation of the occupational health and safety management system, Tuhu adopts the SDCA (Standardize-Do-Check-Act) cycle management method to enhance its applicability and execution effectiveness. At the same time, leveraging our internet DNA, we use data analysis to deeply investigate the root causes of incidents in the high-risk areas of safety management, implement feasible solutions, and drive safety management efficiency and intrinsic safety levels through product operations and technological innovation.

Standard Development

- Through management methods such as on-site inspections, business alignment, trial operation validation, and exception revisions, the Company ensures the rationality and practicality of its management standards.
- At present, internal policies including *Tuhu Work Safety Responsibility System, Tuhu Safety Inspection and Hazard Management Regulations, Tuhu Occupational Health Management System,* and *Tuhu Emergency Response Plan for Production Safety Accident,* have been formulated, covering management systems, operation specifications, emergency plans and other aspects.

Implementation and Execution

- By leveraging comprehensive communication, centralized training, and daily Q&A sessions, the Company ensures that its safety systems are efficiently implemented and thoroughly enforced.

Check

- Through mechanisms such as tripartite joint inspections and inspection team benchmarking, the Company effectively monitors the capabilities of its inspection teams while ensuring that all critical scenarios are covered during inspections.

Improvement

- Leveraging its technological advantages, the Company utilizes self-developed online platforms such as the Yixing and Blue Tiger to build a comprehensive online safety management process that covers inspection, rectification, and verification. This enhances the closed-loop control capabilities of occupational health and safety management.

Occupational Health and Safety Management Mechanism at Tuhu

Environmental, Social and Governance Report

3.5.2 Safety Production Management

In the workplace, stores, and warehouses, Tuhu has formulated corresponding safety production measures tailored to different office and business scenarios. These measures comprehensively safeguard employees' health and safety, building a solid safety defense line for the Company's robust development.

Workplace Safety Measures

Material Support	Firefighting equipment such as fire extinguishers and hydrants are installed on each floor.
Capacity Training	Training on emergency response plans and handling procedures is provided to the safety emergency response team. Regular fire safety training is conducted for on-site security and cleaning staff.
Inspection Mechanisms	Safety Patrols: Security personnel conduct floor safety patrols every 2 hours, and special safety inspections are carried out before holidays. Fire Safety Inspections and Tests: Monthly fire safety inspections are performed, and regular fire tests are conducted to ensure the proper functioning of on-site firefighting facilities and equipment.

Workshop Safety Production Measures

Rule Constraints	The *Tuhu Workshop Management Rules* includes a dedicated "Safety Management" module, which outlines detailed regulations on operational safety, electrical safety, fire safety, environmental safety, and equipment safety.
Material Support	Workshops are equipped with sufficient firefighting equipment, including fire extinguishers, emergency lighting, and more.
Training and Communication	Specialized safety training is conducted for workshop staff, covering key emergency response procedures, equipment operation safety, fire emergency handling, and ensuring they are proficient in using fire extinguishers and first aid equipment. Safety warning signs are prominently displayed in workshops.
Inspection Mechanism	Supervisors and quality inspectors regularly check the implementation of safety measures, including the safety of lifting equipment, pressure equipment, and electrical equipment.

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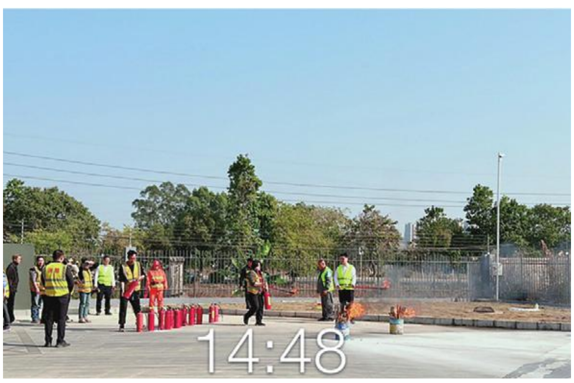
Warehouse Safety Production Measures

Supplier Constraints	Safety management clauses are added to contracts with warehousing suppliers, covering requirements such as firefighting facilities and heat source management.
Personnel Assurance	The Safety Management Center, together with the warehouse manager, forms a safety management task force responsible for developing daily safety requirements, conducting trainings and inspections, and implementing corrective actions.
Safety Training	Online and offline safety knowledge and operational trainings are regularly organized for all warehouse staff, covering fire safety, electrical safety, and more.
Safety Drills	Quarterly emergency drills are conducted in the warehouse, simulating scenarios such as fires and electric shocks, to test employees' emergency response capabilities and handling skills.
Safety Inspections	Regular inspection on the safety of warehouse equipment (e.g., forklifts, shelves) is conducted to ensure compliance with safety standards.

Case on Warehouse Safety Management: Fire Drill

In 2024, Tuhu conducted a total of 30 offline fire drill activities across its nationwide regional warehouses, covering over 600 participants.



Fire Drill at South China RDC

Fire Drill at Ji'nan RDC

During the reporting period, Tuhu recorded no work-related fatalities among employees. In the same period, there were 13 work-related injury incidents, with a total of 196 lost workdays.

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3.5.3 Occupational Health Management

In addition to ensuring workplace safety, Tuhu places great emphasis on the physical and mental well-being of its employees. On one hand, we safeguard employees' physical health by offering benefits such as annual health checkups, accident insurance, and employer liability insurance. On the other hand, through our Employee Assistance Program (EAP), we have opened mental health consultation services to provide employees with professional psychological guidance and counseling. These initiatives promote the holistic development of employees' physical and mental health, fostering a positive cycle of mutual growth between employees and the Company.

Tuhu Opening a 24-Hour Psychological Counseling Hotline

Mental health, as a vital component of employees' occupational well-being, is the key to fostering a harmonious corporate culture and work environment. In 2024, Tuhu opened a 24-hour psychological counseling hotline, offering employees free psychological counseling services. This initiative aims to help employees alleviate work-related stress, enhance psychological resilience, and cultivate a positive mindset.

Tuhu 24-Hour Psychological Counseling Hotline

4. STRENGTHENING COLLABORATIVE MANAGEMENT TO FOSTER A WIN-WIN VALUE CHAIN

Tuhu is steadfast in refining its management of franchisees and suppliers, with a dedicated focus on fostering a synergistic and win-win value chain. Together with its franchisees and suppliers, Tuhu is committed to cultivating amplified commercial value, propelling the prosperous development of the entire automotive service value chain, and fostering industry growth and mutual benefit.

4.1 Franchisee Collaboration

Franchisee is an integral component of Tuhu's business ecosystem. The majority of Tuhu workshops nationwide are operated by franchisees, and this extensive network of stores serves as the primary platform for delivering products and services to end consumers. We have established robust cooperative relationships with franchisees through the implementation of stringent management systems and comprehensive support initiatives. As of the end of the reporting period, Tuhu's network encompasses over 3,000 franchisees. By fostering deep collaboration and pursuing shared growth, Tuhu and its franchisees are driving the sustainable and healthy development of the automotive service industry.

4.1.1 Franchisee Management

Tuhu places great emphasis on franchisee management, establishing a comprehensive management scheme covering admittance, daily management, and exit processes to ensure franchisees provide high-quality in-store services to end users. In terms of admittance, we have strict standards and management processes to ensure franchisees joining the system possess the necessary qualifications, capabilities, and business ethics. In terms of daily management, we set franchisee operating standards and a management scoring system, conducting regular supervision and assessments to ensure franchisees strictly comply with the Company's service standards and processes. In terms of exit, we enforce a strict exit system based on compliance with operating standards and management scores.

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Franchisee Admittance

- We have established the *Tuhu New Franchisee Admission Standards and Procedures*, which outline rigorous criteria in areas including business ethics, basic capabilities, and financial status. Through system verification, background checks, training assessments, and interview evaluations, we ensure that all incoming franchisees meet the requirements.

Franchisee Management

- We have formulated the *Tuhu Franchisee Operation Standards and Management Rules*, which clearly outlines the operational standards and requirements for franchisees, covering critical ESG dimensions, such as labor compliance, business ethics, and information security.
- We have implemented a franchisee management scoring system, which evaluates franchisees on a quarterly basis across key dimensions such as store compliance, customer service (measured by satisfaction rate), store development, operational performance (measured by profitability), and honorary incentives. Based on these evaluations, franchisees are assessed and categorized into different tiers.

Franchisee Termination

- In accordance with the *Tuhu Franchisee Operation Standards and Management Rules*, franchisees who violate operational standards are subject to penalties ranging from deduction of management scores, official warnings, temporary suspension of operations, and ultimately, contract termination.
- Based on the franchisee management scores, we closely monitor low-performing franchisees. When deemed necessary, these franchisees are removed from the network.

Tuhu's Franchisee Management Scheme

Tuhu recognizes that sustainability-oriented business operating principles are essential for long-term development and aims to instill this philosophy among its franchisees. Throughout the admittance and management process, Tuhu has integrated ESG-related requirements to ensure all partners adhere to sustainable business principles. During the admittance process, we take business ethics as one of the screening criteria. During the onboarding phase, we have incorporated anti-bribery and anti-corruption clauses into the contracts signed with all franchisees. During the operations phase, we have clearly defined business standards, including integrity operations, labor compliance, and prohibitions on bribery and corruption in *Tuhu Franchisee Operation Standards and Management Rules*, and penalized the violation items accordingly.

Additionally, Tuhu maintains deep communication with its franchisees through multiple channels. Tuhu has established a franchisee feedback platform, equipped with functions for submitting opinions and handling complaints, ensuring that franchisees' voices are heard, and their challenges are addressed. Additionally, we organize franchisee conference on an annual basis, where we share insights and discuss strategies for business breakthroughs with all franchisees nationwide. These bilateral communication mechanisms enable Tuhu to effectively listen to franchisees' feedback, continuously improve franchisee management practices, and maintain stable and mutually beneficial relationships. By working together, we drive sustained business growth and jointly explore new market opportunities.

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4.1.2 Franchisee Support and Empowerment

Tuhu is dedicated to offering comprehensive support and empowerment to its franchisees, continuously elevating their operational expertise and service standards. This commitment not only enables franchisees to achieve greater investment returns but also amplifies Tuhu's brand influence and market competitiveness.

Operational Empowerment

Upon joining the Tuhu network, franchisees are empowered across various aspects of store operations, including product supply, logistics, customer acquisition, systems, and store management. This empowerment lays the foundation for franchisees to achieve sustainable growth and long-term success.

Product Supply	• Tuhu has established a comprehensive supply chain of authentic, value-for-money automotive products across various categories, through direct collaboration with a wide range of upstream auto part brands. • Franchisees leverage Tuhu's supply chain to offer users a rich selection of high-quality and cost-effective product services without the need for upfront capital investment in inventories.
Logistics	• Tuhu has built a nationwide logistics network consisting of 30 regional warehouses, 606 front warehouses, 243 self-operated delivery routes, and external carriers. • Through this logistics network, products for online orders can arrive at the store the next day, while products for walk-in orders can arrive within 30 minutes.
Customer Acquisition	• Tuhu has approximately 140 million registered users and over 24 million annual transacting users, with an annual repurchase rate maintained at over 60%. • As the leading brand in the independent automotive service industry, Tuhu drives continuous in-store customer traffic through ongoing online customer acquisition and offline promotional activities.
System	• Tuhu has developed the proprietary Tuhu Merchant APP and Web platform, which systematize the service processes, digitize store performance diagnostics, and provide intelligent technical support for stores. This full-scenario system support helps franchisees easily achieve standardized store operations and efficient management.
Store Management	• Tuhu offers daily operational and technical support to franchisees through its headquarter support team and local supervisor teams. This ensures that franchisees adhere to operational standards and continuously improve their operational and technical capabilities. • In 2024, stores were visited by supervisors an average of 4 times per month.

Operational Empowerment for Franchisees

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Case on Customer Acquisition Support: Targeted Offline Marketing Resource Investment

On top of our existing customer acquisition supports for stores, in 2024, Tuhu provided additional offline marketing resources to new stores and those expanding to 10 or more locations, enabling these stores to rapidly build their customer base.

In 2024, Tuhu invested tens of millions of yuan specifically for this offline marketing support initiatives. For inaugural stores in new cities within lower-tier markets, the average investment exceeded RMB60,000 per store. This strategic support effectively helped stores attract more customers despite a challenging consumer environment.

Case on Comprehensive Support: New Store Improvement Initiative

In September 2024, Tuhu launched the "New Store Improvement" program, providing new stores with increased customer traffic, technical supervision and training, exclusive marketing activities and task-based incentives, while increasing the visiting frequency by supervisors. These measures aimed to improve overall store performance, achieve higher user satisfaction, and ensure technical compliance, helping stores smoothly transition through the initial ramp-up phase.

This program demonstrated significant results, with newly opened stores following this program performing better than new stores in 2023 in terms of customer traffic, revenue, and profitability.

Policy Support

In 2024, Tuhu significantly expanded its policy support initiatives for franchisees, incorporating measures such as reductions in franchise and management fees, along with incentives aimed at enhancing service quality.

Policy Support for Store Openings

- In 2024, we implemented significant preferential policies for franchisees, building on the standard rates for franchise and management fees.
- Depending on the province, city tier, and whether the franchisee is new or existing, the support measures included tiered franchise fee waivers, management fee waivers ranging from 3 to 12 months, and additional subsidies for soft decoration.

Policy Support During Store Operations

- In 2024, we rolled out 10 management fee reduction policies, such as "Incentives for High-Performing New Stores," "Self-Promotion Incentives," and "Support for Stores Facing Special Circumstances". Collectively, these policies resulted in management fee reductions exceeding RMB30 million for the year.
- In March 2024, we established an in-store service quality improvement incentive plan. Based on the improvement in in-store service levels and the completion of tasks, we awarded incentives to stores, with the total amount distributed for the year exceeding RMB30 million.

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Recognition and Incentives

Tuhu recognizes that excellent franchisees and high-quality stores are pivotal to the brand's continued growth. Therefore, Tuhu has established franchisee honor awards, provided exclusive renewal benefits for high-quality franchisees, and recognized top-rated stores to motivate franchisees to strive for outstanding performance, ensuring the entire franchise system remains vibrant and competitive.

Franchisee Dimension

- Establishing Honor Awards and Recognizing Franchisees at Grand Ceremonies: We evaluate franchisees based on six dimensions on an annual basis: growth rate, profitability, operational capabilities, management capabilities, honors and incentives, and business management. Top franchisees are awarded honorary titles such as "Outstanding Franchisee" and "Excellence in Market Development," to recognize their achievements.
- Providing Preferential Renewal Policies for High-Quality Franchisees: In 2024, this policy covered approximately 200 stores under high-quality franchisees.

Store Dimension

- Implementing the "Top-Rated Store" Program: Focusing on three dimensions across in-store service, technical capability and environment, we launched the industry's first user-oriented evaluation scheme in the automotive service sector. Stores with high ratings in these dimensions are recognized as "Workshops with Enthusiastic Service," "Workshops with Reliable Mechanic Skill," "Workshops with Comfortable Environments," "Workshops with Satisfactory Car Wash Services," and "Top-Rated Workshops." These recognized stores receive benefits such as exclusive labels and priority recommendations. In 2024, a total of 2,839 stores were recognized.

4.1.3 Franchisee Development

Benefiting from the efficient management system and comprehensive support and empowerment, Tuhu continues to expand its franchisee base. Currently, our franchisee-operated stores are spread across major cities and counties nationwide, forming an extensive and dense service network. These stores have demonstrated stable performance and maintained considerable profits. Either in the core business district of a busy city or in a residential community in a remote area, Tuhu's franchised stores have earned consumer trust and acclaim by delivering professional, convenient, and cost-effective services. This has enabled them to stand out in a competitive market, achieving both business success and sustainable development.

As of the end of the reporting period, among the over 3,000 Tuhu franchisees, nearly 50% operate two or more Tuhu workshops, and this proportion has continued to rise over the past four years, reflecting the high level of trust franchisees place in Tuhu.

During the reporting period, Tuhu achieved over 5% growth in same-store users, making it one of the few companies in the industry to achieve positive same-store user growth in 2024. This success has further strengthened franchisee confidence. Meanwhile, by December 2024, over 90% of franchised Tuhu workshops operating for more than six months remained profitable.

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4.2 Technician Empowerment

In addition to directly employing technicians in our 158 self-operated stores, we also connect with tens of thousands of technicians through our extensive franchisee network. As of the end of the reporting period, the Tuhu ecosystem encompassed over 40,000 technicians. Through offering a high volume of platform orders, implementing a fair and competitive compensation structure, and providing comprehensive skills training, Tuhu is committed to fostering high-quality employment opportunities for technicians and building a vibrant talent ecosystem for automotive maintenance and repair services.

4.2.1 Employment Support

In terms of facilitating technician employment, Tuhu continues to deepen school-enterprise cooperation. To date, Tuhu has partnered with hundreds of institutions nationwide, establishing nearly 10 industry-education integration bases. Tuhu's school-enterprise cooperation projects have trained over 8,000 students. Furthermore, leveraging our nationwide store network, we are able to offer students cross-regional employment opportunities.

