Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中升集團控股有限公司
Zhongsheng Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 881)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Zhongsheng Group Holdings Limited (the "**Company**", "**Zhongsheng**" or "**we**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, as follows:

KEY HIGHLIGHTS

Financial Summary

	2024	2023	Year-on-year change
	(Renminbi in millions, unless specified)		
Revenue			
Sales of motor vehicles	**140,742.9**	154,199.7	(8.7)%
Accessories and after-sales services	**27,381.3**	25,090.4	9.1%
thereof after-sales services			
(Maintenance, warranty and collision)	***22,001.2***	*20,076.0*	*9.6%*
Total revenue	**168,124.2**	179,290.1	(6.2)%

	2024	2023	Year-on-year change
	(Renminbi in millions, unless specified)		
Gross profit			
Sales of motor vehicles	**(1,978.6)**	1,997.9	N/M
Accessories and after-sales services	**12,650.5**	11,766.4	7.5%
thereof after-sales services (Maintenance, warranty and collision)	***10,215.8***	*9,293.8*	*9.9%*
Total gross profit	**10,671.9**	13,764.3	(22.5)%
Commission income	**4,199.8**	4,132.1	1.6%
Aggregate Profit	**14,871.7**	17,896.4	(16.9)%
Profit for the year	**3,070.9**	4,990.9	(38.5)%
Profit attributable to owners of the parent	**3,212.2**	5,018.1	(36.0)%
Basic earnings per Share attributable to ordinary equity holders of the parent *(RMB)*	**1.35**	2.09	(35.4)%

Operating Metrics

	2024	2023	Year-on-year change
New car sales volume *(Units)*	**485,307**	501,570	(3.2)%
thereof Luxury brands (Units)	***293,370***	*304,782*	*(3.7)%*
Pre-owned automobiles trade volume *(Units)*	**226,231**	164,109	37.9%

N/M — Not meaningful

Dividend

The Board resolved to propose for the distribution of a final dividend of HK$0.678 per Share for the year ended 31 December 2024, which is subject to the consideration and approval of the Shareholders at the AGM. It is expected that the such proposed dividends will be paid on 11 July 2025 to the Shareholders whose names are listed in the register of members of the Company on 2 July 2025.

STRATEGY UPDATES

As we wrapped up the second year of our strategy pivot to building Zhongsheng a household name of premium auto service provider in China, we are excited to see fruits reaped along with our solid execution despite a tumultuous year in the Chinese new car market in 2024. While the headline news had been filled with Chinese new car market experiencing a momentous year with new energy vehicle (NEV) sales accounted for more than 50% of total, the entire Group has been exhilarated by another year of success in continuously expanding our active customer base and delivering more auto services to them, both of which are the core of our strategy.

The Chinese automobile market has gone from a new car (incremental) market to a car parc (existing) market as annual new car sales volume plateaus at around 22.0 million level and repeat buyers account for close to 80% of new car sales according to Yiche Research Institute. Among all potential new car buyers in China, more than 80% of them are aged 30 and above, according to Autohome Research Institute. Besides, the proportion of potential buyers aged 40 and above expanded by almost 10 percentage points in the past four years. All these data points underscored some very important context to our new strategy of Zhongsheng branded and customer-centric auto services as our customers are becoming savvier and more sophisticated in choosing auto services providers — auto consumers are able to discern the difference between auto OEM brands and their respective authorised auto services providers. The customers we are serving across various local markets will likely remain to be the same group of individuals for a long time, making it important to build Zhongsheng itself as a premium auto services brand.

Among the 32 strategically core cities where we have major operational presence, there are 18.9 million luxury brand vehicles at the end of 2024, more than 80% of which (15.3 million) are traditional luxury brands including Mercedes-Benz, BMW, Audi and Lexus among others with the remainder (3.6 million) being NEV luxury brands including Tesla, Li Auto and AITO among others. We believe setting a strong footing in these 32 core cities is a strategic priority to realise our premium market positioning of Zhongsheng branded auto services because the total luxury brand auto owners in these 32 core cities represent 62.7% of all luxury brands ownership in China. At the end of 2024, we have an estimated market share of 14.1% among total luxury brands auto owners in the 32 core cities, putting us in a leading position poised to further consolidate the local premium segment and auto services sector in general.

Our total active customers, defined as the unique number of customers who have purchased new vehicles and/or enjoyed our core after-sales services (servicing and maintenance, OEM warranty, and collision repair) in the past 12 months, have further gone up to 4.19 million in 2024, representing a year-over-year growth of 10.7% and a 3-year cumulative average growth rate (CAGR) of 9.2% between 2022 and 2024 based on the number in 2021. The corresponding core after-sales services visits have exceeded 8.05 million, delivering a 3-year CAGR of 7.5%. These solid and steady growth rates stood out even more when new automobile sales volume growth remained muted during the same period. Our strategy to offer a suite of auto services under Zhongsheng brand name has surely contributed to the growth and retention of active customers. The virtuous cycle propelled by an array of Zhongsheng branded core and ancillary auto services bolsters our customer acquisition, retention and conversion in the 32 core cities.