General Order-Based Classes

In 2024, we further deepened school-enterprise cooperation by establishing order-based classes in collaboration with educational institutions. Through partnerships with Fujian Huaxia Senior Technical School and Guangxi Vocational College of Transportation, we launched order-based classes that annually supply nearly a hundred professional technical talents to Tuhu workshops in South China.

NEV Order-Based Classes

In 2024, against the backdrop of increasing demand for NEV maintenance and repair, we collaborated with Guizhou Electronic Technology Vocational College to establish order-based classes focused on the new energy sector, aiming to cultivate technical talents in the field of new energy.

On-Campus Teaching

In 2024, we partnered with Liuzhou Second Vocational Technical School to promote a dual-teacher teaching model. In addition to regular school instructors, Tuhu instructors were introduced to teach internal Tuhu courses, with the goal of enhancing students' practical skills.

Innovation Cases on Tuhu's School-Enterprise Cooperation Initiative

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Tuhu Participated in the Founding of Industry-Education Integration Community of the NEV Aftermarket Sector

In March 2024, the founding ceremony of the "Industry-Education Integration Community of the National Intelligent NEV Aftermarket Sector" was held at the China EV100 Forum, with Tuhu attending as the chairman unit of the community.

The Community aims to meet the talent development needs in the detection, maintenance, and repair of intelligent new energy vehicles, promoting the formation of a professional system closely aligned with the industry chain and innovation chain, ensuring that disciplines follow industry trends and specialties meet demand, creating a new pattern for vocational education development.

Founding Ceremony of Industry-Education Integration Community of the New Energy Vehicle Aftermarket Sector

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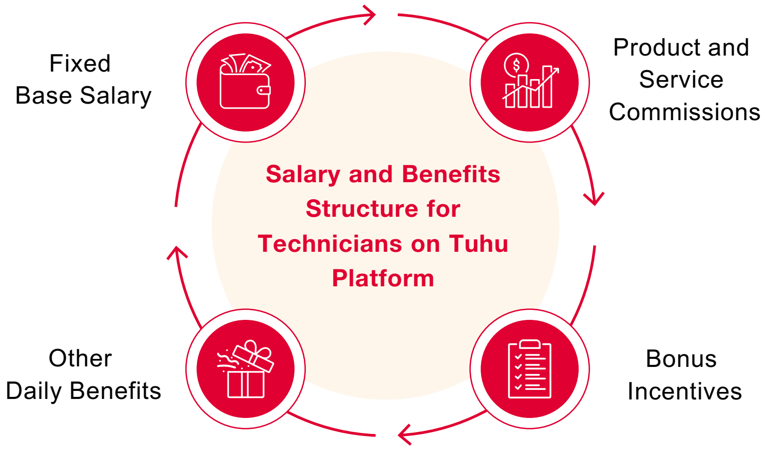
4.2.2 Compensation Guarantee

Tuhu has designed a technician salary structure that includes a base salary and a variable pay linked to store performance, which motivates technicians' enthusiasm and creativity. To further enhance technicians' work engagement and increase their earning potential, we have also implemented a diversified incentive system. Technicians can earn extra rewards including brand- or category-specific bonus incentives by participating in various tasks. Furthermore, the Company provides various benefits to technicians, including summer gift packages and holiday gifts.



Tuhu also ensures the fairness of technician salary calculation through oversight of the technician performance system. In addition, Tuhu guarantees transparency in technician salaries by clearly defining the components and calculation methods of technician salaries in the Tuhu Merchant APP, allowing technicians to easily view the earnings and commissions for each order.

In 2024, the China Automotive Maintenance and Repair Trade Association began drafting the *Blue Book on Talent Compensation in the Automotive Maintenance and Repair Service Sector*, which aims to reveal the pain points and challenges in salary management within the automotive service industry, provide optimization strategies, predict the demand trend for high-quality talent, and promote industry standardization, thereby enhancing industry transparency and overall competitiveness. As China's largest independent automotive service platform, Tuhu contributed valuable practical insights and data to support this research.

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4.2.3 Technical Empowerment

To help technicians continuously improve their professional skills and service levels, thereby increasing their earnings and enhancing user satisfaction with the platform, Tuhu provides technicians with abundant technical learning and training opportunities.

Standardized Service Capability Enhancement

- Based on technical service standards, we have developed vehicle-specific maintenance and repair guidelines and integrated them into a systematic process. To date, we have compiled over 50,000 standardized service procedures, covering 48 service categories and approximately 99% of the vehicle models serviced in stores.
- Technicians can refer to repair guidelines in real-time based on orders or personal learning preferences and ask questions online, improving learning efficiency.

Online Trainings via Tuhu Automotive Academy

- Through the Tuhu Automotive Academy Platform, we provide a wide range of courses covering product knowledge, operation standards, and more.
- Technicians can learn flexibly by watching online video courses, participating in live-streamed classes, and reviewing product pocket guides.

Technical Expert Support

- We have established a team of technical experts at both the headquarters and regional levels, along with systematic online access, to provide professional assistance to technicians.
- Online, technicians can connect with technical experts in real-time through the "Technical Support" system to resolve technical challenges, with a problem-solving rate of 97%.
- Offline, through on-site coaching and guidance from technical experts, technicians can quickly identify technical issues and master operation skills. In 2024, technical experts conducted over 1,500 on-site coaching sessions.

Specialized Training for Competency Certification

- We have established clear certification standards for junior, intermediate, senior, and master-level technicians and independently developed over 60 certification courses for different levels. After completing the training, technicians are evaluated through a combination of online exams, practical assessments, and order inspections, before getting certified.
- In 2024, competency certification training covered approximately 90,000 technician sessions.

NEV Technology Training

- We are actively building technical capabilities in the field of NEV maintenance and repair, particularly in the three-electric systems (battery, motor, and electronic control). We have developed a talent model for NEV power battery repair capabilities and created an online knowledge base for NEV assembly technical documentation.
- By the end of 2024, 868 technicians within the Tuhu system had obtained low-voltage electrician certification.

Technical Empowerment for Technicians on Tuhu Platform

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Training Case on Competency Certification: Senior Technician Certification

In 2024, based on the complexity, frequency, and customer complaints related to service programs, Tuhu identified 11 programs for advanced certification, including wheel alignment, transmission oil change, timing belt/chain replacement, thermostat replacement, air conditioning compressor replacement, wheel bearing replacement, control arm ball joint replacement, differential oil change, window regulator replacement, radiator replacement, and alternator replacement. Tuhu developed 11 video courses for these services, providing training for technicians who have obtained intermediate certification. Technicians who successfully complete the training and pass the follow-up assessment receive a senior technician badge and are qualified to take orders for the corresponding services.

By the end of 2024, approximately 70% of technicians within the Tuhu ecosystem had obtained senior technician certification. Meanwhile, in 2024, the customer complaint rate for programs under advanced certification decreased by 15%, demonstrating that technicians' professional and service skills have been significantly improved through this training.

Benefiting from the platform's continuously growing order volume, a reasonable compensation scheme, attractive incentive mechanisms, and ongoing training and learning opportunities, the turnover rate of senior technicians within the Tuhu ecosystem remained stable in 2024, while the turnover rates of junior and intermediate technicians reduced by over 5 and 12 percentage points year-on-year, respectively.

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4.3 Supplier Collaboration

Tuhu maintains long-term, stable partnerships with many high-quality suppliers, which serve as a solid foundation for enhancing our competitiveness. Through stringent supplier management and proactive support, Tuhu aims to ensure supply chain resilience and achieve sustainability.

4.3.1 Supplier Management

Tuhu strictly complies with relevant laws and regulations such as the *Tendering and Bidding Law of the People's Republic of China* and has formulated internal policies such as the *Price Comparison (Tendering) Process and Management System for Annual Procurement of Suppliers* and the *Tuhu Supplier Management Procedure* to standardize supplier onboarding processes and strengthen supplier management, ensuring that suppliers provide stable and high-quality products and services.

During the admittance phase, Tuhu goes beyond business-related indicators by incorporating ESG-related elements into the supplier screening and evaluation process, covering environmental protection, information security, quality qualifications, and other performance dimensions, deeply implementing responsible procurement practices to share a sustainability vision with suppliers.

Information Collection

- Supplier information is collected through various methods, including but not limited to invitation, internal recommendations, external recommendations, and supplier self-recommendations.

Initial Assessment

- Based on supplier access standards, evaluations are conducted on supplier qualifications, reputation, past performance, pricing, quality, and the timeliness and accuracy of delivery. For certain business cooperation scenarios, additional dimensions such as environmental conditions and information security are also considered.

Final Review

- After the initial evaluation, on-site audits and other measures are conducted to form a comprehensive evaluation report, enabling full risk control. Upon confirmation of qualification, the supplier is included in the approved supplier database.

Supplier Screening Procedure at Tuhu

Environmental, Social and Governance Report

On-Site Audit to Ensure Quality During Supplier Admittance Phase

For new suppliers in core business lines such as tires, engine oil, and storage batteries, Tuhu conducts on-site audits to assess the quality of their manufacturing processes.

The on-site audit team is composed of Tuhu's procurement and sales personnel, along with the Quality Management Center. The evaluation covers several dimensions, including supplier management, process input management, process control, process support, process facilities, process implementation efficiency, process outcomes/outputs, and internal quality and customer satisfaction management. Each dimension is further broken down into specific items, with a scoring system ranging from 0 to 10, based on inquiries, inspections, and random sampling. The result is compiled into an audit report, which includes a final rating for the supplier.

During the onboarding phase, Tuhu ensures that suppliers comply with business ethics by signing *Anti-Bribery and Anti-Corruption Agreements* with all suppliers. Additionally, for suppliers involved in special scenarios such as warehousing, Tuhu adds requirements related to safety production and environmental conditions, further extending ESG requirements to supply chain partners.

Environmental and Safety Requirements During Supplier Onboarding Phase

As of the end of 2024, Tuhu cooperated with 331 warehousing suppliers, involving the operation of regional and front warehouses. For all warehousing suppliers, Tuhu added clauses related to safe operations, safety management, and environmental conditions in contracts to ensure that suppliers actively protect personnel safety and environmental hygiene during production and operations.

During daily management, Tuhu has established an annual supplier review mechanism, and some business lines have implemented monthly assessment mechanisms to comprehensively evaluate supplier performance from the perspectives of delivery performance and product quality. Based on supplier assessment results, Tuhu implements tiered management of suppliers, encouraging high-quality suppliers, supporting mid-tier suppliers, and eliminating low-performing suppliers to ensure overall supplier quality improvement.

During the reporting period, Tuhu collaborated with over 5,000 suppliers[1], including a diverse range of leading international and domestic automotive parts brands.

1 Only count suppliers from whom Tuhu's procurement value exceeded RMB10,000 in 2024.

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4.3.2 Supplier Empowerment

Tuhu places great emphasis on communication and collaboration with suppliers. We have established diversified communication mechanisms, including online communication groups, live training, and periodic on-site visits, to ensure that platform requirements are accurately conveyed while listening to supplier feedback and continuously optimizing the cooperation experience. For instance, Tuhu's storage battery business line regularly holds live training sessions for hundreds of service providers on topics such as activity rules and service capabilities, helping them better adapt to platform operational requirements and improve service levels.

Additionally, Tuhu helps suppliers improve product and service capabilities and enhance core competitiveness through quality improvement meetings and one-on-one support, thereby jointly promoting high-quality and sustainable development.

Case on Supplier Support: Quick Repair Category

In 2024, Tuhu's quick repair segment further enriched its supply channels by introducing a regional distributor shipping model on top of brand cooperation.

To ensure the success of this new model, Tuhu organized weekly online meetings for regional distributors in different sub-categories of quick repair service, which served as a platform for feedback so that we can promptly resolve issues encountered by suppliers.

Through this support mechanism, Tuhu not only helps regional distributor continuously improve service quality and sales on the platform but also provides consumers with faster response and better product guarantees, creating a win-win outcome.

Regional Distributor Meeting on Tuhu Quick Repair Service's New Model

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Case on Supplier Support: Storage Battery Category

During the reporting period, Tuhu's storage battery department continued to provide support to both new and existing service providers.

For new service providers, Tuhu offers business guidance on dimensions including supply chain, fulfillment, and after-sales, helping them quickly familiarize themselves with platform processes and improve operational capabilities.

For existing service providers, Tuhu provides weekly and monthly business guidance based on fulfillment quality assessment mechanisms, analyzing assessment results and developing improvement plans. Through continuous business communication and improvement measures, we aim to help service providers meet and maintain our expected standards.

For example, in early 2024, Tuhu identified fulfillment issues with a service provider in Anhui. After communication and investigation, Tuhu pinpointed the core issue as a mismatch between the service provider's network and target coverage area. Tuhu then adjusted the regional coverage strategy for this service provider, ultimately helping them improve fulfillment capabilities while reducing operational costs.

5. ADVANCING GREEN OPERATIONS TO PROMOTE SUSTAINABLE DEVELOPMENT

Tuhu consistently prioritizes environmental protection as a core corporate agenda, actively responding to China's "Carbon Peak and Carbon Neutrality" strategic goals. We integrate green and low-carbon principles into every aspect of our operations, optimizing resource utilization, ensuring compliant pollutant discharge, and promoting eco-friendly products and services. Through these multifaceted initiatives, we demonstrate our corporate responsibility in advancing ecological sustainability, driving the industry's transition toward a greener, low-carbon future, and contributing to global sustainable development goals.

5.1 Addressing Climate Change

Climate change is becoming an increasingly critical global challenge. Tuhu proactively identifies and addresses potential risks associated with climate change and implements relevant response measures. Following the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we have systematically assessed climate-related risks and opportunities and developed corresponding mitigation and adaptation strategies.

5.1.1 Governance

Tuhu has established a comprehensive governance framework for overseeing and managing climate-related issues. At the governance level, the Board of Directors, as the highest decision-making body, provides strategic guidance to the ESG Committee in systematically identifying, assessing, and managing climate-related risks. It supervises the effectiveness of climate risk management and internal control systems, formulates climate action strategies and management policies, and oversees the continuous development of mechanisms for identifying climate-related risks and opportunities. At the management level, our senior executives coordinate cross-departmental collaboration, review and implement climate strategies, and regularly report progress and performance on climate initiatives to the Board.

5.1.2 Strategy

Tuhu collaborates across strategic planning, finance, and business units to align with policy trends, industry developments, and operational characteristics in identifying climate-related risks and opportunities. By referencing multiple climate change scenarios, we have established a systematic framework for climate risk and opportunity assessment. During the reporting period, we conducted a renewed, systematic evaluation of climate-related risks and opportunities across three time horizons – short-term (0-5 years), mid-term (5-10 years), and long-term (10+ years). This assessment categorizes risks into physical and transition risks while also identifying potential opportunities. Based on this evaluation, we analyze their impact on our business and financial performance, enabling us to develop targeted response strategies and enhance climate resilience.

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Climate-Related Physical Risks			
Risk Type	**Impact**	**Timeframe**	**Mitigation Measures**
Acute			
Increased severity and frequency of extreme weather events (e.g., typhoons, floods, etc.).	High-risk areas may experience store operation interruptions, personnel safety threats, and property damage.	Short-term	We have established a data-driven monitoring and early warning system for major disasters, providing timely disaster alerts to stores. We have also developed disaster response guidelines and the *Typhoon Weather Store Operations Guide* to offer scientific guidance for store personnel in dealing with extreme weather conditions, ensuring the staff safety and the availability of essential supplies. These measures also prepare stores to meet post-disaster customer service demands. Additionally, by building a nationwide store network, Tuhu is able to minimize the impact of regional extreme weather on overall company revenue.
	High-risk areas may experience logistics service interruptions or fulfillment delays.	Short-term	We have implemented a tiered early warning mechanism for heavy rain and typhoons. We have also formulated the *Warehouse Typhoon and Flood Prevention Emergency Plan* and established an emergency response team to ensure comprehensive warehouse preparedness. This includes preemptive measures such as securing doors and windows, using sandbags for flood prevention, and conducting safety training for staff. During disasters, orders are promptly rerouted to alternative warehouses to ensure customer fulfillment. Post-disaster, rapid repairs to buildings and electrical systems are initiated to restore operations swiftly. Furthermore, by establishing a nationwide warehouse and self-controlled delivery network, Tuhu is able to minimize the impact of regional extreme weather on the overall supply chain.
Chronic			
Changes in precipitation patterns and extreme variability in weather patterns; Rising mean temperatures; Rising sea levels.	Rise in average temperature may affect demand for certain automotive services such as storage batteries.	Long-term	We continuously diversify our product and service portfolios to reduce dependency on any single category.

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Climate-Related Transition Risks			
Risk Type	**Impact**	**Timeframe**	**Mitigation Measures**
Policy and Legal			
Mandates on and regulation of existing products and services	Potential regulatory requirements such as restrictions delivery by ICE vehicles may affect fulfillment services.	Short-term	We continuously accelerate green logistics transformation through phased transition to NEVs on our self-controlled delivery routes.
Market			
Changing customer behavior	Direct Impact: Rising customer demand for green and low-carbon automotive products. Inability to adapt products and services quickly could result in customer loss.	Long-term	We actively cooperate with brand partners to promote environmentally friendly products, such as tires manufactured from sustainable materials.
	Indirect Impact: Growing customer demand for low-carbon vehicles. Failure to timely launch products and services for NEVs may lead to customer loss.	Short-term	We are dedicated to providing comprehensive automotive service for NEVs, enriching offerings in general categories across tires, chassis system, automotive films, and accessories, while enhancing maintenance and repair capabilities for the three-electric systems – battery, electric motors, and electronic control units.
Reputation			
Shifts in consumer preferences	Inability to effectively reduce environmental impact may lead to decreased customer confidence, reputational damage, and reduced market competitiveness.	Long-term	We are implementing comprehensive emission reduction initiatives covering green offices and low-carbon logistics, with established decarbonization targets and progress monitoring mechanism.

Climate-Related Risk Identification and Mitigation Measures at Tuhu

Environmental, Social and Governance Report

Energy Source

- Green Electricity Utilization: Research has been conducted on photovoltaic construction, with plans to accelerate the adoption of green electricity as a replacement for grid electricity in self-built warehouses.

Resource Efficiency

- Recycling and Reuse: Continuously implementing packaging material recycling initiatives; encouraging stores and service providers to recycle end-of-life tires and spent storage batteries.
- Reduction of Resource Consumption: Promoting green office practices to reduce energy, water, and paper consumption in workplace; planning to further minimize packaging material usage through adopting intelligent packaging optimization systems.
- Adoption of Efficient Transportation Methods: Optimizing logistics network planning and gradually switching to NEVs on self-controlled delivery routes to improve logistics efficiency.

Markets

- New Market Expansion: With the rapid growth in NEV sales and car parc, we are proactively expanding maintenance and repair services capabilities tailored to NEVs, strategically establishing first-mover advantage in the NEV automotive service sector.

Climate-Related Opportunity Identification and Adaptation Measures at Tuhu

5.1.3 Risk Management

Tuhu has integrated climate change adaption into the Company's risk management system and established a clear climate-related risk management process. Through the development of a systematic climate-related risk and opportunity identification matrix and the implementation of rigorous assessments, we effectively identify and evaluate the potential impacts of climate-related risks with scientific precision. Based on the climate-related risk identification results, we deploy tailored mitigation strategies to minimize the impact of climate-related risks on our operations while proactively capitalizing on emerging climate-related opportunities, thereby enhancing the Company's resilience to climate change. Furthermore, we conduct periodic evaluations of risk relevance and the efficacy of implemented strategies, enabling timely adjustments to our climate action plans.

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Identification of Climate-Related Risks and Opportunities	• Through policy analysis, industry development and current situation reviews, potential climate-related risks and opportunities that may impact our operations are identified.
Assessment and Prioritization of Climate-Related Risks and Opportunities	• By conducting qualitative and quantitative analyses of risk probability, anticipated impacts, adaptive capacity, and required resource investments, the identified climate-related risks and opportunities are prioritized.
Response and Tracking of Climate-Related Risks and Opportunities	• Regularly tracking trends in climate-related risks and opportunities, developing response measures for each climate-related risk to manage them effectively. • Regularly monitoring policy developments and industry trends and actively taking action to capitalize on climate-related opportunities.

Climate-Related Risk and Opportunity Management Process at Tuhu

5.1.4 Metrics and Targets

Tuhu is actively committed to advancing sustainable development principles. Through a systematic investigation of the Company's greenhouse gas emission sources and status, we have established environmental management goals and key performance indicator tracking mechanisms. Through scientific quantitative management and continuous optimization, we strive for green transformation, aiming to lead the whole automotive service industry towards green and sustainable development, and contribute to the construction of an environmentally friendly society.

Greenhouse Gas Emission Reduction Target

- We will strengthen greenhouse gas emission management, actively carry out various greenhouse gas emission reduction initiatives, and strive to reduce carbon emission intensity year by year.

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5.2 Resource Management

Tuhu actively promotes green operational principles, consistently enhancing energy management practices to fulfill our steadfast commitment to environmental protection and social responsibility. We are dedicated to minimize the environmental impact of our business operations while extending sustainable development principles throughout our value chain. By fostering collaboration with our supply chain and partners, we drive the adoption of eco-conscious practices, collectively reducing operational environmental footprints.

5.2.1 Energy Management

Tuhu continuously pursues efficient energy management while implementing energy conservation and emission reduction initiatives. In strict compliance with relevant laws and regulations, including the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*, the Company continuously enhances our environmental and energy management systems in workplaces, self-operated stores, and warehouses.

In workplaces, we have implemented strict energy consumption management across all office areas, conducting multiple energy-saving and emission-reduction measures such as regulating air conditioning usage and regular inspections to avoid unnecessary energy waste. Additionally, we post reminders such as "Turn off lights and air conditioning when leaving" in prominent locations, embedding energy-saving and environmental awareness into employees' minds.

In workshops, we have embedded requirement on energy efficiency into our *Workshop Management Rules*, explicitly prohibiting the use of high-power appliances and mandating the complete shutdown of all electrical systems before closing. To ensure compliance, we conduct quarterly on-site or monthly remote inspections, guaranteeing responsible and efficient energy use. Additionally, we have established the *Tuhu Workshop Water and Electricity Fee Control Rules*, which provide clear guidelines to standardize and optimize water and electricity consumption across all locations.

In self-built warehouses, we have implemented a series of energy-saving measures, setting high requirements for wall insulation and natural lighting to effectively reduce energy use.

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Electricity Efficiency Target[1]

- We will continue to improve energy efficiency and optimize our energy mix by increasing the proportion of renewable energy used.

1 During the periodic review of our targets, we flexibly adjusted our energy consumption goals in light of actual business conditions such as same-store business expansion, as well as evolving industry trends. Going forward, we will continue to strengthen the management and monitoring of energy targets and explore more scientific and effective approaches to target setting.

Key Performance Indicators for Energy Consumption and Greenhouse Gas Emissions

Indicator	Unit	2023	2024
Total Energy Consumption	MWh	9,540	12,034
– Total Direct Energy Consumption	MWh	41	17
– Total Indirect Energy Consumption	MWh	9,499	12,017
Energy Consumption Intensity	MWh/million RMB Revenue	0.70	0.82

Indicator	Unit	2023	2024
Total GHG Emissions (Scope I & Scope II)	Tonne CO_2eq.	5,428	7,042
– Direct GHG Emissions (Scope I)	Tonne CO_2eq.	10	4
– Indirect Greenhouse Gas Emissions (Scope II)	Tonne CO_2eq.	5,417	7,037
Greenhouse Gas Emission Intensity	Tonne CO_2eq./million RMB Revenue	0.40	0.48

5.2.2 Water Resource Management

Tuhu strictly complies with the *Water Law of the People's Republic of China*, regulating water usage and consumption, continuously monitoring and controlling water usage in workplace and during business operations.

In workplaces, we enforce strict water usage management through comprehensive awareness building campaigns and regular inspections by cleaning staff.

During our business operations, in addition to the daily water consumption at workshops, we also use water for car washing services provided to our customers. In 2024, with the rapid growth of our car washing business, we strengthened our water usage requirements across all stores offering these services. Specifically, we mandated the installation of three-stage sedimentation tank sewage treatment systems at these locations to comply with local environmental regulations and obtain the necessary sewage discharge permits. Furthermore, we have implemented a store supervision and inspection program to ensure the proper functioning of water-saving devices and sewage treatment facilities.

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Water Efficiency Target[2]

- We will further enhance water usage requirements across both office and workshops, optimize water-saving and wastewater treatment facilities, and continuously improve water efficiency.

2 During the periodic review of our targets, we flexibly adjusted our water consumption goals in light of actual business conditions such as the rapid growth of our car washing services, as well as evolving industry trends. In the future, we will continue to strengthen the management and monitoring of water-related targets and explore more scientific and effective approaches to target setting.

Key Performance Indicators for Water Usage

Indicator	Unit	2023	2024
Total Water Consumption	Thousand Tonnes	116	144
Water Consumption Intensity	Thousand Tonnes/ million RMB Revenue	0.01	0.01

5.2.3 Packaging and Consumables Management

Packaging materials usage at Tuhu mainly occurs during the logistics process. We have developed and rigorously enforced internal protocols, including the *Tuhu Warehouse Transfer and Shipping Process* and the *Tuhu Warehouse Product Packaging Standards*. Multiple measures are implemented to minimize packaging material usage and promote recycling. During the reporting period, we continued to advance the reuse of cardboard boxes. By recycling and reusing secondary packaging in distribution scenarios such as store stocking and internal transfers, we significantly reduced packaging material usage. In total, we saved 550,000 cardboard boxes in 2024. In 2025, we plan to advance our packaging optimization project, where, based on system calculations of order product volumes, we will recommend the most appropriate packaging box type to further rationalize packaging material usage.

Additionally, we extend our packaging reduction principle upstream by engaging in deeper collaboration with suppliers to drive the simplification of products' original packaging design.

While optimizing the use of packaging materials, we have embedded resource conservation principles into every aspect of our operational and office activities, aiming to reduce consumption of various supplies comprehensively. In our workplaces, we actively promote paperless office practices and encourage double-sided printing when paper use is necessary. In our warehouses, we initiated a pilot project for electronic handover forms at the end of 2024, improving warehouse handover efficiency while significantly reducing paper and printing ink consumption by fully replacing traditional paper handover forms.

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Key Performance Indicators for Packaging and Consumables Consumption

Indicator	Unit	2023	2024
Total Paper Consumption	Tonne	1	1
Paper Consumption Intensity	Kg/million RMB Revenue	0.1	0.1
Total Packaging Material Used for Finished Product	Tonne	1,614	1,763

5.3 Waste Management

Tuhu recognizes the critical importance of waste management in business operations and the challenges it entails. To manage the various waste generated in our daily office and operational activities, we are committed to fulfilling our environmental responsibilities by implementing a series of compliant waste disposal. We strictly adhere to all relevant national laws and regulations and collaborate with professional waste management organizations to ensure that all waste is treated safely, harmlessly and in a resource-efficient manner.

Waste Reduction Target

- We will enhance waste management practices, ensure the compliant disposal of waste, and implement various measures to reduce waste generation, aiming to decrease the intensity of waste disposal.

5.3.1 Hazardous Waste Compliance Disposal

In providing various automotive maintenance and repair services to end-users, Tuhu generates certain waste materials, such as used engine oil from oil change services. In strict compliance with the *Regulations on the Prevention and Control of Environmental Pollution by Waste Hazardous Chemicals* and other relevant laws and regulations, we have established a comprehensive hazardous waste management system, supported by the *Tuhu Hazardous Waste Management Protocol*.

We have established the requirement to 'comply with hazardous waste management regulations' in the 'Environmental Safety' module of the *Tuhu Workshop Management Rules*. This includes setting up qualified hazardous waste storage areas, signing *Hazardous Waste Disposal Service Contracts* with certified hazardous waste transportation and disposal companies, and maintaining a hazardous waste ledger. We also conduct monthly and quarterly inspections through supervision and quality control team to ensure compliance with these requirements. Through this mechanism, we achieve full-process, information-based monitoring of hazardous waste generation, collection, and transfer at our stores, ensuring strict compliance during the storage, utilization, and disposal of hazardous waste and fulfilling our environmental responsibilities.

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Requirements for hazardous waste rooms

- The stores need to establish independent or partitioned hazardous waste storage rooms with the functions of resisting wind, rain, sunshine, seepage and corrosion.
- The floor of the hazardous waste room must be hardened and corrosion-resistant, without cracks.
- In the hazardous waste room, signs for identifying the storage locations of hazardous waste should be posted.
- A copy of the *Tuhu Hazardous Waste Management Protocol* needs to be posted in each hazardous waste room.

Requirements for hazardous waste storage

- Waste oil barrels should be placed in containers with leakproof functions to prevent oil leakage.
- For waste oil barrels, signs for identifying hazardous waste storage containers need to be posted.
- The large barrels for collecting waste oil should be covered with lids after collection each time.

Requirements for hazardous waste disposal

- The store management plan and transfer plan need to be archived.
- The store needs to entrust a qualified organization to transport and dispose of hazardous waste according to the contract signed with it.
- It is necessary to create a hazardous waste storage ledger and record the details of the storage and disposal of hazardous waste truthfully and normatively.

Hygienic requirements for hazardous waste rooms

- Oil barrels of hazardous waste room should not be leaked, and a large amount of waste oil should not exist inside the oil barrel tray.
- Hazardous waste materials in the hazardous waste room should be stacked by category, and marked separately. The transport channel in each stacking room should be kept unobstructed and clean. Hazardous waste should not be mixed with non-hazardous waste for storage.

Requirements in the *Tuhu Hazardous Waste Management Protocol*

In addition to waste disposal, we actively promote hazardous waste recycling, including facilitating service providers to recycle used storage batteries.

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5.3.2 General Waste Compliance Disposal

Tuhu strictly complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and the *Shanghai Municipal Domestic Waste Management Regulations*, strictly managing general waste disposal and establishing corresponding inspection mechanism to ensure compliance.

For general waste, we adhere to the principle of "recycling first." For instance, waste generated during logistics operations – such as pallets, stretch film, and cardboard boxes – is systematically collected at all warehouses and handed over to certified recycling agencies on monthly basis, ensuring standardized and efficient waste disposal. Additionally, for waste tires, we encourage workshops to establish regular recycle arrangements with third-party recyclers, further promoting the recycling of used materials.

Key Performance Indicators for Waste Disposal

Indicator	Unit	2023	2024
Total Non-Hazardous Waste Produced	Tonne	284	305
Non-Hazardous Waste Disposal Intensity	Tonne/million RMB Revenue	0.02	0.02
Total Hazardous Waste Produced	Tonne	864	750
Hazardous Waste Disposal Intensity	Tonne/million RMB Revenue	0.06	0.05
Total Waste Disposal Intensity	Tonne/million RMB Revenue	0.08	0.07

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5.4 Supporting the Transition to a Low-Carbon Industry

Beyond addressing the environmental impact of our own operations, Tuhu actively identifies carbon reduction opportunities across our entire value chain, actively embodying low-carbon service principles through tangible actions. We have broadened our focus to include Scope 3 and Scope 3+ carbon emissions, taking a leadership role in promoting carbon reduction within the automotive service industry. Through innovative initiatives, we aim to drive the industry's transition toward sustainable and green development.

Building a Leading NEV Automotive Service Network to Support NEV Popularization

In 2024, NEVs accounted for nearly 50% of new car sales in China, yet the after-sales service ecosystem for NEVs remains underdeveloped.

Through our nationwide Tuhu workshop network, we offer NEV owners a comprehensive suite of automotive products and services, including car detailing and beauty, tires, hybrid-specific engine oil and car accessories, ensuring worry-free after-sales experience for NEV owners, thereby supporting the promotion and widespread adoption of new energy vehicles.

In 2024, the number of transacting NEV users on the Tuhu platform reached 2.7 million, accounting for over 11% of our total transacting users.

Optimizing Logistics Network and Utilizing NEVs for Delivery Services

Logistics transportation is a major contributor to global carbon emissions. Tuhu is actively taking steps to reduce our carbon footprint in this area. On one hand, we are continuously refining our delivery route planning to enhance efficiency, so as to minimize resource consumption and lower carbon emissions throughout the delivery process.

On the other hand, we have prioritized logistics suppliers that utilize NEVs for our self-controlled delivery routes. As of the end of 2024, we have deployed NEVs in over 90 self-controlled delivery routes, which accounted for over 30% of our total self-controlled delivery routes and represented several-fold increase compared to the end of 2023. In the future, we will further prioritize logistics suppliers using NEVs, promoting industry green development.

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Promoting Fuel-Efficient Products and Driving Their Sales

As China's largest independent automotive service platform, we are committed to promoting the sales of products that improve fuel efficiency, including more fuel-efficient engine oil and start-stop storage batteries that reduce unnecessary fuel consumption.

Take the start-stop storage batteries as an example, it supports the automatic start-stop system, which automatically shuts down the engine when idling or during short stops, and quickly restarts the engine when needed, thereby reducing fuel consumption. We have significantly expanded the supply of start-stop batteries and highlighted their environmental benefits, driving rapid growth in sales of start-stop batteries on our platform. In 2024, the sales of start-stop batteries accounted for over 50% of Tuhu's total storage battery sales.

Deeply Cooperating with Sustainability-Focused Global Leaders and Promoting Products Made from Sustainable Materials

We are also committed to green supply chain management, working closely with global leaders who prioritize sustainability. As of the end of the reporting period, our partner automotive parts brands, including Continental, Michelin, Goodyear, Bosch, ZF, and Valeo, have all committed to carbon neutrality. By offering products from these low-carbon commitment brands, we are driving the industry toward a greener and more sustainable future.

For example, Tuhu has listed a Goodyear tire made from over 70% sustainable materials. By promoting the exposure and sales of such low-carbon products, we are raising consumer awareness of environmental responsibility and contributing to sustainable development.