Taking Chengdu, Dalian, Nanjing and Shenzhen for example, the largest four core cities among our footprint, the total number of active customers in these four core cities grew 10.2% year on year, reaching 0.95 million in aggregate. Such expansion in customer base has translated into a broad base of operating activities (visits) growth compared to a year ago — regular servicing up 6.7%, OEM warranty up 16.1%, collision repair up 18.1%, auto insurance renewal up 21.1%, and pre-owned automobiles retail sales units up 17.6%. Across these four core cities, the proportion of customers who did not purchase their vehicles from Zhongsheng but came in for regular servicing, or collision repair, or auto insurance renewal were 20%, 36% and 28% respectively in 2024.

We believe the progress we have made across these four leading core cities has well proven the effectiveness of our new strategy and has shed lights on how local level operational results could be evaluated using these metrics as benchmarks. Performances will no longer be evaluated on a single store basis because our brand agnostic service offerings and centralised customer relationship management treat each local market as one aggregate, integrating all customers into the Zhongsheng auto service ecosystem in their respective local markets or auto brands. On the execution of our new strategy in the past two years, we have followed three key guiding principles.

Prioritising local concentration and local density

Auto service is a local business. Therefore, one of our strategic priorities has been focusing on local market share. As at the latest practicable date, Zhongsheng has 57 sole authorisation rights of a specific brand in a local market in China, among which there are 12 Mercedes-Benz, 9 Lexus, 4 Toyota (combining both domestic joint ventures) and 4 AITO. There are another 61 counts where Zhongsheng operates the majority (50%+) of the authorised brand specific stores in their respective local markets. Such local concentration, especially among luxury brands, facilitates our strategy to position Zhongsheng as a premium auto services provider. We are also more likely to have more favourable pricing power on both vehicles sales and after-sales services, both in the retail business of servicing and maintenance and the wholesale business of collision repair. In terms of local density, we have on average 14 stores and collision centres operational in each of the 32 core cities that we have strategically chosen to cultivate over years. The aggregate scale of local operations in each core city has been very meaningful so that local business partners, including banks, insurance companies, parts and services suppliers, are all very supportive to Zhongsheng's business.

Prioritising customer engagements through diversified value offerings

More than 62% of our 4.19 million active customers enjoyed one or more Zhongsheng-branded ancillary auto services in 2024 (non-automobile sales and non-core after-sales services). These ancillary auto services supplement our core after-sales services and automobile sales very well to keep our active customers more engaged with the Zhongsheng ecosystem. As we introduced more digital tools in managing our customer relations and transformed almost all our auto services other than new automobile sales from brand-specific to brand-agnostic, our customer base continues to grow and Zhongsheng brand awareness keeps being reinforced among the customers. From a financial perspective, because of our local density, we are truly able to extract the economies of scale at the local market level, making the value of our ancillary auto services attractive to customers while financially sustainable at our company level.

Prioritising facility operating efficiency optimisation

Zhongsheng currently operates about 500 structures across various local markets in China. By making Zhongsheng branded auto services OEM brand agnostic and introducing more ancillary auto services, we are optimising revenue streams at each of our structures. We have the bandwidth from both the scope of business and the number of structures perspectives in optimising our local business mix thanks to our strategic emphasis on local density. Structures in a local market could be swapped or combined among authorised brands or refitted to brand-agnostic collision centres. Areas vacant as a result of such structure reshuffling could be refitted to bring in more auto services to stimulate customer engagements and conversions. We have also been very disciplined in capital expenditure both in terms of new investment and acquisitions. Return on structures as a whole at the local market level has been a key metric we keep striving to optimise.

BUSINESS REVIEW AND OUTLOOK

After-sales Services Business

The after-sales services segment recorded another all-time-high revenue of RMB22.00 billion in 2024, representing a year-over-year increase of 9.6% and a 3-year CAGR of 10.8%. It has been another strong year of growth demonstrating the merits of our strategic pivot to building Zhongsheng as a premium auto service brand in the past two years. We have overhauled how customer relations were managed and how auto services were delivered through traditional brand-specific outlets. Many of the operations have been centralised and managed across brands at the group level. This is to dismantle the invisible barriers erected over years between brands and stores that have made our operations siloed and less efficient in the same group. Zhongsheng is now a much stronger premium auto services brand that caters to various different use cases in our 32 core cities among customers.

In 2024, we have further expanded our active customer base to 4.19 million, registering a year-over-year increase of 10.7% and a 3-year CAGR of 9.2% based on the number in 2021. Customers are drawn to us and remain active in the Zhongsheng ecosystem by the various value offerings we provide. Our centralised customer relations teams have reached out to over 16 million customers (non-unique counts) through calls and WeCom messages as an addition to usual store level outreaches to customers during the year. Customers were responsive and results were reassuring — we fulfilled 8.05 million of core after-sales (servicing and maintenance, OEM warranty, and collision repair) visits during the year, further increasing 7.8% over last year and registering a 3-year CAGR of 7.5%. Our strategically imperative ancillary auto services (non-vehicle sales and non-core after-sales services) were effective in keeping more than 62% of our active customers (defined as customers for vehicle purchases and core after-sales services only) engaged with the Zhongsheng brand.

We brokered 1.95 million auto insurance renewals in 2024. Together with new car insurance, the annual total number of auto insurance policies brokered reached 2.41 million, representing a year-over-year increase of 20.7% and a 3-year CAGR of 12.0%. Our WeChat Mini programme based digital membership allows customers to earn vouchers and points which create value to both customers and Zhongsheng. Customers enjoy more Zhongsheng ancillary auto services and other value offerings in the future with less cash to be paid. We rolled out Zhongsheng branded auto cleaning and detailing services in 2024 as a major push into more ancillary auto service offerings. Nearly 8 million of cleaning services were fulfilled during 2024 creating value of expedience for our customers especially at times of supply trough during the Chinese New Year holidays. Such visits were valuable to us because each visit got us an opportunity to fully inspect the customer's vehicle exterior for potential body and paint jobs (one of our core after-sales services) that are usually covered by auto insurance policies or to generate cross sales of accessories or maintenance packages. Our courtesy car services and Hainan Mobility extend our seamless Zhongsheng experiences even further. Quality mobility is no longer interrupted because of unavailability of their vehicles during maintenance or collision jobs or traveling in Hainan. Premium conditioned courtesy or rental fleets are ready to smooth out hassles. A total of 170 thousand courtesy makeshifts and a total of 10 thousand rental trips in Hainan Zhongsheng delivered to our customers in 2024. Our subscription-based e-commerce platform Zhongsheng GO generated gross merchandise value (GMV) of RMB800 million in 2024, promoting the value of Zhongsheng membership points among the 3.50 million Zhongsheng GO subscription members.

Pre-owned Automobile Business

Zhongsheng delivered 226 thousand units of pre-owned automobiles in 2024, a year-over-year increase of 37.9% and another all-time-high in a year full of mounting market pressure. The segment profit contribution reached RMB1.29 billion, representing a year-on-year increase of 5.0% and 8.7% of our aggregate profit as a group in 2024. Our centralised Zhongsheng branded pre-owned automobile strategy continued to integrate our operations and try to fence off competition across various local markets, as our operating metrics speak for the efficiency improvement in 2024. For every ten new automobile buyers in the year, we were able to convert almost four pre-owned automobiles among them, or a 38% trade-in ratio, up from 31% a year ago. The number of outlets with monthly pre-owned automobile sales volume of 100 units and above grew further by 12 to 49 in total with 95% of these outlets located in our 32 core cities. They attributed to 51 thousand of retail (to end consumers) pre-owned automobile transactions, an 11.0% increase from a year ago.

While we are excited to share these achievements, we are very cautious of the current pre-owned automobile market environment in China. The average aggregate profit generated per pre-owned automobile in 2024 was RMB5.7 thousand as compared to RMB7.5 thousand a year ago. The weakened profitability was mainly attributed to the much lower transaction prices across both retail (to end consumers) and wholesale (to professional buyers) parts of the business.

According to the price tracker published by the Autohome Research Institute, new automobile retail price across 168 prevailing models in the Chinese market tumbled to 84.2 (indexed to 100 in Q1 2023) in the 18 months between Q1 2023 and Q2 2024 in a one-way slide because of the new automobile market competition. The situation alleviated a little in the second half of 2024 when the price index just dipped a little further to 82.8. The average transaction price for pre-owned automobile transactions was RMB68 thousand in 2024, down 29.2% year-over-year. A flood of new models or facelifts launched at an expedited pace, especially in the new energy vehicle segment, weighed on the vehicle residual value of older models.

Another major factor that was dragging pre-owned automobile transaction price was the trade-in policies actively being promoted by the government to stimulate consumption in 2024. As a result of the trade-in policies, pre-owned automobile transactions with automobile age of ten years and above accounted for 41% of total in 2024, up by 13 percentage points as compared to 2023. The proportion of transactions with vehicle age of five years or below plunged by 11 percentage points to 24%.

New Automobile Business

Zhongsheng sold 485 thousand of new cars in 2024, compared to 502 thousand units a year ago. The slight decrease in sales units reflected the jolt of volatility in the new automobile market. The new car margin, including all OEM regular sales targets-based incentives and special compensations, entered negative territory which was unprecedented. To secure special compensations, which were retroactive and often disproportionate towards the year end, to replenish the cash loss upon new automobile sales because of the reverse gap between our inventory cost and actual retail price, it sometimes means investing in more cash to commit to inventories for future sales. It is when such industry-wide dynamic is dire for most of the auto dealers that our strategy of and relentless effort in enhancing local concentration (market share) and local density (scale of business) in our 32 core cities have granted us more manoeuvrability and potential opportunities for further growth. Therefore, Zhongsheng is treading a fine line between short-term cash recoupment and long-term brand and geographic mix optimisation.

As at the latest practicable date, we had 436 dealership stores nationwide. To continue optimising our brand and geographic mix, we have had the biggest round of reshuffling among brands, operating formats and local structures under our strategic guiding principles of local concentration and density, customer-centric, and operating efficiency optimisation as elaborated in the Strategy Updates section above. We have opened 48 new stores and closed down 32 stores across various brands, and moved around multiple operations among our structures. The addition of Huawei family brands at meaningful scale — our official collaboration with Seres for AITO and potential expansion into HIMA operations, together with our unparalleled management bandwidth and operational excellency, allowed us to complete these reshufflings with minimal operating downtime.

Toyota and Mercedes-Benz remain the two biggest OEMs we work with. There are 111, 56 and 107 Mercedes-Benz, Lexus and Toyota authorised stores operated by Zhongsheng in China respectively. In line with our premium auto service provider positioning, our core luxury brand portfolio includes another 37 AITO (4 of them are under construction), 24 BMW, 25 Audi, 21 Volvo and 16 Jaguar Land Rover authorised stores. We are well positioned to consolidate and further gain market share in the premium auto services segment in our 32 core cities. The recent memorandum of understanding entered between Audi and us is a perfect showcase of our unique value proposition. We see plenty of opportunities in snapping up premium auto customers and gain market share at only a fraction of the cost that used to be.