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6. RESPONDING TO SOCIAL EXPECTATIONS AND ENHANCING COMMUNITY WELL-BEING

Tuhu has always taken the promotion of industry development as its mission, committed to deepening strategic cooperation, actively participating in industry exchange activities, and jointly building an open, healthy, and cooperative innovation ecosystem. Simultaneously, we are dedicated to community welfare initiatives, supporting community development through practical actions and demonstrating the responsibility of a conscientious enterprise.

6.1 Industry Cooperation

Tuhu fully recognizes the importance of industry collaboration, proactively advancing the formulation of industry standards and engagement in sector-wide initiatives. Together with industry partners, we strive to provide customers with more convenient and efficient automotive service solutions.

6.1.1 Industry Standard Development

Since establishment in 2011, Tuhu has cultivated extensive expertise in digital transformation and service standardization within the automotive service sector. As China's largest independent automotive service platform, we actively share our innovative practices and experiences to contribute to the regulated and efficient growth of the industry.

Tuhu Participated in Formulating National Standards for NEV Maintenance and Repair, Contributing to Accelerating the Standardization of NEV Maintenance and Repair

With the rapid growth of NEV ownership and the increasing demand for after-sales service, the automotive maintenance and repair industry has become a crucial safeguard for the healthy development of the NEV sector.

In 2024, Tuhu, as the sole automotive service enterprise, participated in formulating two national standards for NEV maintenance: *Technical Requirements for Maintenance and Repair of New Energy Vehicle* and *Technical Requirements for Completion and Acceptance of Traction Battery Maintenance*, led by the Highway Research Institute of the Ministry of Transport. During the standard development process, Tuhu's NEV specialists participated extensively in technical symposiums, sharing the Company's innovative practices and experiences in standardization development and NEV services. These two national standards were officially implemented on January 1, 2025 and March 1, 2025, respectively.

Leveraging our strengths in digital transformation and service standardization, Tuhu continues to contribute to the development of NEV after-sales service networks, ensuring the safe and efficient operations of NEVs, while driving industry transformation and high-quality development.

标准号：GB/T 44510-2024

中文标准名称：**新能源汽车维修维护技术要求**
英文标准名称：Technical requirement for maintenance and repair of new energy vehicle
标准状态：**现行**

标准号：GB/T 45099-2024

中文标准名称：**动力蓄电池维修竣工出厂技术条件**
英文标准名称：Technical requirements for completion and acceptance of traction battery maintenance
标准状态：**现行**

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6.1.2 Collaborative Development with Partners

In addition to maintaining close communication with government authorities, Tuhu has deepened collaboration with upstream and downstream partners in the industry to advance standardization, regulation and digitalization, while exploring cutting-edge development directions for the sector.

Tuhu Showcased with Four Long-term Supply Chain Partners at the 7th China International Import Expo (CIIE)

From November 5th to 10th, 2024, Tuhu, as the only participating enterprise from the automotive service industry, showcased new quality productivity in the automotive service sector at the Automotive Hall of the China International Import Expo (CIIE) alongside four brands under Global Fortune 500 companies. Our exhibition attracted nearly 100,000 visitors and received recognition and encouragement from regulatory authorities and local governments.

During the expo, Tuhu collaborated with Valvoline Global Products (a subsidiary of Saudi Aramco) to globally launch the Valvoline XEV Hybrid-specific Engine Oil and the Saudi Aramco Valvoline PETROPOWER Gold Series Full Synthetic Engine Oil, while also debuting the Valvoline Star Royal ULTRA MAXLIFE Long-mileage Engine Oil. With Total Energies, Tuhu introduced the Badao Engine Oil "Core" Series and integrated it into the Company's "Unique Code for Each Auto Part" traceability platform. In partnership with DRiV's Champion, Tuhu unveiled the "Gold Medal Warranty" for brake systems, along with the global debut of the Champion Brake System Maintenance Kit and Champion Spark Plugs. Additionally, Tuhu collaborated with Sumitomo Rubber's Dunlop to highlight multiple high-quality, cost-effective tires. Through these joint innovations in products and services, Tuhu is driving the vigorous growth of the automotive service industry.

Tuhu's Exhibition at the 7th China International Import Expo

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6.2 Social Welfare Participation

Promoting economic and social development and fostering community collaboration are integral components of Tuhu's sustainable development strategy. Staying true to its mission of "Giving back to society and fulfilling responsibilities," the Company actively engages in diverse philanthropic and charitable initiatives aligned with its business strengths, covering disaster relief, educational support, community services and other broad areas.

Standing Together Through Storms, Guarding and Accompanying Along the Way: Tuhu Engaging in Disaster Relief Supports

In April 2024, frequent severe convective weather triggered torrential rains, floods, and other natural disasters across multiple regions in China. Tuhu swiftly mobilized resources to provide emergency assistance and public services in affected areas. In Guangdong, Guangxi, Sichuan, and other provinces impacted by floods, the Company implemented post-disaster support policies, including waiving operational fees for affected workshops and offering free rescue, towing and repair services. Simultaneously, Tuhu established emergency rescue hotlines in several cities to help vehicle owners access repair services and insurance claims information.

Tuhu Employees Participating in Disaster Relief Efforts

In June 2024, facing historic flooding in Guilin, Tuhu activated emergency response mechanisms across its 17 local workshops, offering public services such as charging stations, WiFi access and drinking water. We also provided free vehicle rescue services to ensure the safety of vehicles and supported post-disaster recovery and resumption of operations in the region.

Guardian of Dreams: Tuhu Supporting the National College Entrance Exam Candidates

In June 2024, Tuhu launched the "Guardian of Dreams" initiative, organizing public welfare activities across its nationwide stores to provide comprehensive support for students taking China's National College Entrance Exam.

We set up Tuhu Care Service Stations near exam venues, offering free supplies such as bottled water, stationery, medical kits, handheld fans and tote bags for students and parents. For vehicles transporting examinees, Tuhu provided complimentary emergency rescue services, disinfection and car washing services, covering over 200 exam venues. Additionally, stores voluntarily formed care-themed escort fleets to assist students in reaching their exam locations safely. Through these efforts, Tuhu ensured convenience and peace of mind for examinees and their families, safeguarding their journey during this critical period.

Tuhu Care Service Stations for Examinees

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Setting Sail for the Future, Warming the Snowy Plateau: Tuhu Launching Educational Charity Initiative in Tibet

In July 2024, Tuhu, in collaboration with Victory Auto Film and Aerospace Shanyou (a subsidiary of China Aerospace), launched the "Sailing Toward the Future, Warming the Snowy Plateau" public welfare campaign at Chabu Township Primary School in Gaize County, Ngari Prefecture, Tibet. The initiative focused on improving local educational conditions and students' quality of life, contributing to the development of education in Tibet.

Tuhu and its partners donated winter essentials such as down jackets, thick cotton quilts, and children's shoes to students, while providing thermal fleece jackets for teachers volunteering in Tibet. To address the intense ultraviolet radiation and summer heat on the plateau, Tuhu installed UV-blocking insulating window films on classroom glass, creating a more comfortable learning environment. Additionally, to enhance science education, the Company established a "Campus Science Corner" featuring model cars, aerospace models, and science books, alongside installing modern electronic blackboards. These efforts opened a window for children to explore scientific knowledge and improved teaching efficacy.

Tuhu Employees Distributing Supplies to Tibetan Students

Participants of the Project Taking Photos with Tibetan Teachers and Students

Science and Education Empowering the Nation, Intelligence Driving the Future: Tuhu Supporting Educational Advancement

In December 2024, Tuhu signed a *Donation Agreement* with the Shanghai University of Finance and Economics (SUFE) Education Development Foundation, committing to contribute RMB5.45 million to support specialized research in international trade and the development of digital disciplines and talent cultivation.

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APPENDIX: CROSS-REFERENCE OF CHAPTERS WITH THE HKEX ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
A. Environmental			
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5
	A1.1	The types of emissions and respective emissions data.	5
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5
	A1.5	Description of emission target(s) set and steps taken to achieve them.	5
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	5

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Subject Areas, Aspects, General Disclosures and KPIs			Chapter
A. Environmental			
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5

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Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B. Social			
Employment and Labor Practices			
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3
	B1.2	Employee turnover rate by gender, age group and geographical region.	3
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3
	B2.2	Lost days due to work injury.	3
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B. Social			
Employment and Labor Practices			
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	3
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3
	B3.2	The average training hours completed per employee by gender and employee category.	3
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	3
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	3
	B4.2	Description of steps taken to eliminate such practices when discovered.	3

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Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B. Social			
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4
	B5.1	Number of suppliers by geographical region.	4
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4
Operating Practices			
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2
	B6.2	Number of products and service related complaints received and how they are dealt with.	2
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2
	B6.4	Description of quality assurance process and recall procedures.	2
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2

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Subject Areas, Aspects, General Disclosures and KPIs			Chapter
B. Social			
Operating Practices			
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1
	B7.3	Description of anti-corruption training provided to directors and staff.	1
Community			
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6
	B8.2	Resources contributed (e.g., money or time) to the focus area.	6

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of TUHU Car Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 207 to 299, 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 IFRS Accounting Standards as 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") as 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.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Write-down of inventories As at 31 December 2024, the net carrying value of inventories amounted to RMB2,118,684,000, which represented 16.6% of the Group's total assets. The Group states inventories at the lower of cost and net realisable value. The Group's management reviewed the conditions of inventories of the Group and determined the write-down of obsolete and slow-moving inventory items. Write-down for obsolete inventories is based on management's estimation using the available facts and circumstances, including but not limited to, the inventories' own physical conditions, their ageing, market demand and selling prices. We focus this area as the inventories are material to the Group and the determination of the write-down of inventories involves significant estimation from management. Details are set out in note 2.4, note 3 and note 23 to the financial statements for related disclosures.	Our related key procedures included, amongst others, (i) obtaining an understanding of the accounting policy for write-down of inventories, evaluating the methods and assumptions used to determine the write-down amounts; (ii) understanding and evaluating the design and operating effectiveness of the internal controls over the impairment assessment of inventories; (iii) examining the inventory ageing and the usage of inventory on a sample basis; (iv) recalculating the write-down amounts to check the mathematical accuracy of the calculation; (v) observing physical inventory counts at major locations and checking the condition of inventories on a sample basis; and (vi) comparing the subsequent selling prices less costs of disposal of finished goods sold, on a sample basis, to their carrying amounts.

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. We obtained Section Management Discussion and Analysis prior to the date of our auditor's report, and we expect to obtain the rest Sections of the Annual Report after the date of our auditor's report.

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 on the other information obtained prior to the date of the auditor's report, 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.

Independent Auditor's Report

EY 安永

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 IFRS Accounting Standards as issued by the IASB and the disclosure requirements of 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.

EY 安永

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

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

- 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.

Independent Auditor's Report

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

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 Yin Guowei.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 *RMB'000*	2023 *RMB'000*
Revenue	5	**14,758,694**	13,601,085
Cost of revenue		**(11,012,716)**	(10,241,732)
Gross profit		**3,745,978**	3,359,353
Other income and gains, net	6	**62,007**	118,362
Operations and support expenses		**(576,569)**	(600,390)
Research and development expenses		**(639,785)**	(579,615)
Selling and marketing expenses		**(1,916,253)**	(1,714,684)
General and administrative expenses		**(354,891)**	(420,194)
Fair value changes on financial assets at fair value through profit or loss	7	**10,544**	(1,308)
Operating profit		**331,031**	161,524
Finance income	8	**183,420**	128,508
Finance costs	8	**(15,701)**	(18,823)
Fair value changes of convertible redeemable preferred shares		**–**	6,465,354
Share of profits and losses of joint ventures and associates		**(11,557)**	(11,217)
PROFIT BEFORE TAX	9	**487,193**	6,725,346
Income tax expense	12	**(5,155)**	(24,649)
PROFIT FOR THE YEAR		**482,038**	6,700,697
Attributable to:			
Owners of the parent		**483,794**	6,702,935
Non-controlling interests		**(1,756)**	(2,238)
		482,038	6,700,697
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic (RMB)		**0.6**	20.8
Diluted (RMB)		**0.6**	0.3

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**482,038**	6,700,697
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the subsidiaries of the Company	**(114,598)**	(79,280)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(11,586)**	61,725
Exchange differences on translation of the financial statements of the Company	**171,458**	(456,235)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**45,274**	(473,790)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**527,312**	6,226,907
Attributable to:		
Owners of the parent	**529,068**	6,229,145
Non-controlling interests	**(1,756)**	(2,238)
	527,312	6,226,907

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,046,417	899,188
Right-of-use assets	16(a)	398,257	466,946
Goodwill	17	20,323	20,323
Other intangible assets	18	54,337	57,804
Long-term treasury investments	26	1,871,794	1,065,260
Financial investments at fair value through profit or loss	19	199,917	191,043
Investments in joint ventures and associates	20	376,251	362,612
Equity investments designated at fair value through other comprehensive income	21	349,934	356,240
Restricted cash	27	91,500	7,799
Other non-current assets	22	23,233	66,189
Total non-current assets		4,431,963	3,493,404
CURRENT ASSETS			
Inventories	23	2,118,684	1,799,796
Trade receivables	24	226,116	218,179
Prepayments, other receivables and other assets	25	462,106	496,100
Short-term treasury investments	26	3,073,842	1,587,126
Restricted cash	27	1,109,080	1,454,795
Cash and cash equivalents	27	1,375,448	2,715,285
Total current assets		8,365,276	8,271,281

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	28	4,457,577	3,886,756
Other payables and accruals	29	1,626,708	1,719,505
Contract liabilities	30	871,239	742,667
Interest-bearing borrowings	31	7,507	1,009
Tax payable		117,052	120,096
Lease liabilities	16(b)	118,846	132,320
Total current liabilities		7,198,929	6,602,353
NET CURRENT ASSETS		1,166,347	1,668,928
TOTAL ASSETS LESS CURRENT LIABILITIES		5,598,310	5,162,332
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	31	–	7,500
Contract liabilities	30	46,798	58,777
Lease liabilities	16(b)	185,589	223,840
Deferred tax liabilities	32	7,391	7,391
Other non-current liabilities	33	499,154	406,505
Total non-current liabilities		738,932	704,013
Net assets		4,859,378	4,458,319
EQUITY			
Equity attributable to owners of the parent			
Share capital	34	118	118
Reserves	35	4,862,215	4,459,854
		4,862,333	4,459,972
Non-controlling interests		(2,955)	(1,653)
Total equity		4,859,378	4,458,319

Mr. Chen Min
Director

Mr. Hu Xiaodong
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to ordinary equity holders of the parent									
	Notes	Share capital RMB'000 (Note 34)	Share premium* RMB'000 (Note 35)	Capital reserve* RMB'000 (Note 35)	Share-based payment reserve* RMB'000 (Note 35)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000 (Note 35)	Exchange fluctuation reserve* RMB'000 (Note 35)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		21	–	128,094	570,690	(121,487)	(737,289)	(18,796,788)	(18,956,759)	195	(18,956,564)
Profit for the year	9	–	–	–	–	–	–	6,702,935	6,702,935	(2,238)	6,700,697
Other comprehensive income for the year:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax at fair value through other comprehensive income, net of tax		–	–	–	–	61,725	–	–	61,725	–	61,725
Exchange differences on translation of foreign operations		–	–	–	–	–	(535,515)	–	(535,515)	–	(535,515)
Total comprehensive income for the year		–	–	–	–	61,725	(535,515)	6,702,935	6,229,145	(2,238)	6,226,907
Share-based payments	36	2	–	–	201,629	–	–	–	201,631	–	201,631
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	7,779	7,779
Capital deduction from a subsidiary		–	–	(472)	–	–	–	–	(472)	(7,778)	(8,250)
Purchase of non-controlling interests		–	–	(4,801)	–	–	–	–	(4,801)	389	(4,412)
Issue of shares, net of underwriting commissions and other issuance costs	34	6	1,063,411	–	–	–	–	–	1,063,417	–	1,063,417
Conversion of convertible redeemable preferred shares to ordinary shares		88	15,815,057	–	–	–	–	–	15,815,145	–	15,815,145
Exercise of the over – allotment option		1	112,665	–	–	–	–	–	112,666	–	112,666
At 31 December 2023		118	16,991,133	122,821	772,319	(59,762)	(1,272,804)	(12,093,853)	4,459,972	(1,653)	4,458,319

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to ordinary equity holders of the parent										
	Notes	Share capital *RMB'000* (Note 34)	Treasury shares* *RMB'000* (Note 34)	Share premium* *RMB'000* (Note 35)	Capital reserve* *RMB'000* (Note 35)	Share-based payment reserve* *RMB'000* (Note 35)	Fair value reserve of financial assets at fair value through other comprehensive income* *RMB'000* (Note 35)	Exchange fluctuation reserve* *RMB'000* (Note 35)	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2024		118	-	16,991,133	122,821	772,319	(59,762)	(1,272,804)	(12,093,853)	4,459,972	(1,653)	4,458,319
Profit for the year	9	-	-	-	-	-	-	-	483,794	483,794	(1,756)	482,038
Other comprehensive income for the year:												
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax at fair value through other comprehensive income, net of tax		-	-	-	-	-	(11,586)	-	-	(11,586)	-	(11,586)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	56,860	-	56,860	-	56,860
Total comprehensive income for the year		-	-	-	-	-	(11,586)	56,860	483,794	529,068	(1,756)	527,312
Share-based payments	36	-	-	-	-	142,100	-	-	-	142,100	-	142,100
Repurchase of shares	34	-	(263,075)	-	-	-	-	-	-	(263,075)	-	(263,075)
Cancellation of shares	34	(2)	185,590	(185,588)	-	-	-	-	-	-	-	-
Exercise of share-based payments	34	2	-	186,221	-	(186,221)	-	-	-	2	-	2
Release of ordinary shares from treasury shares	34	-	731	232	-	(963)	-	-	-	-	-	-
Purchase of non-controlling interests		-	-	-	(5,734)	-	-	-	-	(5,734)	454	(5,280)
At 31 December 2024		118	(76,754)	16,991,998	117,087	727,235	(71,348)	(1,215,944)	(11,610,059)	4,862,333	(2,955)	4,859,378