MARKET REVIEW

The Chinese economy accomplished the 5% growth target in 2024 despite facing complexities between international geopolitical uncertainties and domestic economic sluggishness. As we go into the new year, global geopolitical uncertainties remain unabated, and international trade friction is intensifying, unable to reverse the lacklustre economic performances yet so far across various sectors in the country. According the latest the official economic read in February 2025, the consumer price index (CPI) declined by 0.7% year-on-year. Even factoring in the Chinese New Year holiday seasonality, the Chinese economy has not shown clear signs of recovery yet in the first two months of 2025. Over the past year, the Chinese government had been implementing relatively moderate economic stimulus policies. Overall consumption has been a laggard in the economy and deflationary signs were not hard to spot. Nevertheless, we are encouraged by the economic stimulus plans that have included multi-dimensional, systematic and highly targeted initiatives, which would hopefully lead us to a solid rebound in the new year. Retail sales in January and February 2025 have shown better-than-expected growth of 4.0% over last year.

It was against such macro backdrops, the automobile market in China, especially the new automobile market, started to exhibit new characteristics and tendencies. In 2024, the number of new passenger automobiles registered reached 23.39 million units in China, a year-on-year increase of 7.8%. This has been the highest new passenger automobile sales volume peaked since in 2017, which we believe was mainly attributed to the vehicle trade-in policies implemented with vigor at various local governments and a glut of new car model launches with novelty features and aggressive social media marketing.

New passenger vehicles registered with unit price above RMB400 thousand were barely above 1.0 million, down about 300 thousand units from a year ago and representing a mere 4.5% of total. On the other hand, for those with unit price below RMB300 thousand increased by 3.5 million units between 2022 and 2024. While a deflationary trend had been hitting almost all consumer and retail sectors in China in the past couple years, it has been exacerbated in the auto sector particularly by their aggressive marketing and the glut of products that lack differentiation. According to the National Bureau of Statistics, the total retail sales in the auto sector only increased by about 1.0% in 2024, cross-checking the auto pricing downward shift.

The new car market competition has caused spillover effects in various segments of the entire value chain. We have seen unexpected news of closures or struggles from previously high-profile new energy vehicle startups. New car dealer margin was meaningfully squeezed and entered the negative territory in 2024, which was unprecedented and unsustainable in our view for the entire auto dealership industry. While we firmly believe, as elaborated in the Business Review section above, our strategy pivot to Zhongsheng branded premium auto services has proven effective in weathering a paradigm shift in the auto industry, the OEMs landscape in the Chinese automobile market will likely remain in ferocious competition in 2025 and even further, as favourable government policies towards NEVs on car plates and consumption tax waivers are still in effect.

Like that of the new automobile market in China, the pre-owned automobile market also cheered for volume growth though the aggregate market value was subdued as a result of depressed unit transaction price. The penetration ratio of pre-owned automobiles continued to rise among Chinese consumers thanks to the favourable government policies in promoting the circulation of pre-owned automobiles in the country and the increased transparency in transaction procedures. According to the China Automobile Dealers Association, the transaction volume of pre-owned automobiles in 2024 increased by 6.5% year-on-year to 19.61 million. There was obviously a trickle-down effect in the profitability of the pre-owned automobile market in China when the new automobile market was in severe price competition. Nonetheless, we are enthusiastic about the growth trajectory of the pre-owned automobile industry in the long run. More quality and efficient operators like Zhongsheng are poised to capture the bulk of the profitability in the market taking into consideration the strong access they have to both quality sources of vehicles and retail end consumers.

The automobile after-sale market continued to expand in tandem with increasing car parc driven by higher annual new automobile sales and growing demand from customers as they become more sophisticated. At the end of 2024, the Chinese car parc increased year-on-year by 5.1% to 350 million units, with 8.9% of which being new energy vehicles according to the Ministry of Public Security of China. As auto owners are becoming more and more experienced and sophisticated, and information asymmetry is also being eliminated, the automobile after-sale is undergoing secular changes that auto owners are looking for more diverse service items and higher quality execution. The industry is calling for more quality and reputable auto services providers to consolidate the market. Collision repair, as a major segment in the automobile after-sale business, is embracing changes from the increasing penetration of NEVs and advanced driver assistance systems (ADAS) in the car parc. According to National Financial Regulatory Authority, the total auto insurance premiums reached RMB913.7 billion in 2024 with a compensation ratio of 74.1%. Assuming empirically 60% of the compensation goes to vehicle damage, that gives an estimated annual auto collision repair market size above RMB400 billion. As NEV penetration ratio continues rising, their accident ratio has been ten percentage points higher than traditional vehicles according to several insurance companies, even as higher

ADAS adoption ratio among NEVs is supposed to make driving safer. We believe the higher accident ratios among NEVs are attributed by the overall higher running speed and the lack of attention among drivers when accidents happen.