* These reserve accounts comprise the consolidated reserves of RMB4,859,378,000 (2023: RMB4,458,319,000) 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			
Profit before tax:		**487,193**	6,725,346
Adjustments for:			
Finance income	8	**(183,420)**	(128,508)
Finance costs	8	**15,701**	18,823
Share of profits and losses of joint ventures and associates	20	**11,557**	11,217
Dividend income from financial assets at fair value through profit or loss		**–**	(1,778)
Fair value changes of convertible redeemable preferred shares		**–**	(6,465,354)
Fair value changes of financial assets at fair value through profit or loss	7	**(10,544)**	1,308
Share-based payment expenses	9	**142,100**	201,629
Loss on disposal of property, plant and equipment		**2,098**	2,606
Foreign exchange differences	6	**(1,624)**	(2,563)
Depreciation of property, plant and equipment	15	**156,185**	160,365
Depreciation of right-of-use assets	16(a)	**154,456**	196,336
Amortisation of other intangible assets	18	**5,047**	4,804
Reversal of impairment losses on trade receivables and other receivables	9	**(3,689)**	(1,332)
(Reversal of write-down)/write-down of inventories		**(28,749)**	16,011
Impairment of property, plant and equipment	15	**123**	642
Impairment of right-of-use assets	16	**1,451**	5,387
Impairment of other intangible assets	18	**–**	11,768
Termination of leases	16(a)	**(4,529)**	(107)
		743,356	756,600
Increase in inventories		**(290,139)**	(272,480)
Increase in trade receivables		**(4,795)**	(43,494)
Decrease/(increase) in prepayments, other receivables and other assets		**46,414**	(58,526)
Decrease in other non-current assets		**6,038**	6,699
Decrease/(increase) in restricted cash		**105,349**	(348,728)
Increase in trade and bills payables		**570,821**	766,271
(Decrease)/increase in other payables and accruals		**(58,908)**	127,549
Increase in contract liabilities		**116,593**	83,272
Increase in other non-current liabilities		**92,649**	8,848
Cash generated from operations		**1,327,378**	1,026,011
Income tax paid		**(8,199)**	(4,720)
Net cash flows from operating activities		**1,319,179**	1,021,291

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS USED IN INVESTING ACTIVITIES			
Dividends received from a joint venture		4	5,241
Dividends received from financial assets at fair value through profit or loss		–	1,778
Purchase of items of property, plant and equipment		(321,329)	(359,981)
Purchase of other intangible assets	18	(330)	(2,009)
Purchase of treasury investments		(7,894,616)	(2,793,883)
Proceeds from treasury investments		5,703,657	686,189
Purchase of financial investments at fair value through profit or loss		(25,639)	(22,940)
Proceeds from disposal of financial investments at fair value through profit or loss		2,880	41,415
Proceeds from disposal of items of property, plant and equipment		1,253	–
Purchase of shareholdings in associates and joint ventures		(10,350)	(100,000)
Acquisition of subsidiaries		–	31,111
Capital deduction from a subsidiary		–	(8,250)
Repayment of loans to related parties	41	–	769
Repayment of loans to equity investees and others		662	19,823
Interest received		116,291	128,971
Net cash flows used in investing activities		(2,427,517)	(2,371,766)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Principal portion of lease payments	16(b)	(134,414)	(185,018)
Interest portion of lease payments	16(b)	(15,434)	(18,644)
Increase in deposits of leases		6,792	5,352
Interest paid		(269)	(234)
Repayments of interest-bearing borrowings		(1,000)	(500)
Net proceeds from issuance of ordinary shares and over-allotment option		–	1,168,479
Purchase of non-controlling interest		(5,280)	(10,000)
Repurchase of ordinary shares		(248,028)	–
Proceed from exercise of share options		–*	–
Increase in restricted cash		–	(446,254)
Decrease in restricted cash		156,665	836,604
Net cash flows (used in)/from financing activities		(240,968)	1,349,785
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,349,306)	(690)
Cash and cash equivalents at beginning of year		2,715,285	2,686,353
Effect of foreign exchange rate changes, net		9,469	29,622
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,375,448	2,715,285
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand	27	1,151,889	1,270,354
Time deposits with original maturities within three months	27	223,559	1,444,931
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		1,375,448	2,715,285

* Denotes less than RMB1,000.

Notes to Financial Statements

Year ended 31 December 2024

1. CORPORATE INFORMATION

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

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

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beginner Investment Limited	British Virgin Islands 17 July 2019	US$50,000	100%	–	Investment holding
TUHU Car (Hong Kong) Limited	Hong Kong 29 July 2019	US$10,000	–	100%	Investment holding
Shanghai Xirang Information Technology Co., Ltd.* (上海息壤信息技術有限公司)	PRC/Mainland China 2 September 2019	RMB6,020,000,000	–	100%	Investment holding
Shanghai Lantu Information Technology Co., Ltd.* (上海闌途信息技術有限公司)	PRC/Mainland China 26 June 2014	RMB6,000,000,000	–	100%	Automotive products and services
Shanghai Tuhong Information Technology Co., Ltd.* (上海途閎信息技術有限公司)	PRC/Mainland China 14 September 2023	RMB50,000,000	–	100%	Automotive products and services
Shanghai Mengfan Trade Co., Ltd.* (上海盟帆貿易有限公司)	PRC/Mainland China 30 June 2015	RMB1,000,000	–	100%	Automotive products and services
Shanghai Zitu E-Commerce Co., Ltd.* (上海紫途電子商務有限公司)	PRC/Mainland China 18 April 2014	RMB2,100,000,000	–	100%	Automotive products and services
Shanghai Kanming Advertising Co., Ltd.* (上海刊明廣告有限公司)	PRC/Mainland China 23 February 2017	RMB81,000,000	–	100%	Provision of advertising services
Shanghai Tuju Enterprise Management Consulting Co., Ltd.* (上海途聚企業管理諮詢有限公司)	PRC/Mainland China 9 October 2018	RMB20,000,000	–	100%	Management of store network

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

* These entities are limited liability companies established in the PRC. 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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which comprise all standards and interpretations approved 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 financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Certain items and balances in the comparative financial statements have been re-presented to conform with the current year's financial statement presentation.

Basis of consolidation

The consolidated financial statements include the financial statements of 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 period 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.

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Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve, and recognises the fair value of any investment retained and 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards 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*

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, 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 IFRS Accounting Standards 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 IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards 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. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING 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 IFRS Accounting Standards. 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 IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* 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 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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 HKICPA. 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.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

- 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 and joint ventures

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.

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

The Group's investments in associates and joint ventures 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures 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 or joint venture, 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 or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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 net 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.

Fair value measurement

The Group measures certain financial assets and financial liabilities 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.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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 Information 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

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;

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(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.

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:

Category	Estimated useful life	Estimated residual value
Buildings	20 years	5%
Machinery	2 to 5 years	5%
Motor vehicles	3 to 5 years	5%
Furniture and fixtures	2 to 5 years	5%
Leasehold improvements	Over the shorter of the lease term and estimated useful lives	0%

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 the statement of 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.

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 with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful live of 3 to 10 years.

Licences

Licences represent an insurance brokerage licence and a transportation licence. The insurance brokerage licence has an indefinite useful life as the extension cost is low and the assets can be used indefinitely. The insurance brokerage licence is stated at cost less any impairment losses. The transportation licence is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 years.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

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 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. 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.

Leasehold land	40 to 50 years
Plant and machinery	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (CONTINUED)

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 that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

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

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Sale and leaseback transactions with variable lease payments that do not depend on an index or a rate where the Group acts as a seller-lessee

For sale and leaseback transactions with variable lease payments that do not depend on an index or a rate, lease liabilities are recognised at the commencement date of the leasebacks at the present value of expected lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the expected lease payments. Any differences between the payments made for the lease and the lease payments that reduce the carrying amount of lease liabilities are recognised in profit or loss.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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, 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.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through 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. ACCOUNTING POLICIES (CONTINUED)

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 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.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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 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 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.

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 and bills payables, other payables and accruals, interest-bearing borrowings and other non-current liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and 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.

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.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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 does not give rise to equal taxable and deductible temporary differences; 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.

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 assets 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 does not give rise to equal taxable and deductible temporary differences; 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 assets 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 assets 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.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

Revenue recognition

Revenue from contracts with customers

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

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Automotive products and services

Automotive products and services comprise mainly the sale of automotive products such as tires, automotive parts and maintenance products to individuals and automotive service providers, sale of automotive services such as car wash and detailing services, and sale of bundled tire replacement and comprehensive installation and maintenance services. The Group provides its automotive products and services through its online interfaces and offline stores. The Group recognises revenue at the point in time when customers take possession of and accept the automotive products and services. For a transaction that contains the sale of automotive products or sale of bundled automotive products and services, the Group recognises revenue on a gross basis as it is the principal in the arrangement that it bears product inventory risk and controls the services prior to the transfer to its customers and it is responsible for the acceptability of the products and services. The Group recognises revenue on a net basis when the Group acts as an agent and is not responsible for the acceptability of the products and services.

The Group also sells automotive service vouchers mainly to its large key account customers. There are two forms of sales of service vouchers, i.e., pay-by-consumption and prepaid service voucher. The majority of such sales of vouchers are paid by those key account customers in accordance with the actual consumption. Certain sales of vouchers are prepaid where key account customers make bulk purchases of vouchers with non-refundable upfront payment, and the value of prepayment is initially recognised as a contract liability. The Group recognises revenues from sales of automotive service vouchers when they are redeemed. For prepaid automotive service vouchers, as the vouchers sold at any given point generally expire over the next 12 months and the prepayment is not refundable, the Group also expects to be entitled to a breakage amount, which is the amount of vouchers that is not expected to be redeemed. The estimated breakage is then recognised as revenue in proportion to the pattern of the customer's redemption of the underlying vouchers. The Group reviews its breakage estimates at least annually based upon the latest available information regarding the redemption and expiration patterns. Revenue from the breakage amount was not significant during the year.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Automotive products and services (Continued)

The Group recognises revenues net of discounts and return allowances. For coupons that are not issued concurrently with the completion of a sales transaction, the Group records such incentives as a deduction of revenue when used by customers, except for referral coupons, which are recognised as selling and marketing expenses when customers provide a customer referral. The amount of marketing expenses related to customer referral is insignificant for the year presented. For coupons issued to customers concurrent with the completion of a sales transaction that can be redeemed for future products or services before expiration (which is generally within 12 months from the issue date), the Group accounts for such coupons as separate performance obligations. Revenue allocated to these coupons is deferred and recognised as the obligation to the customers is satisfied. During the year, each of the amounts of deferred and recognised revenue for these coupons was immaterial.

The Group allows for return of products within 7 days or 30 days, as applicable. The Group estimates a provision for product returns based on historical experience. At the end of each reporting period, estimated liabilities for return allowances were not significant.

(b) Franchise services

Revenue from franchise services include an upfront franchise fee, monthly fixed management fees and profit-based royalty fees. The upfront franchise and management fees are recognised over the term of the franchise agreements. Franchised stores pay recurring royalty fees, based on a fixed percentage of the franchised stores' monthly profits throughout the duration of the respective franchise agreements. The recurring royalty fees are recognised at the time the underlying franchised stores' sales occur. Each franchised store is required to make a deposit, which is fully refundable upon the termination of the franchise agreement.

(c) Advertising services

Advertising services comprise mainly the services where Company displays its customers' advertisements on its online interfaces and at its offline stores. Revenues are recognised ratably over the contractual advertising display period as it most faithfully depicts the simultaneous consumption and delivery of services.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Others

Other revenues mainly represent revenues from insurance brokerage and insurance agency services, software-as-a-service ("SaaS") solutions, sales of new energy vehicles and sales of used cars and used car transaction services. Revenues from SaaS solutions on a fixed-period basis are recognised over the term of the agreements. Revenues from SaaS solutions on a project basis, revenue from sales of new energy vehicles and revenues from other categories are recognised at the point in time when customers take possession of and accept the products and services.

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 (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Group operates share award schemes. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby rendering services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees are measured by reference to the fair values at the dates at which they are granted. The cost of equity-settled transactions with consultants are measured by reference indirectly to the fair values of the equity instruments granted at the dates the counterparty renders services as the fair values of the services received cannot be directly reliably estimated. The fair values of equity instruments granted are determined by an external valuer using a binomial model, further details of which are given in note 36 to the financial statements.

The cost of equity-settled transactions is recognised as employee benefit expenses or the expenses as the services received by the consultants, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other 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. The subsidiaries are required to contribute certain percentages 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.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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.

Notes to Financial Statements

Year ended 31 December 2024

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, which is different from the Company's functional currency, the United States dollar ("US$"). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the financial statements. 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 each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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 the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of the Company is the US$. As at the end of each of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

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.

For the purpose of the consolidated statement of cash flows, the cash flows of these entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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

There is no significant effect on the amounts recognised in the Group's financial statements arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

Write-down of inventories to net realisable value

The Group's inventories are stated at the lower of cost and net realisable value. Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than the net realisable value. The assessment of the estimated net realisable value requires management's estimates which are influenced by assumptions concerning future sales and usage, and estimates in determining the appropriate level of inventory write-down against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of inventories and the write-down/reversal of write-down of inventories in the period in which such estimate has been changed.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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Year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Fair value measurement of share-based payments

The Group has set up the 2019 share incentive plan, Post-IPO Share Scheme and Second Post-IPO Share Scheme and granted options, restricted shares and restricted share units to the Group's directors, employees and consultants. Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Further details are included in note 36 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

As the Group generated majority of its revenues and the non-current assets in the PRC during the year, no further geographical information is presented.

Information about major customers

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

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Year ended 31 December 2024

5. REVENUE

Revenue represents income from automotive products and services, franchise services, advertising services and others during the year.

(i) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers:		
Automotive products and services	**13,801,674**	12,646,780
Advertising, franchise and other services		
Franchise services	**785,869**	731,334
Advertising services	**88,053**	74,672
Others	**83,098**	148,299
Total	**14,758,694**	13,601,085

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Services transferred over time:		
Advertising, franchise and other services		
Franchise services	**785,869**	731,334
Advertising services	**88,053**	74,672
Others	**7,110**	7,962
At a point in time:		
Automotive products and services	**13,801,674**	12,646,780
Advertising, franchise and other services		
Others	**75,988**	140,337
Total revenue from contracts with customers	**14,758,694**	13,601,085

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Year ended 31 December 2024

5. REVENUE (CONTINUED)

(i) Disaggregated revenue information (Continued)

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

	2024 *RMB'000*	2023 *RMB'000*
Automotive products and services	**442,724**	472,609
Franchise services	**114,636**	180,436
Total	**557,360**	653,045

(ii) Performance obligations

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

Automotive products and services

The performance obligation is satisfied when customers take possession of and accept the automotive products and services. For majority of the sales transactions, customers make advance payment before the products and services are delivered to them, and for certain sales transactions, payment is due within 30 days.

Franchise services

The performance obligation is satisfied over time as services are rendered. Generally, franchise services contracts are for periods of more than one year. Advances are required for upfront licence fees. Monthly fixed management fees and profit-based royalty fees are billed on a monthly basis.

Advertising services

The performance obligation is satisfied over time as services are rendered. Generally, advertising services contracts are for periods of less than one year, and are billed based on the time incurred.

Others

The performance obligation of SaaS solutions on fixed-period basis is satisfied over time as services are rendered. Generally, SaaS solutions contracts are for period of less than one year. The performance obligation of SaaS solutions on project basis and the performance obligation of other categories are satisfied when customers take possession of and accept the products and services.

As at 31 December 2024, the aggregate amount of transaction prices allocated to performance obligations (unsatisfied or partially unsatisfied) for long-term contracts is related to deferred upfront franchise fees from franchised stores, does not include any variable consideration, and amounted to RMB220,912,000 (31 December 2023: RMB227,533,000), which are expected to be recognised as revenues over one to six years.

Notes to Financial Statements

Year ended 31 December 2024

6. OTHER INCOME AND GAINS, NET

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

	2024 *RMB'000*	2023 *RMB'000*
Government grants*	**50,902**	111,005
Net foreign exchange gains	**1,624**	2,563
Others	**9,481**	4,794
Total	**62,007**	118,362

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are no contingencies relating to these grants.

7. FAIR VALUE CHANGES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 *RMB'000*	2023 *RMB'000*
Fair value changes of wealth management products	**10,339**	11,728
Fair value changes of financial investments	**205**	(13,036)
Total	**10,544**	(1,308)

8. FINANCE INCOME/(COSTS)

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

	2024 *RMB'000*	2023 *RMB'000*
Finance income		
Interest income	**183,420**	128,508
Finance costs		
Interest on bank loans	**(267)**	(179)
Interest on lease liabilities	**(15,434)**	(18,644)
Total	**(15,701)**	(18,823)

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Year ended 31 December 2024

9. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of revenue*		10,715,350	9,866,409
Depreciation of property, plant and equipment	15	156,185	160,365
Depreciation of right-of-use assets	16(a)	154,456	196,336
Amortisation of other intangible assets	18	5,047	4,804
Fair value changes of convertible redeemable preferred shares		–	(6,465,354)
Lease payments not included in the measurement of lease liabilities		38,351	42,516
Employee benefit expenses (including directors' and chief executive's remuneration):			
Wages, salaries and allowances		1,481,615	1,439,683
Pension scheme contributions		104,632	127,838
Share-based payment expenses		142,100	166,302
Share-based payment expenses of consultants		–	35,327
Foreign exchange differences, net		(1,624)	(2,563)
Reversal of impairment losses on trade receivables and other receivables		(3,689)	(1,332)
(Reversal of write-down)/write-down of inventories		(28,749)	16,011
Impairment of property, plant and equipment	15	123	642
Impairment of right-of-use assets	16(a)	1,451	5,387
Impairment of other intangible assets	18	–	11,768
Auditor's remuneration		5,125	3,500
Advertising and promotion related expenses		1,037,367	782,625
Shipping expenses		401,661	391,967
Listing expenses		–	44,342

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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 ***RMB'000***	2023 *RMB'000*
Fees to independent non-executive directors	**900**	240
Other emoluments to executive directors, a non-executive director and the chief executive:		
Salaries, allowances and benefits in kind	**3,556**	2,704
Share-based payment expenses	**2,046**	5,556
Pension scheme contributions	**240**	192
Subtotal	**5,842**	8,452
Total	**6,742**	8,692

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

	2024 ***RMB'000***	2023 *RMB'000*
Ms. Yan Huiping	**300**	80
Mr. Feng Wei	**300**	80
Mr. Wang Jingbo	**300**	80
Total	**900**	240

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

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Year ended 31 December 2024

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024					
Executive directors:					
Mr. Chen Min*	–	2,529	1,512	120	4,161
Mr. Hu Xiaodong	–	1,027	534	120	1,681
Subtotal	–	3,556	2,046	240	5,842
Non-executive director:					
Mr. Yao Leiwen	–	–	–	–	–
Total	–	3,556	2,046	240	5,842
2023					
Executive directors:					
Mr. Chen Min*	–	1,831	4,107	96	6,034
Mr. Hu Xiaodong	–	873	1,449	96	2,418
Subtotal	–	2,704	5,556	192	8,452
Non-executive director:					
Mr. Yao Leiwen	–	–	–	–	–
Total	–	2,704	5,556	192	8,452

* Mr. Chen Min was the chief executive of the Group during the years ended 31 December 2024 and 2023.

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

Notes to Financial Statements

Year ended 31 December 2024

11. FIVE HIGHEST PAID EMPLOYEES

No director was included in the five highest paid employees during the year (2023: one director). Details of whose remuneration are set out in note 10. Details of the remuneration for the year of the five (2023: four) 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	**13,432**	7,290
Share-based payment expenses	**43,513**	71,443
Pension scheme contributions	**649**	366
	57,594	79,099

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

	2024	2023
HK$4,500,001 to HK$5,000,000	**–**	1
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$8,000,001 to HK$8,500,000	**2**	–
HK$14,500,001 to HK$15,000,000	**1**	–
HK$25,000,001 to HK$25,500,000	**1**	–
HK$30,500,001 to HK$31,000,000	**–**	1
HK$44,500,001 to HK$45,000,000	**–**	1
	5	4

Notes to Financial Statements

Year ended 31 December 2024

12. INCOME TAX

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

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

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

	2024 ***RMB'000***	2023 *RMB'000*
Current income tax	**5,155**	27,591
Deferred income tax (note 32)	**–**	(2,942)
Total tax charge for the year	**5,155**	24,649

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Profit before tax	**487,193**	6,725,346
Tax at the statutory tax rate of 25%	**121,798**	1,681,337
Effect of differing tax rates in different jurisdictions	**(4,911)**	(1,631,084)
Profits and losses attributable to joint ventures and associates	**2,889**	2,804
Research and development super-deduction	**(97,857)**	(83,038)
Income not subject to tax	**(30,614)**	(128)
Expenses not deductible for tax	**44,234**	196,042
Tax losses and temporary differences for which no deferred income tax assets were recognised or utilisation of losses in previous years	**(30,384)**	(141,284)
Tax charge for the year at the Group's effective rate	**5,155**	24,649

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Year ended 31 December 2024

13. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the year ended 31 December 2024.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 808,867,930 (2023: 322,264,271) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the convertible redeemable preferred shares, share options and restricted share units, where applicable (see below). 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 earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024 *RMB'000*	2023 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	483,794	6,702,935
Fair value changes on convertible redeemable preferred shares	–	(6,465,354)
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	483,794	237,581

	Number of shares 2024	 2023
Shares		
Weighted average number of ordinary shares (thousand) outstanding during the year used in the basic earnings per share calculation	808,868	322,264
Effect of dilution – weighted average number of ordinary shares:		
Convertible redeemable preferred shares (thousand)	–	451,929
Share options and restricted share units (thousand)	27,827	32,342
Total (thousand)	836,695	806,535

The weighted average number of shares was after taking into account the effect of treasury shares held.

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Year ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	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	330,915	750,128	41,536	93,469	7,434	281,309	1,504,791
Accumulated depreciation and impairment	(15,906)	(505,180)	(30,485)	(51,451)	(2,581)	–	(605,603)
Net carrying amount	315,009	244,948	11,051	42,018	4,853	281,309	899,188
At 1 January 2024, net of accumulated depreciation and impairment	315,009	244,948	11,051	42,018	4,853	281,309	899,188
Additions	–	86,654	10,921	22,746	2,003	185,815	308,139
Disposals	–	–	(50)	(320)	(1,223)	(1,759)	(3,352)
Transfers	338,641	18,055	–	–	–	(357,946)	(1,250)
Depreciation provided during the year	(18,399)	(119,273)	(4,011)	(13,137)	(1,365)	–	(156,185)
Impairment provided during the year	–	(109)	(14)	–	–	–	(123)
At 31 December 2024, net of accumulated depreciation and impairment	635,251	230,275	17,897	51,307	4,268	107,419	1,046,417
At 31 December 2024							
Cost	669,556	854,743	46,746	114,607	7,708	107,419	1,800,779
Accumulated depreciation and impairment	(34,305)	(624,468)	(28,849)	(63,300)	(3,440)	–	(754,362)
Net carrying amount	635,251	230,275	17,897	51,307	4,268	107,419	1,046,417

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Leasehold improvements RMB'000	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	90,685	626,378	40,363	83,740	10,604	265,848	1,117,618
Accumulated depreciation and impairment	(5,567)	(375,124)	(26,015)	(37,569)	(2,311)	–	(446,586)
Net carrying amount	85,118	251,254	14,348	46,171	8,293	265,848	671,032
At 1 January 2023, net of accumulated depreciation and impairment	85,118	251,254	14,348	46,171	8,293	265,848	671,032
Additions	–	102,951	3,851	12,248	3,065	275,297	397,412
Acquisition of a subsidiary	–	4,849	1,226	184	–	–	6,259
Disposals	–	(113)	(2,510)	(515)	(4,911)	(4,447)	(12,496)
Transfers	240,230	12,966	178	1	2	(255,389)	(2,012)
Depreciation provided during the year	(10,339)	(126,567)	(5,792)	(16,071)	(1,596)	–	(160,365)
Impairment provided during the year	–	(392)	(250)	–	–	–	(642)
At 31 December 2023, net of accumulated depreciation and impairment	315,009	244,948	11,051	42,018	4,853	281,309	899,188
At 31 December 2023							
Cost	330,915	750,128	41,536	93,469	7,434	281,309	1,504,791
Accumulated depreciation and impairment	(15,906)	(505,180)	(30,485)	(51,451)	(2,581)	–	(605,603)
Net carrying amount	315,009	244,948	11,051	42,018	4,853	281,309	899,188

As at 31 December 2024, the application for the property ownership certificates for certain buildings with a net book value of approximately RMB335,968,000 (31 December 2023: RMB97,968,000) was still in progress.

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's leases consist of the leases of its self-operated stores, warehouses, distribution centres, office space and land. The movements in right-of-use assets and lease liabilities during the year are as follows:

		2024 RMB'000	2023 RMB'000
(a)	Right-of-use assets		
	Carrying amount at the beginning of the year	466,946	467,714
	Additions	148,311	223,116
	Acquisition of a subsidiary	–	25,158
	Depreciation charge	(154,456)	(196,336)
	Termination	(61,093)	(47,319)
	Impairment	(1,451)	(5,387)
	Carrying amount at the end of the year	398,257	466,946

		2024 RMB'000	2023 RMB'000
(b)	Lease liabilities		
	Carrying amount at the beginning of the year	356,160	340,330
	New leases	148,311	223,116
	Acquisition of a subsidiary	–	25,158
	Accretion of interest recognised during the year	15,434	18,644
	Payments	(149,848)	(203,662)
	Termination	(65,622)	(47,426)
	Carrying amount at the end of the year	304,435	356,160
	Analysed into:		
	Current portion	118,846	132,320
	Non-current portion	185,589	223,840
	Maturity analysis:		
	Within 1 year	118,846	132,320
	1 to 2 years	88,645	109,821
	2 to 5 years	86,151	104,917
	More than 5 years	10,793	9,102
		304,435	356,160

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**15,434**	18,644
Depreciation charge of right-of-use assets	**154,456**	196,336
Expense relating to short term leases	**38,351**	41,772
Variable lease payments not included in the measurement of lease liabilities	**–**	744
Termination of leases	**(4,529)**	(107)
Impairment of right-of-use assets	**1,451**	5,387
Total amount recognised in profit or loss	**205,163**	262,776

The Group's right-of-use assets held under the leases of its self-operated stores, warehouses, distribution centres, office space have terms ranging between 2 and 10 years. The Group's right-of-use assets held under the lease of its land have terms between 40 and 50 years. All the payments and all the lease liabilities are payable according to the lease term.

17. GOODWILL

Impairment testing of goodwill

	RMB'000
At 31 December 2023 and 31 December 2024	20,323

The carrying amount of goodwill allocated to the cash-generating unit ("CGU") for goodwill impairment testing is as follows:

	2024 RMB'000	2023 RMB'000
Xi'an Jushuohua Automobile Technology Co. Ltd. (Xi'an Jushuohua)	**14,789**	14,789
Guangzhou Changtu Automobile Technology Co., Ltd. (Guangzhou Changtu)	**4,503**	4,503
Xiangming (Shanghai) Automotive Technology Service Co., Ltd. (Shanghai Xiangming)	**1,031**	1,031
	20,323	20,323

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17. GOODWILL (CONTINUED)

Impairment testing of goodwill (Continued)

The recoverable amounts of the CGU have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5-year period. Key assumptions used in the calculation are as follows:

As at 31 December 2024

	Xi'an Jushuohua	Guangzhou Changtu
Annual revenue growth rate for the 5-year period	**2.2%-15.0%**	**-14.4%-15.0%**
Gross profit rate	**59.9%-61.5%**	**66.9%**
Terminal growth rate	**2.0%**	**2.0%**
Pre-tax discount rate	**19.66%**	**19.66%**

As at 31 December 2023

	Xi'an Jushuohua	Guangzhou Changtu
Annual revenue growth rate for the 5-year period	4.0%-20.0%	8.0-21.4%
Gross profit rate	61.5%	57.7%-59.5%
Terminal growth rate	2.2%	2.2%
Pre-tax discount rate	22.91%	22.91%

The expected revenue growth rate and gross profit rates are determined by the management based on past performance and its expectation for market development. The discount rates used are before tax and reflect specific risks relating to the relevant units.

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18. OTHER INTANGIBLE ASSETS

	Licences *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	**30,533**	**27,271**	**57,804**
Additions	**–**	**330**	**330**
Transfer	**–**	**1,250**	**1,250**
Amortisation provided during the year	**(800)**	**(4,247)**	**(5,047)**
At 31 December 2024	**29,733**	**24,604**	**54,337**
At 31 December 2024:			
Cost	**43,768**	**39,881**	**83,649**
Accumulated amortisation and impairment	**(14,035)**	**(15,277)**	**(29,312)**
Net carrying amount	**29,733**	**24,604**	**54,337**

	Licences *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation and impairment	43,101	26,874	69,975
Additions	–	2,009	2,009
Transfer	–	2,012	2,012
Acquisition	–	380	380
Amortisation provided during the year	(800)	(4,004)	(4,804)
Impairment during the year	(11,768)	–	(11,768)
At 31 December 2023	30,533	27,271	57,804
At 31 December 2023:			
Cost	43,768	38,301	82,069
Accumulated amortisation and impairment	(13,235)	(11,030)	(24,265)
Net carrying amount	30,533	27,271	57,804

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Year ended 31 December 2024

18. OTHER INTANGIBLE ASSETS (CONTINUED)

The licences included an insurance brokerage licence, which had an indefinite useful life and amounted to RMB29,600,000 as at 31 December 2024 (31 December 2023: RMB29,600,000). The Group performs impairment test of the insurance brokerage licence. The recoverable amount has been determined based on the higher of its fair value less costs of disposal and its value in use. Management is of the opinion that a reasonably possible change in key assumptions would not cause the carrying amount of the licence to change significantly.

19. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 *RMB'000*	2023 *RMB'000*
At beginning of year	**191,043**	227,120
Additions	**25,205**	20,067
Fair value changes through profit or loss	**205**	(13,036)
Disposals	**(16,536)**	(43,108)
At end of year	**199,917**	191,043

The Group had investments in certain convertible redeemable preferred shares or ordinary shares with preferential rights issued by private investee companies. The above investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income or the investments are not qualified to be designated as financial assets at fair value through other comprehensive income.

20. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Share of net assets from joint ventures	**225,587**	208,580
Share of net assets from associates	**150,664**	154,032
Total	**376,251**	362,612

20. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures and associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' loss for the year	**(8,189)**	(1,555)
Share of the associates' loss for the year	**(3,368)**	(9,662)
Share of the joint ventures' total comprehensive income	**(8,189)**	(1,555)
Share of the associates' total comprehensive income	**(3,368)**	(9,662)
Aggregate carrying amount of the Group's investments in the joint ventures	**225,587**	208,580
Aggregate carrying amount of the Group's investments in the associates	**150,664**	154,032

The directors are of the opinion that the losses from the joint ventures and associates were temporary and there were no significant negative indicators of the impairment in the investments in those joint ventures and associates during the years ended 31 December 2023 and 2024.

21. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investments, at fair value	**349,934**	356,240

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

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Year ended 31 December 2024

22. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Deposits	19,284	19,440
Prepayments	1,106	36,960
Others	2,843	9,789
Total	23,233	66,189

Prepayments included in other non-current assets represent prepayments for property, plant and equipment.

23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Commodities	2,118,684	1,799,796

24. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	236,921	233,417
Impairment	(10,805)	(15,238)
Net carrying amount	226,116	218,179

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

24. TRADE RECEIVABLES (CONTINUED)

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**135,982**	147,949
2 to 3 months	**48,301**	36,586
4 to 6 months	**28,716**	19,586
7 to 12 months	**13,117**	14,058
Total	**226,116**	218,179

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**15,238**	15,245
Impairment losses, net	**(3,142)**	(7)
Amount written off	**(1,291)**	–
At end of year	**10,805**	15,238

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days invoiced for groupings of various customer segments with similar loss patterns (by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

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Year ended 31 December 2024

24. 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

	Within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	**0.67%**	**2.89%**	**8.06%**	**100.00%**	**4.56%**
Gross carrying amount (RMB'000)	**185,534**	**29,571**	**14,267**	**7,549**	**236,921**
Expected credit losses (RMB'000)	**1,251**	**855**	**1,150**	**7,549**	**10,805**

As at 31 December 2023

	Within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	2.17%	3.39%	3.46%	100.00%	6.53%
Gross carrying amount (RMB'000)	188,636	20,274	14,562	9,945	233,417
Expected credit losses (RMB'000)	4,101	688	504	9,945	15,238

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2024 *RMB'000*	2023 *RMB'000*
Prepayments	(a)	**208,201**	169,480
Deposits and other receivables	(b)	**102,648**	102,949
Value-Added Tax ("VAT") recoverable	(c)	**148,630**	220,129
Loans receivable	(d)	**1,576**	1,348
Receivable from employees	(e)	**2,123**	3,813
		463,178	497,719
Impairment allowance		**(1,072)**	(1,619)
Total		**462,106**	496,100

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Year ended 31 December 2024

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes:

(a) Prepayments represent advances to certain major suppliers for the purchase of goods or services.