In terms of the market competitive dynamics, industry consolidation is becoming increasingly evident. The prolonged price war in the new automobile market has led to the exit of some authorised dealers due to liquidity issues. Major OEMs are also proactively optimising their distribution networks, leading to further consolidation of market share among top players. Institutional auto service providers like Zhongsheng are rapidly building their independent brand names in the premium segment while the mass segment is being reshaped by branded franchisees under online platforms like Tuhu, JD and New Car Zone. What is clear is that the branding of auto service providers will become more and more important as consumers are relying more on it to make decisions. It fits well with our pivotal strategy though we will remain disciplined by the guiding principles as discussed in the Strategy Updates section above.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended 31 December 2024 and 2023:

	2024	2023
	(Renminbi in millions, unless specified)	
Revenue	**168,124.2**	179,290.1
Cost of sales and services provided	**(157,452.3)**	(165,525.8)
Gross profit	**10,671.9**	13,764.3
Other income and gains, net	**4,784.4**	4,730.9
Selling and distribution expenses	**(7,552.6)**	(7,736.9)
Administrative expenses	**(2,229.2)**	(2,418.6)
Profit from operations	**5,674.5**	8,339.7
Finance costs	**(1,572.9)**	(1,507.4)
Share of profits/(losses) of joint ventures and associates	**1.8**	(1.3)
Profit before tax	**4,103.4**	6,831.0
Income tax expense	**(1,032.5)**	(1,840.1)
Profit for the year	**3,070.9**	4,990.9
Attributable to:		
Owners of the parent	**3,212.2**	5,018.1
Non-controlling interests	**(141.3)**	(27.2)
	3,070.9	4,990.9

Revenue

Revenue for the year ended 31 December 2024 was RMB168,124.2 million, representing a decrease of RMB11,165.9 million or 6.2% as compared to the year ended 31 December 2023. The following table sets forth the Group's revenue by different business segments for the years ended 31 December 2024 and 2023:

	2024	2023	Year-on-year change
	(Renminbi in millions, unless specified)		
New automobile sales	**125,325.6**	140,214.9	(10.6)%
Pre-owned automobile sales	**15,417.3**	13,984.8	10.2%
After-sales services	**22,001.2**	20,076.0	9.6%
Accessories and others	**5,380.1**	5,014.4	7.3%
Total revenue	**168,124.2**	179,290.1	(6.2)%

— Revenue from new automobile sales amounted to RMB125,325.6 million, representing a decrease of RMB14,889.3 million or 10.6% as compared to the year ended 31 December 2023, primarily due to the decline in the sales volume of new automobile and average selling price of new automobile for the year.

— Revenue from pre-owned automobile sales amounted to RMB15,417.3 million, representing an increase of RMB1,432.5 million or 10.2% as compared to the year ended 31 December 2023, primarily due to the growth of the sales volume of pre-owned automobile for the year, which was to a certain extent offset by a decrease in the average selling price of pre-owned automobiles.

— Revenue from after-sales services (maintenance, warranty and collision) amounted to RMB22,001.2 million, representing an increase of RMB1,925.2 million or 9.6% as compared to the year ended 31 December 2023, which was primarily due to the increase in the number of visits for after-sales services during the year.

— Revenue from accessories and others amounted to RMB5,380.1 million, representing an increase of RMB365.7 million or 7.3% as compared to the year ended 31 December 2023, primarily due to the increase in sales of responding sales volume as a result of greater offering diversity of accessories during the year.

New automobile sales business accounted for a substantial portion of the Group's revenue, representing 74.5% (the year ended 31 December 2023: 78.2%) of the total revenue for the year ended 31 December 2024. Pre-owned automobile sales accounted for 9.2% of the total revenue for the year ended 31 December 2024 (the year ended 31 December 2023: 7.8%). Accessories and after-sales services business accounted for 16.3% of the total revenue for the year ended 31 December 2024 (the year ended 31 December 2023: 14.0%). During the year ended 31 December 2024, almost all of the Group's revenue was derived from business located in the PRC.

In terms of revenue from new automobile sales, Mercedes-Benz is the Group's top selling brand, with revenue from the sales of which representing 40.0% of the Group's total revenue from new automobile sales (the year ended 31 December 2023: 40.9%).

Cost of Sales and Services Provided

Cost of sales and services for the year ended 31 December 2024 amounted to RMB157,452.3 million, representing a decrease of RMB8,073.5 million or 4.9% as compared to the year ended 31 December 2023, which was primarily due to the decrease in cost of sales as a result of the decline in new automobile sales volume.

Gross Profit

The Group's gross profit for the year ended 31 December 2024 amounted to RMB10,671.9 million, representing a decrease of RMB3,092.4 million or 22.5% as compared to the year ended 31 December 2023. The following table sets out the Group's gross profit by different business segments for the years ended 31 December 2024 and 2023:

	2024	2023	Year-on-year change
	(Renminbi in millions, unless specified)		
New automobile sales	**(3,208.4)**	1,057.9	N/M
Pre-owned automobile sales	**1,229.8**	940.0	30.8%
After-sales services	**10,215.8**	9,293.8	9.9%
Accessories and others	**2,434.7**	2,472.6	(1.5)%
Total gross profit	**10,671.9**	13,764.3	(22.5)%

— Gross loss from new automobile sales business amounted to RMB3,208.4 million, as compared to the gross profit from new automobile sales business of RMB1,057.9 million for the year ended 31 December 2023, primarily due to the decline in new automobile sales volume for the year, and the narrowing of gross profit for new automobile sales at the dealership end as a result of the increasing competition in the domestic new automobile market and the decrease in the average selling price of new automobiles for the year.

— Gross profit from pre-owned automobile sales amounted to RMB1,229.8 million, representing an increase of RMB289.8 million or 30.8% as compared to the year ended 31 December 2023, primarily due to the growth of the sales volume of pre-owned automobile for the year.