(b) Deposits and other receivables mainly represent lease deposits and deposits with suppliers. Deposits and other receivables are non-interest-bearing and trade in nature.

(c) VAT recoverable is mainly due to the input tax to be deducted arising from procurements, installation service fees, warehousing and logistics fees and lease payments, etc.

(d) Loans receivable represents loans to related parties, equity investees and others. The loans receivable bears interest rate ranging from nil to 12% per annum.

(e) Receivables from employees mainly represent the temporary fund provided to the managers of self-operated stores for miscellaneous purchases of tools, materials and office supplies and the temporary fund provided to marketing personnel for miscellaneous offline promotion activities.

Except for certain loss allowance provided for loans receivable and other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

26. TREASURY INVESTMENTS

	2024 ***RMB'000***	2023 *RMB'000*
Long-term treasury investments at		
– Amortised cost	**1,871,794**	1,065,260
Short-term treasury investments at		
– Amortised cost	**1,123,449**	354,135
– Fair value through profit or loss	**1,950,393**	1,232,991
	3,073,842	1,587,126

Treasury investments at amortised cost were primarily fixed rate debt instruments and time deposits with initial terms of more than three months. Treasury investments at fair value through profit or loss were mainly wealth management products issued by commercial banks.

Notes to Financial Statements

Year ended 31 December 2024

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Cash at banks and on hand	1,151,889	1,270,354
Time deposits with original maturities within three months	223,559	1,444,931
	1,375,448	2,715,285
Cash and cash equivalents are denominated in the following currencies		
RMB	1,054,407	908,581
US$	282,172	1,806,704
HK$	38,286	–
Others	583	–
	1,375,448	2,715,285

Restricted cash

	2024 RMB'000	2023 RMB'000
Restricted for bills payable	850,178	1,053,691
Restricted for letters of guarantee	332,451	374,982
Restricted for others	17,951	33,921
	1,200,580	1,462,594
Restricted cash are denominated in the following currencies		
RMB	1,196,986	1,345,729
US$	3,594	116,865
	1,200,580	1,462,594

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27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The restricted cash for bills payable is operating in nature when it is designated to settle the bills payable upon maturity, otherwise it is financing in nature.

28. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**935,918**	965,351
Bills payable	**3,521,659**	2,921,405
Total	**4,457,577**	3,886,756

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**3,329,622**	2,914,437
3 to 6 months	**1,119,779**	963,231
6 to 12 months	**4,798**	2,164
Over 1 year	**3,378**	6,924
Total	**4,457,577**	3,886,756

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on 30 to 90 days terms. Bills payable generally have a payment term of 1 to 6 months.

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Year ended 31 December 2024

29. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Other tax payable	274,980	304,673
Payroll and welfare payable	534,611	588,024
Accrual and other payables	817,117	826,808
Total	1,626,708	1,719,505

Other payables and accruals were trade in nature, non-interest-bearing and repayable on demand.

30. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Current:		
Automotive products and services	697,125	573,911
Franchise services	174,114	168,756
	871,239	742,667
Non-current:		
Franchise services	46,798	58,777

Contract liabilities of the Group mainly arise from the advance payments received from customers for automotive products and services, and deferred upfront franchise fees from franchised stores.

31. INTEREST-BEARING BORROWINGS

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unsecured	3.20-3.30	2025	7,507

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31. INTEREST-BEARING BORROWINGS (CONTINUED)

The carrying amounts of borrowings are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	7,507	8,509

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024 RMB'000	2023 RMB'000
Variable interest rate	7,507	8,509

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	7,507	1,009
In the second year	–	7,500
Total	7,507	8,509

32. DEFERRED TAX

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	310,461	263,313
Deductible temporary differences	144,551	222,083
	455,012	485,396

The Group had tax losses of RMB1,241,844,000 at 31 December 2024 (2023: RMB1,060,822,000), mainly arising from subsidiaries in Mainland China. The tax losses of subsidiaries in Mainland China will expire in one to five years for offsetting against 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.

Notes to Financial Statements

Year ended 31 December 2024

32. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities during the reporting period are as follows:

	Revaluation of assets on acquisition *RMB'000*
At 31 December 2023 and 31 December 2024	7,391

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2024, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries incorporated in Mainland China have no such earnings for distribution to their intermediate holding company incorporated in Hong Kong from 1 January 2008.

33. OTHER NON-CURRENT LIABILITIES

	2024 ***RMB'000***	2023 *RMB'000*
Deposits from franchises and partner stores	**480,619**	406,505
Others	**18,535**	–
	499,154	406,505

34. SHARE CAPITAL AND TREASURY SHARES

Shares

	2024 ***RMB'000***	2023 *RMB'000*
Issued and fully paid:		
Class A ordinary shares	**108**	108
Class B ordinary shares	**10**	10
	118	118

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34. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

The movements in share capital are as follows:

		Number of shares in issue			
	Notes	Class A ordinary shares	Class B ordinary shares	Total	Share capital *RMB'000*
At 1 January 2023		75,201,140	68,949,580	144,150,720	21
Issue of shares from initial public offering	(a)	42,444,800	–	42,444,800	6
Conversion of preferred shares to ordinary shares	(b)	615,500,770	–	615,500,770	88
Exercise of the over-allotment option	(c)	4,521,000	–	4,521,000	1
Grant of restricted shares	(d)	12,275,149	–	12,275,149	2
At 31 December 2023 and 1 January 2024		**749,942,859**	**68,949,580**	**818,892,439**	**118**
Exercise of share-based payments		**12,109,623**	**–**	**12,109,623**	**2**
Cancellation of shares repurchased	(e)	**(12,286,900)**	**–**	**(12,286,900)**	**(2)**
Conversion of Class B ordinary shares to Class A ordinary shares due to the share cancellation	(f)	**1,030,720**	**(1,030,720)**	**–**	**–**
At 31 December 2024		**750,796,302**	**67,918,860**	**818,715,162**	**118**

Notes:

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

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

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

(d) On 26 September 2023, 12,275,149 Class A ordinary shares of par value of US$0.00002 each were granted to Mr. Chen Min as restricted shares pursuant to the 2019 Share Incentive Plan. Details are included in note 36 to the financial statements.

(e) During the period from 18 March 2024 to 22 April 2024, the Company repurchased 12,286,900 Class A ordinary shares on the Stock Exchange at an aggregate consideration of approximately HK$204 million under the Share Repurchase Mandate. All shares repurchased were subsequently cancelled on 3 June 2024.

(f) In June 2024, 1,030,720 Class B ordinary shares were converted to Class A ordinary shares in a one-to-one ratio.

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Year ended 31 December 2024

34. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Treasury Shares

	Number of shares *'000*	Amounts *RMB'000*
At January 1, 2023, December 31, 2023 and January 1, 2024	–	–
Shares repurchased	17,002	263,075
Shares cancelled	(12,287)	(185,590)
Release of ordinary shares from treasury shares	(46)	(731)
At December 31, 2024	4,669	76,754

35. 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 financial statements.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve represents (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries and (ii) the waiver of an amount due to a related party. Details of the movements in capital reserve are set out in the consolidated statement of changes in equity.

(c) Share-based payment reserve

The share-based payment reserve comprises the fair value of share options granted, as further explained in the accounting policy for share-based payments in note 2 to the financial statements.

(d) Fair value reserve of financial assets at fair value through other comprehensive income

The Group irrevocably elected to recognise changes in the fair value of certain equity investments in other comprehensive income.

(e) 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.

36. SHARE-BASED PAYMENTS

2019 Share Incentive Plan

On 31 October 2019, the Company's shareholders and the board of directors approved the 2019 Share Incentive Plan (the "2019 Plan") with a maximum aggregate number of 5,596,271 ordinary shares that are authorised to be issued under the 2019 Plan. The Company's shareholders and board of directors subsequently approved to increase the share award pool under the 2019 Plan to 18,747,437 ordinary shares. Eligible participants of the 2019 Plan include the directors, consultants and employees of the Group. The 2019 Plan has a contractual term of ten years. The 2019 Plan replaced options granted under a previous plan on 31 October 2019 (the "Modification Date") on a one for one basis.

Upon the adoption of the 2019 Plan, the exercise price was modified from RMB1 to US$0.0001 per share, and the terms and conditions were modified such that the grantee can only exercise vested options upon the earlier of (i) the completion of the Company's IPO and lapse of the applicable lock-up period; and (ii) the consummation of a trade sale of the Company (liquidation, consolidation, merger or other business combination of the Company). The cost of the original award was recognised as if it had not been modified. The incremental fair value would be recognised over the period from the date of modification to the date of vesting for the modified instruments.

In addition, all the new grants under the 2019 Plan are also subject to the afore mentioned performance condition.

The majority of the outstanding share options granted to directors and employees will become vested in four equal tranches of 25% over a period of four years. Certain share options granted to employees of the Group will become vested in five tranches over a period of five years. The share options granted to the consultants of the Group will become vested in two equal tranches of 50% over a period of two years.

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36. SHARE-BASED PAYMENTS (CONTINUED)

2019 Share Incentive Plan (Continued)

The following share options were outstanding under the 2019 Plan during the year:

Share options granted to directors and employees

	Weighted average exercise price US$ per share	Number of share options *'000*
At 1 January 2023		43,514
Granted during the year	0.00002	2,133
Forfeited during the year	0.00002	(4,900)
At 31 December 2023	0.00002	40,747
Exercisable as of 31 December 2023		26,205
At 1 January 2024		**40,747**
Exercised during the year	**0.00002**	**(11,015)**
Forfeited during the year	**0.00002**	**(2,154)**
At 31 December 2024	**0.00002**	**27,578**
Exercisable as of 31 December 2024		**21,122**

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36. SHARE-BASED PAYMENTS (CONTINUED)

2019 Share Incentive Plan (Continued)

Share options granted to consultants

	Weighted average exercise price US$ per share	Number of share options *'000*
At 1 January 2023		2,192
Forfeited during the year	0.00002	(164)
At 31 December 2023	0.00002	2,028
Exercisable as of 31 December 2023		2,028
At 1 January 2024		2,028
Exercised during the year	**0.00002**	**(181)**
Forfeited during the year	**0.00002**	**(4)**
At 31 December 2024	**0.00002**	**1,843**
Exercisable as of 31 December 2024		**1,843**

The fair value of equity-settled share options granted was estimated as at the date of grant to employees and at the date the consultants rendering services using a binomial model, taking into account the terms and conditions upon which the options were granted, including the share options granted to the consultants as the fair value of the services received cannot be reliably estimated. The following table lists the key assumptions that the model used:

	2023
Dividend yield	0%
Expected volatility	36.31%-36.41%
Risk free interest rate	3.81%-4.18%
Expected exercise multiple	2.50
Ordinary share price at grant date (US$ per share)	3.77-4.44

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The weighted average fair value of the share options at the grant date was RMB30.28 during the year ended 31 December 2023.

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36. SHARE-BASED PAYMENTS (CONTINUED)

2019 Share Incentive Plan (Continued)

Restricted shares granted to the chief executive

On 26 September 2023, 12,275,149 of the Class A ordinary shares were issued to Mr. Chen Min as restricted shares pursuant to the 2019 Share Incentive Plan and will be released from the transfer restrictions if the consolidated gross profit of the Company for any period of twelve months reaches RMB13,000,000,000 (the "Financial Condition"). Before the Financial Condition is met, Mr. Chen Min shall not transfer, sell, pledge or in any way dispose of the interest in such Class A ordinary shares. After such Class A ordinary shares are issued but before the Financial Condition is met, the Company shall not repurchase such Class A ordinary shares from Mr. Chen Min, unless (i) Mr. Chen Min no longer holds the position of chief executive officer or Director, (ii) Mr. Chen Min no longer is employed by the Company, (iii) Mr. Chen Min commits gross misconduct as specified under the employees' manual of the Company, or (iv) upon the occurrence of any of the events as set out under Rule 8A.17 of the Listing Rules. The Company shall repurchase such Class A ordinary shares at their nominal value of US$0.00002 per share upon the occurrence of the foregoing events.

As of 31 December 2024, the Group did not recognise any compensation expenses for shares granted to Mr. Chen Min, because the Group considers it is not probable that the performance-based vesting conditions will be satisfied as of 31 December 2024 (31 December 2023: Nil). Therefore, there were unrecognised compensation expenses of RMB315,407,000 related to the restricted shares granted under the 2019 Plan as of 31 December 2024.

At the date of approval of these financial statements, the Company had 28,638,020 share options outstanding under the 2019 Plan, which represented approximately 3.5% of the Company's shares in issue (excluding treasury shares) as at that date.

Post-IPO Share Scheme

On 7 September 2023, the Company's shareholders and the board of directors approved the Post-IPO Share Scheme (the "Post-IPO Plan") with a maximum aggregate number of 48,862,286 ordinary shares that are authorised to be issued under the Post-IPO Plan. Eligible participants of the Post-IPO Plan include the directors and employees of the Group and associates and consultants of the Group. The Post-IPO Plan has a contractual term of ten years.

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36. SHARE-BASED PAYMENTS (CONTINUED)

Post-IPO Share Scheme (Continued)

Share options granted to directors and employees

	Weighted average exercise price HK$ per share	Number of share options *'000*
At 1 January 2023		
Granted during the year	33	5,659
At 31 December 2023	33	5,659
Exercisable as of 31 December 2023		–
At 1 January 2024		**5,659**
Forfeited during the year	**33**	**(4,641)**
At 31 December 2024	**33**	**1,018**
Exercisable as of 31 December 2024		**255**

The weighted average fair value of the share options at the grant date was RMB12.05 during the years ended 31 December 2023.

The fair value of equity-settled share options granted was estimated as at the date of grant to directors and employees using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the key assumptions that the model used:

	2023
Dividend yield	0%
Expected volatility	36.62%
Risk-free interest rate	4.22%
Expected exercise multiple	2.50
Ordinary share price at grant date (HK$ per share)	33.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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36. SHARE-BASED PAYMENTS (CONTINUED)

Post-IPO Share Scheme (Continued)

RSUs granted to directors and employees

	Weighted average exercise price HK$ per share	Number of RSUs *'000*
At 1 January 2023		
Granted during the year	–	3,297
At 31 December 2023	–	3,297
At 1 January 2024		**3,297**
Granted during the year	**–**	**914**
Vested during the year	**–**	**(913)**
Forfeited during the year	**–**	**(499)**
At 31 December 2024	**–**	**2,799**

On 1 December 2023 and 1 January 2024, 3,296,947 and 914,599 RSUs representing 3,296,947 and 914,599 Class A ordinary shares under the Post-IPO Plan respectively were granted to the employees of the Company.

The fair value of RSUs granted was estimated as at the date of grant to directors and employees using the share price of the Company at that date. The weighted average fair value of the RSUs at the grant date was RMB25.46 during the year ended 31 December 2024 (2023: RMB30.44).

At the date of approval of these financial statements, the Company had 3,658,983 share options and RSUs outstanding under the Post-IPO Plan, which represented approximately 0.4% of the Company's shares in issue (excluding treasury shares) as at that date.

Second Post-IPO Share Scheme

On 25 June 2024, the Company's shareholders and the board of directors approved the Second Post-IPO Share Scheme (the "Second Post-IPO Plan") under which a maximum aggregate number of 33,000,000 ordinary shares that are authorised to be issued. Eligible participants of the Second Post-IPO Plan include the directors and employees of the Group. The Second Post-IPO Plan has a contractual term of one to four years.

Notes to Financial Statements

Year ended 31 December 2024

36. SHARE-BASED PAYMENTS (CONTINUED)

Second Post-IPO Share Scheme (Continued)

Share options granted to directors and employees

	Weighted average exercise price US$ per share	Number of share options '000
At 1 January 2024		
Granted during the year	**0.00002**	**60**
At 31 December 2024	**0.00002**	**60**
Exercisable as of 31 December 2024		**60**

The weighted average fair value of the share options at the grant date was RMB23.28 during the years ended 31 December 2024.

RSUs granted to directors and employees

	Weighted average exercise price HK$ per share	Number of RSUs '000
At 1 January 2024		
Granted during the year	**–**	**13,143**
Vested during the year		**(45)**
Forfeited during the year	**–**	**(687)**
At 31 December 2024	**–**	**12,411**

The fair value of RSUs granted was estimated as at the date of grant to directors and employees using the share price of the Company at that date. The weighted average fair value of the RSUs at the grant date was RMB20.33 during the year ended 31 December 2024.

At the date of approval of these financial statements, the Company had 13,490,753 share options and RSUs outstanding under the Second Post-IPO Plan, which represented approximately 1.6% of the Company's shares in issue (excluding treasury shares) as at that date.

The Group recognised share-based payment expenses of RMB142,100,000 (2023: RMB166,302,000) in relation to the share options and RSUs granted to directors and employees during the year, and there were no share-based payment expenses during the year in relation to the share options granted to consultants (2023: RMB35,327,000).

Notes to Financial Statements

Year ended 31 December 2024

37. 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 RMB148,311,000 (2023: RMB223,116,000), in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2024

	Interest-bearing borrowings ***RMB'000***	**Lease liabilities** ***RMB'000***
At 1 January 2024	**(8,509)**	**(356,160)**
Changes from financing cash flows	**1,269**	**149,848**
New leases	**–**	**(148,311)**
Interest expense (note 8)	**(267)**	**(15,434)**
Termination of lease contracts	**–**	**65,622**
At 31 December 2024	**(7,507)**	**(304,435)**

2023

	Interest-bearing borrowings *RMB'000*	Lease liabilities *RMB'000*	Convertible redeemable preferred shares *RMB'000*
At 1 January 2023	–	(340,330)	(21,726,488)
Changes from financing cash flows	734	203,662	–
Fair value changes of convertible redeemable preferred shares	–	–	6,465,354
Conversion of convertible redeemable preferred shares to ordinary shares	–	–	15,815,145
New leases	–	(223,116)	–
Acquisition of a subsidiary	(9,064)	(25,158)	–
Interest expense (note 8)	(179)	(18,644)	–
Termination of lease contracts	–	47,426	–
Exchange realignment	–	–	(554,011)
At 31 December 2023	(8,509)	(356,160)	–

37. 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 *RMB'000*	2023 *RMB'000*
Within operating activities	**38,351**	42,516
Within financing activities	**149,848**	203,662
Total	**188,199**	246,178

38. CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

39. PLEDGE OF ASSETS

As at 31 December 2024 and 2023, the Group did not have any pledged of assets.

40. COMMITMENTS

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

	2024 *RMB'000*	2023 *RMB'000*
Property, plant and equipment	**67,863**	208,831

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

Notes to Financial Statements

Year ended 31 December 2024

41. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

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

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Sales of products and services to related parties			
Associates of the Group	(i)	**129,508**	141,847
A joint venture of the Group	(i)	**3,388**	1,866
Purchases of products and services from related parties			
Associates of the Group	(ii)	**36,185**	36,109
A joint venture of the Group	(ii)	**1,903**	1,735
One of the Company's shareholders	(iii)	**132,993**	128,597
Repayment from related parties			
Associates of the Group	(iv)	**–**	769

Notes:

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

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

(iii) One of the Company's shareholders represents Tencent Holdings Limited and its affiliates. The purchases from Tencent Holdings Limited and its affiliates were made according to normal commercial terms mainly comprise:

(a) advertising services amounting to RMB53,009,000 (2023: RMB54,295,000);

(b) payment processing fees amounting to RMB58,213,000 (2023: RMB50,878,000);

(c) cloud services amounting to RMB21,771,000 (2023: RMB23,424,000).

(iv) No loan amounting had been repaid during the year ended 31 December 2024 (2023: RMB769,000).

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Outstanding balances with related parties

Amounts due from related parties:

	2024 RMB'000	2023 RMB'000
Trade related:		
Associates of the Group	4,823	5,500
A joint venture of the Group	453	597
One of the Company's shareholders	338	907
	5,614	7,004

Amounts due to related parties:

	2024 RMB'000	2023 RMB'000
Trade related:		
Associates of the Group	12,475	14,420
A joint venture of the Group	1,133	830
	13,608	15,250

(3) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	10,813	7,881
Share-based payment expenses	30,160	71,898
Pension scheme contributions	538	530
	41,511	80,309

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

The related party transactions in respect of items (1)(iii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to Financial Statements

Year ended 31 December 2024

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	199,917	–	–	199,917
Equity investments at fair value through other comprehensive income	–	349,934	–	349,934
Financial assets included in other non-current assets	–	–	22,127	22,127
Trade receivables	–	–	226,116	226,116
Financial assets included in other receivables and other assets	–	–	105,275	105,275
Treasury investments	1,950,393	–	2,995,243	4,945,636
Cash and cash equivalents and restricted cash	–	–	2,576,028	2,576,028
Total	2,150,310	349,934	5,924,789	8,425,033

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	4,457,577
Financial liabilities included in other payables and accruals	808,193
Interest-bearing borrowings	7,507
Other non-current liabilities	480,619
Total	5,753,896

Notes to Financial Statements

Year ended 31 December 2024

42. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such	Equity investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	191,043	–	–	191,043
Equity investments at fair value through other comprehensive income	–	356,240	–	356,240
Financial assets included in other non-current assets	–	–	29,229	29,229
Trade receivables	–	–	218,179	218,179
Financial assets included in other receivables and other assets	–	–	106,491	106,491
Treasury investments	1,232,991	–	1,419,395	2,652,386
Cash and cash equivalents and restricted cash	–	–	4,177,879	4,177,879
Total	1,424,034	356,240	5,951,173	7,731,447

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	3,886,756
Financial liabilities included in other payables and accruals	826,808
Interest-bearing borrowings	8,509
Other non-current liabilities	406,505
Total	5,128,578

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Year ended 31 December 2024

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Financial investments at fair value through profit or loss	**199,917**	191,043	**199,917**	191,043
Equity investments designated at fair value through other comprehensive income	**349,934**	356,240	**349,934**	356,240
Short-term treasury investments				
– Fair value through profit or loss	**1,950,393**	1,232,991	**1,950,393**	1,232,991

Management has assessed that the fair values of cash and cash equivalents and restricted cash, short-term treasury investments at amortised cost, trade receivables, financial assets included in other receivables and other assets, long-term treasury investments, financial assets included in other non-current assets, trade and bills payables, financial liabilities included in other payables and accruals, Interest-bearing borrowings and other non-current liabilities approximate to their carrying amounts.

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

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

The fair value of other non-current liabilities has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the long-term interest-bearing borrowings as at the end of the reporting period was assessed to be insignificant.

The Group, with the assistance of an external appraiser, measures financial instruments such as financial investments at the end of the reporting period.

Notes to Financial Statements

Year ended 31 December 2024

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

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

As at 31 December 2024:

	Fair value measurement categorized into			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Financial investments at fair value through profit or loss	**–**	**–**	**199,917**	**199,917**
Equity investments designated at fair value through other comprehensive income	**349,934**	**–**	**–**	**349,934**
Short-term treasury investments – fair value through profit or loss	**–**	**1,950,393**	**–**	**1,950,393**

As at 31 December 2023:

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

Notes to Financial Statements

Year ended 31 December 2024

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Description	Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
		31 December 2024	31 December 2023	
Financial investments at fair value through profit or loss	Expected Volatility	36.90%-43.84%	30.68%-48.73%	The higher the expected volatility, the lower the fair value
	DLOM	10.04%-17.30%	7.65%-21.73%	The higher the DLOM, the lower the fair value
	Risk free rate	1.12%-1.30%	2.08%-2.40%	The higher the risk-free rate, the higher the fair value

If the fair values of the financial investments at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the year ended 31 December 2024 would have been approximately RMB19,991,700 higher/lower (2023: RMB19,104,000 lower/higher).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing borrowings, treasury investments, cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group operates the majority of its businesses in Mainland China and nearly all operational transactions are conducted in RMB. The foreign currency exposures of the Group mainly arise from the bank balances denominated in US$ held by the subsidiaries of the Company incorporated in Mainland China and RMB held by the subsidiaries of the Company incorporated out of Mainland China.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the RMB and US$ exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in rate of foreign currency *%*	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
Year ended 31 December 2024			
If RMB weakens against US$	**5**	**(4,209)**	**4,209**
If RMB strengthens against US$	**(5)**	**4,209**	**(4,209)**
Year ended 31 December 2023			
If RMB weakens against US$	5	(9,919)	9,919
If RMB strengthens against US$	(5)	9,919	(9,919)

Credit risk

The Group trades only with recognised and creditworthy third parties and related 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.

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Year ended 31 December 2024

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure year-end staging

The table below shows 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.

31 December 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	236,921	236,921
Financial assets included in other receivables and other assets – normal**	105,275	–	–	–	105,275
Financial assets included in other receivables and other assets – doubtful**	–	–	1,072	–	1,072
Financial assets included in other non-current assets – normal**	22,127	–	–	–	22,127
Debt instruments included in treasury investments	1,881,041	–	–	–	1,881,041
Time deposits with initial terms of more than three months included in treasury investments	1,114,202	–	–	–	1,114,202
Cash and cash equivalents and restricted cash	2,576,028	–	–	–	2,576,028
Total	5,698,673	–	1,072	236,921	5,936,666

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure year-end staging (Continued)

31 December 2023

	12 months ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	–	–	233,417	233,417
Financial assets included in other receivables and other assets – normal**	106,491	–	–	–	106,491
Financial assets included in other receivables and other assets – doubtful**	–	–	1,619	–	1,619
Financial assets included in other non-current assets – normal**	29,229	–	–	–	29,229
Debt instruments included in treasury investments	1,065,260	–	–	–	1,065,260
Time deposits with initial terms of more than three months included in treasury investments	354,135	–	–	–	354,135
Cash and cash equivalents and restricted cash	4,177,879	–	–	–	4,177,879
Total	5,732,994	–	1,619	233,417	5,968,030

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the financial statements.

** The credit quality of the financial assets included in other receivables and other assets and financial assets included in other non-current assets 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".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

Notes to Financial Statements

Year ended 31 December 2024

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

31 December 2024

	Within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*
Trade and bills payables	**4,454,199**	**3,378**	**–**	**–**	**4,457,577**
Financial liabilities included in other payables and accruals	**808,193**	**–**	**–**	**–**	**808,193**
Lease liabilities	**123,768**	**91,485**	**89,295**	**11,649**	**316,197**
Interest-bearing borrowings	**7,742**	**–**	**–**	**–**	**7,742**
Other non-current liabilities	**–**	**106,791**	**373,828**	**–**	**480,619**
Total	**5,393,902**	**201,654**	**463,123**	**11,649**	**6,070,328**

31 December 2023

	Within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*
Trade and bills payables	3,879,832	6,924	–	–	3,886,756
Financial liabilities included in other payables and accruals	826,808	–	–	–	826,808
Lease liabilities	147,047	119,133	115,783	9,521	391,484
Interest-bearing borrowings	1,275	7,672	–	–	8,947
Other non-current liabilities	–	151,390	255,115	–	406,505
Total	4,854,962	285,119	370,898	9,521	5,520,500

44. 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 issue new shares or return capital to shareholders. 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.

The Group monitors capital using gearing ratio, which is total liabilities divided by total assets. The gearing ratio as at the end of the reporting period are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Total assets	**12,797,239**	11,764,685
Total liabilities	**7,937,861**	7,306,366
Gearing ratio	**62%**	62%

45. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated subsequent events after the year ended 31 December 2024 and noted no significant subsequent events.

Notes to Financial Statements

Year ended 31 December 2024

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**3,401,453**	3,259,353
Financial investments at fair value through profit or loss	**21,404**	–
Equity investments designated at fair value through other comprehensive income	**349,934**	356,240
Total non-current assets	**3,772,791**	3,615,593
CURRENT ASSETS		
Due from subsidiaries	**11,346,881**	11,403,232
Prepayments, other receivables and other assets	**130**	4,140
Short-term treasury investment	**189,154**	212,481
Cash and cash equivalents	**6,585**	11,119
Total current assets	**11,542,750**	11,630,972
CURRENT LIABILITIES		
Other payables and accruals	**3,637**	22,370
Due to subsidiaries	**224,444**	141,493
Total current liabilities	**228,081**	163,863
NET CURRENT ASSETS	**11,314,669**	11,467,109
TOTAL ASSETS LESS CURRENT LIABILITIES	**15,087,460**	15,082,702
NET ASSETS	**15,087,460**	15,082,702
EQUITY		
Share capital	**118**	118
Reserves (note)	**15,087,342**	15,082,584
Total equity	**15,087,460**	15,082,702

Notes to Financial Statements

Year ended 31 December 2024

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Share-based payment reserve *RMB'000*	Fair value reserve of financial assets at fair value through other comprehensive income *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total equity *RMB'000*
At 1 January 2024	118	-	16,991,133	772,319	(59,762)	(659,221)	(1,961,885)	15,082,702
Profit for the year	-	-	-	-	-	-	(34,141)	(34,141)
Other comprehensive income for the year:								
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(11,586)	-	-	(11,586)
Exchange differences on translation of foreign operations	-	-	-	-	-	171,458	-	171,458
Total comprehensive income for the year	-	-	-	-	(11,586)	171,458	(34,141)	125,731
Repurchase of shares	-	(263,075)	-	-	-	-	-	(263,075)
Cancellation of shares	(2)	185,590	(185,588)	-	-	-	-	-
Share-based payments	-	-	-	142,100	-	-	-	142,100
Exercise of share options and RSUs	2	-	186,221	(186,221)	-	-	-	2
Release of ordinary shares from treasury shares	-	731	232	(963)	-	-	-	-
At 31 December 2024	118	(76,754)	16,991,998	727,235	(71,348)	(487,763)	(1,996,026)	15,087,460

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2025.

Five-Year Financial Review

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
Revenue	**14,758,694**	13,601,085	11,546,851	11,724,263	8,753,316
Gross profit	**3,745,978**	3,359,353	2,270,182	1,870,302	1,080,022
Profit/(loss) before tax	**487,193**	6,725,346	(2,107,649)	(5,809,979)	(3,903,615)
Profit/(loss) for the year	**482,038**	6,700,697	(2,138,315)	(5,844,801)	(3,928,209)
Profit/(loss) attributable to owners of the parent	**483,794**	6,702,935	(2,136,173)	(5,840,577)	(3,928,209)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of 31 December				
	2024	2023	2022	2021	2020
	(RMB in thousands)				
ASSETS					
Non-current assets	**4,431,963**	3,493,404	2,108,270	2,085,863	1,456,463
Current assets	**8,365,276**	8,271,281	6,905,846	7,746,291	7,577,854
Total Assets	**12,797,239**	11,764,685	9,014,116	9,832,154	9,034,317
LIABILITIES					
Non-current liabilities	**738,932**	704,013	22,398,481	19,453,535	12,602,611
Current liabilities	**7,198,929**	6,602,353	5,572,199	5,742,993	6,337,249
Total Liabilities	**7,937,861**	7,306,366	27,970,680	25,196,528	18,939,860
EQUITY					
Total Equity	**4,859,378**	4,458,319	(18,956,564)	(15,364,374)	(9,905,543)

Definitions

"AGM"	the annual general meeting of the Company proposed to be held on Friday, 6 June 2025
"AI"	artificial intelligence
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor"	Ernst & Young, an independent auditor of the Company
"Board"	the board of Directors of the Company
"Cayman Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Province of the PRC
"Class A Share(s)"	Class A ordinary share(s) in the share capital of the Company with a par value of US$0.00002 each, conferring a holder of a Class A Share one vote per share on any resolution tabled at the Company's general meetings
"Class B Share(s)"	Class B ordinary share(s) in the share capital of the Company with a par value of US$0.00002 each, conferring weighted voting rights in that Company such that a holder of a Class B Share is entitled to ten votes per share on any resolution tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company", "the Company" or "our Company"	TUHU Car Inc., an exempted company with limited liability incorporated in the Cayman Islands on 8 July 2019
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen Min and the companies through which Mr. Chen Min has an interest in the Company, namely Ilnewgnay Investment Limited and Nholresi Investment Limited

Definitions

"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"Equity Incentive Schemes"	collectively, the 2019 Share Incentive Plan, the Post-IPO Share Scheme and the Second Post-IPO Share Scheme (Existing Shares)
"ESG"	Environmental, Social and Governance
"Financial Statements"	the consolidated financial statements of the Group for the year ended 31 December 2024 as audited by Ernst & Young
"Global Offering"	the global offering of the Class A Shares
"Group", "the Group" or "the Group"	the Company and its subsidiaries from time to time
"HK$", "HKD" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"ICEV"	internal combustion engine vehicles
"Latest Practicable Date"	20 April 2025, being the latest practicable date prior to the publication of this annual report
"Listing Date"	26 September 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing"	the listing of the Class A Shares on the Main Board of the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NEV"	new energy vehicle

Definitions

"Nomination Committee"	the nomination committee of the Board
"Post-IPO Share Scheme"	the post-IPO share scheme conditionally approved and adopted by the Company on 7 September 2023
"Prospectus"	the prospectus issued by the Company dated 14 September 2023
"Qipeilong"	an auto part trading platform the Company built to serve the customers' diversified, long-tail automotive product demand, especially demand arise from the walk-in customers
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reserved Matters"	those matters with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the memorandum of articles of the Company or Articles of Association, including the variation of the rights attached to any class of Shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Auditor; and (iv) the voluntary liquidation or winding-up of the Company
"RSU"	the restricted share unit(s)
"SaaS"	software-as-a-service
"Second Post-IPO Share Scheme (Existing Share)"	the second post-IPO share scheme (existing shares) announced by the Company on 25 June 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	the Class A Shares and Class B Shares in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"SKU"	stock keeping unit
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States

Definitions

"VAT"	value-added tax
"WVR Beneficiary"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen Min, being the ultimate holder of the Class B Shares, entitling him to weighted voting rights
"WVR structure"	has the meaning ascribed to it under the Listing Rules
"2019 Share Incentive Plan"	the share incentive plan approved and adopted by the Company on 31 October 2019
"%"	percentage

途虎养车
TUHU Car Inc.