— Gross profit from after-sales services (maintenance, warranty and collision) amounted to RMB10,215.8 million, representing an increase of RMB922.0 million or 9.9% as compared to the year ended 31 December 2023, primarily due to the increase in the number of visits for after-sales services for the year.

— Gross profit from accessories and others amounted to RMB2,434.7 million, representing a decrease of RMB37.9 million or 1.5% as compared to the year ended 31 December 2023, primarily due to the product mix change of accessories distributed.

The Group's gross profit margin for the year ended 31 December 2024 was 6.3% (the year ended 31 December 2023: 7.7%).

Other Income and Gains, Net

The other income and gains mainly consisted of commission income, interest income, rental income, government grants, other gains and losses, etc. The other income and gains, net, for the year ended 31 December 2024 amounted to RMB4,784.4 million, representing an increase of RMB53.5 million or 1.1% as compared to the year ended 31 December 2023.

Among which, the commission income (commission from automobile insurance, automobile financing and automobile registration services, etc.) amounted to RMB4,199.8 million for the year ended 31 December 2024, representing an increase of RMB67.7 million or 1.6% as compared to the year ended 31 December 2023, which remained stable.

The interest income amounted to RMB323.1 million for the year ended 31 December 2024, representing a decrease of RMB131.5 million or 28.9% as compared to the year ended 31 December 2023, due to the decrease in interest rates.

In addition, the provision for impairment of goodwill recorded in respect of the underlying cash-generating units during the period is included in other gains and losses and amounted to RMB99.9 million (the year ended 31 December 2023: Nil).

Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 December 2024 amounted to RMB7,552.6 million, representing a decrease of RMB184.3 million or 2.4% as compared to the year ended 31 December 2023, primarily due to the decrease in promotion and advertising expenses.

Administrative Expenses

Administrative expenses for the year ended 31 December 2024 amounted to RMB2,229.2 million, representing a decrease of RMB189.4 million or 7.8% as compared to the year ended 31 December 2023, primarily due to the control and reduction in administrative-related cost.

Share of Profits/(Losses) of Joint Ventures and Associates

The share of net profits of joint ventures and associates amounted to RMB1.8 million for the year ended 31 December 2024, as compared to the share of net losses of joint ventures and associates of RMB1.3 million for the year ended 31 December 2023.

Profit from Operations

The profit from operations for the year ended 31 December 2024 amounted to RMB5,674.5 million, representing a decrease of RMB2,665.2 million or 32.0% as compared to the year ended 31 December 2023. Such change was primarily due to the decrease in gross margin for the abovementioned new automobile sales, which was to a certain extent offset by increase in gross profit from sales of pre-owned automobiles and accessories and after-sales services and decrease in selling and distribution expenses and administrative expenses. The operating profit margin for the year ended 31 December 2024 was 3.4% (the year ended 31 December 2023: 4.7%).

Finance Costs

Finance costs for the year ended 31 December 2024 amounted to RMB1,572.9 million, representing an increase of RMB65.5 million or 4.3% as compared to the year ended 31 December 2023. The change was insignificant and was mainly due to the increase in debt size.

Income Tax Expense

Income tax for the year ended 31 December 2024 amounted to RMB1,032.5 million, representing a decrease of RMB807.6 million, or 43.9% as compared to the year ended 31 December 2023, primarily due to the decrease in profit from operations for the year.

Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent for the year ended 31 December 2024 amounted to RMB3,212.2 million, representing a decrease of RMB1,805.9 million or 36.0% as compared to the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Flow

The Group primarily uses cash to pay for new automobiles, pre-owned automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to newly establish, acquire and rebuild outlets. The Group finances its liquidity requirements mainly through a combination of cash flows generated from its operating activities, bank loans and other borrowings and other funds raised from the capital markets and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

The cash position of the Group as at 31 December 2024 and 31 December 2023 was as follows:

	2024	2023
	(Renminbi in millions, unless specified)	
Cash and cash equivalents	**18,687.5**	15,612.0
Cash in transit	**60.0**	118.1
Time deposits and pledged bank deposits	**4,256.5**	3,871.4
Total cash	**23,004.0**	19,601.5

As at 31 December 2024, the cash balance of the Group was RMB23,004.0 million, representing an increase of RMB3,402.5 million in cash balance as compared to that as at 31 December 2023, which was mainly attributable to the net cash inflow from operating activities.

For the year ended 31 December 2024, the Group generated free cash flow of RMB1,555.5 million, which was attributable to the net cash flow from operating activities of RMB3,439.4 million, partially offset by the Group's net capital expenditures cash flow of RMB825.7 million and lease payments of RMB1,058.2 million.

Condensed Consolidated Statements of Cash Flows

The following table sets out the comparative figures for the years ended 31 December 2024 and 2023:

	2024	2023
	(Renminbi in millions, unless specified)	
Net cash generated from operating activities	**3,439.4**	6,426.0
Net cash generated from/(used in) investing activities	**619.5**	(497.0)
Net cash used in financing activities	**(1,000.3)**	(2,001.3)
Net increase in cash and cash equivalents	**3,058.6**	3,927.7
Cash and cash equivalents at the beginning of the year	**15,612.0**	11,679.0
Effect of foreign exchange rate changes, net	**16.9**	5.3
Cash and cash equivalents at the end of the year	**18,687.5**	15,612.0

Cash Flow Generated from Operating Activities

For the year ended 31 December 2024, the net cash generated from operating activities by the Group amounted to RMB3,439.4 million, representing a decrease of RMB2,986.6 million as compared to that for the year ended 31 December 2023, which was mainly attributable to the decrease in profit for the year and the increase in the share of working capital due to the increase in the rebate receivables from the OEMs.

Cash Flow Generated from Investing Activities

For the year ended 31 December 2024, the net cash generated from investing activities by the Group amounted to RMB619.5 million, which was mainly derived from the decrease in prepayments.

Cash Flow Used in Financing Activities

For the year ended 31 December 2024, the net cash used in financing activities by the Group amounted to RMB1,000.3 million, primarily used for repurchase of bonds, payment of dividend and interest and lease payments.

Bank Loans and Other Borrowings

As at 31 December 2024, the Group's bank loans and other borrowings amounted to RMB32,039.2 million (31 December 2023: RMB28,372.8 million), and its convertible bonds liability portion amounted to RMB3,356.2 million (31 December 2023: RMB3,175.9 million). The increase in the Group's bank loans and other borrowings during the year ended 31 December 2024 was primarily due to the increase in inventories financed by financial institutions, and the newly issued bond financing for refinancing for the year that has not yet been used to repay the original debt. The annual interest rates of the bank loans and other borrowings ranged from 0.3% to 6.29%.

CONVERTIBLE BONDS

2025 Convertible Bonds

On 12 May 2020, the Company, Merrill Lynch (Asia Pacific) Limited and Morgan Stanley & Co. International plc (the "**2025 Convertible Bond Managers**") entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2025 Convertible Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) zero coupon convertible bonds due 2025 in an aggregate principal amount of HK$4,560 million (the "**2025 Convertible Bonds**").

The 2025 Convertible Bonds are convertible into share(s) of the Company (the "**Share(s)**") at an initial conversion price of HK$45.61 per Share at the option of the holder thereof, at any time on or after 1 July 2020 up to the close of business on the tenth day prior to the maturity date, being a date falling on or about 21 May 2025. The issue of the 2025 Convertible Bonds in an aggregate principal amount of HK$4,560 million was completed on 21 May 2020. Pursuant to the terms and conditions of the 2025 Convertible Bonds, certain holders of the 2025 Convertible Bonds served notices of redemption on the Company, requiring the Company to redeem an outstanding principal amount of HK$1,436,000,000 of the 2025 Convertible Bonds at 110.15% of their principal amount on 21 May 2023, representing approximately 31.49% of the principal amount of the 2025 Convertible Bonds. Immediately after the early redemption, such redeemed 2025 Convertible Bonds were cancelled and the principal amount of the outstanding 2025 Convertible Bonds was HK$3,124,000,000 (the "**Outstanding 2025 Convertible Bonds**").

Pursuant to the terms and conditions of the 2025 Convertible Bonds, in light of the payment of a final dividend of HK$1.09 per Share for the year ended 31 December 2022 and a final dividend of HK$0.797 per Share for the year ended 31 December 2023, the conversion price of the 2025 Convertible Bonds was adjusted from HK$45.61 to HK$45.02 per Share with effect from 29 June 2023 and further to HK$43.88 per Share with effect from 4 July 2024, respectively.

There has been no conversion of the Outstanding 2025 Convertible Bonds as at the date of this announcement. The Company will redeem each Outstanding 2025 Convertible Bond on the maturity date at its principal amount together with accrued and unpaid interest thereon. Upon full conversion of the Outstanding 2025 Convertible Bonds, the Company may issue 71,194,165 Shares, increasing the total issued Shares to 2,438,188,028 Shares (excluding treasury shares) (calculated as at the date of this announcement).

Please refer to the announcements of the Company dated 12, 13, 14, 21, 22 and 25 May 2020 and 26 April 2023 and 19 June 2023 and 21 June 2024, respectively, for further details on the 2025 Convertible Bonds.

BONDS

2026 Bonds

On 6 January 2021, the Company and Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, CCB International Capital Limited, MUFG Securities Asia Limited and Morgan Stanley & Co. International plc (the "**2026 Bond Managers**") entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2026 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 3.00% bonds due 2026 in an aggregate principal amount of US$450 million (the "**2026 Bonds**"). The maturity date of the 2026 Bonds is 13 January 2026.

In July 2024, the Company made an offer to purchase for cash the 2026 Bonds at a purchase price of US$966 per US$1,000 principal amount of the 2026 Bonds, plus accrued interest, from certain holders of the 2026 Bonds (the "**Offer**"). The aggregate principal amount of the 2026 Bonds validly tendered pursuant to the Offer amounted to US$292,166,000. All of the validly tendered 2026 Bonds were accepted, purchased and cancelled by the Company on 1 August 2024. Following the settlement of the Offer and cancellation of the 2026 Bonds purchased pursuant to the Offer, the outstanding aggregate principal amount of the 2026 Bonds is US$157,834,000 as at 1 August 2024 (the "**Outstanding 2026 Bonds**"). The Company is scheduled to redeem each Outstanding 2026 Bond at its principal amount on the maturity date of the Outstanding 2026 Bonds.

Please refer to the announcements of the Company dated 4, 7, 13 and 14 January 2021 and 22 and 30 July and 1 August 2024, respectively, for further details on the 2026 Bonds.

2028 Bonds

On 23 July 2024, the Company and Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, MUFG Securities Asia Limited, Mizuho Securities Asia Limited, J.P. Morgan Securities (Asia Pacific) Limited and China CITIC Bank International Limited (the "**2028 Bond Managers**") entered into a bond subscription agreement, according to which the Company agreed to issue, and the 2028 Bond Managers conditionally agreed to subscribe and pay for (or to procure subscribers to subscribe and pay for) the 5.98% bonds due January 2028 in an aggregate principal amount of US$600 million (the "**2028 Bonds**"). The maturity date of the 2028 Bonds is 30 January 2028, on which the Company is scheduled to redeem each 2028 Bond at its principal amount.

Please refer to the announcements of the Company dated 22, 24, 30 and 31 July 2024, respectively, for further details on the 2028 Bonds.

Panda Bonds

On 20 May 2024, the Company made an application (the "**Application**") to the National Association of Financial Market Institutional Investors (the "**Association**") for registration of debt financing instruments in the aggregate amount of not more than RMB5 billion (the "**Panda Bonds**") to be issued in one or multiple tranches as and when appropriate within two years from the date of receipt of the notice of acceptance of the registration of the Panda Bonds from the Association. The Application was approved by the Association on 19 July 2024.

The issue of the first tranche of the Panda Bonds was completed on 1 August 2024. Based on the bookbuilding and placement results, the total issue size of the first tranche of the Panda Bonds was RMB1 billion, with a coupon rate of 3.5% and a maturity of three years.

OTHER FINANCIAL INFORMATION

Capital Expenditures and Investment

The Group's capital expenditures comprised of expenditures on property, plant and equipment (other than motor vehicles), land use rights and business acquisition. For the year ended 31 December 2024, the Group's total capital expenditures amounted to RMB1,356.7 million (for the year ended 31 December 2023: RMB1,426.5 million). Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2024.

Inventory Analysis

The Group's inventories primarily consisted of new automobiles, pre-owned automobiles, spare parts and automobile accessories. Generally, each of the operated outlets of the Group individually manages the planning and orders for new automobiles and spare parts. To leverage scale advantage and centralisation efficiency, the Group also coordinates and aggregates orders for pre-owned automobiles, automobile accessories and other automobile-related products through its dealership network and centralised platform. The Group manages its quotas and inventory levels through its information technology systems, including an Enterprise Resource Planning (ERP) system.

The Group's inventories increased from RMB16,366.1 million as at 31 December 2023 to RMB18,476.9 million as at 31 December 2024, primarily due to the slight increase in the turnover days for new automobiles.

The following table sets forth the average inventory turnover days of the Group for the periods indicated:

	For the year ended 31 December	
	2024	2023
Average inventory turnover days	**35.1**	31.2

The inventory turnover days of the Group showed an increase during the year ended 31 December 2024 as compared to the year ended 31 December 2023, which was mainly because the Group adjusted the level of its inventory to adapt to market changes. During the year ended 31 December 2024, the Group still had a healthy level of average inventory turnover days, and the Group's inventory mix will gradually optimise.

Interest Rate Risk and Foreign Exchange Rate Risk

As at 31 December 2024, the Group did not use any derivatives to hedge interest rate risk. The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Most cash and bank deposits of the Group are denominated in RMB. In general, the Group's bank loans and other borrowings were denominated in RMB, United States dollars and Hong Kong dollars, and the liability component of convertible bonds were denominated in Hong Kong dollars. The Group has used derivative financial instruments related to cross-currency interest rate swaps to hedge its foreign currency exposure. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

Pledge of the Group's Assets

The Group pledged its assets as securities for bank and other loan and banking facilities which were used to finance daily business operations. As at 31 December 2024, the pledged assets of the Group amounted to RMB12.2 billion (31 December 2023: RMB11.6 billion).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As at 31 December 2024, the Group did not have any detailed future plans for material investments or capital assets.

Gearing Ratio

As at 31 December 2024, the gearing ratio of the Group was 42.5% (31 December 2023: 40.9%), which was calculated from net debt divided by the sum of net debt and total equity.

Share Option Scheme

The Share Option Scheme (as defined in the Company's prospectus dated 16 March 2010) was conditionally approved by a resolution of the shareholders of the Company (the "**Shareholders**") on 9 February 2010 and adopted by a resolution of the Board on the same day. The Share Option Scheme expired on 25 March 2020. No further options can be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to exercise any subsisting options granted prior to the expiry of the Share Option Scheme or otherwise as handled in accordance with the provisions of the Share Option Scheme.

Details of the outstanding options to subscribe for Shares pursuant to the Share Option Scheme and the movement during the year ended 31 December 2024 are set out below:

			Number of Share Options				
Name of Grantees	**Date of grant**	**Exercise price per Share**	**Outstanding as at 31 December 2023**	**Granted during the period**	**Exercised during the period**	**Lapsed/ Cancelled during the period**	**Outstanding as at 31 December 2024**
Mr. Zhang Zhicheng — Executive Director	26 April 2018	HK$22.60	5,500,000[1]	—	—	—	5,500,000
Total							5,500,000

Note:

(1) On 26 April 2018, the Company offered to grant share options (the "**Share Options**") to Mr. Zhang Zhicheng under the Share Option Scheme, which entitle him to subscribe for an aggregate of 5,500,000 new Shares. The vesting period of the Share Options were one year from the date of grant of the Share Options. The Share Options were fully vested on 26 April 2019. The Share Options are exercisable from 26 April 2019 to 25 April 2028 (both dates inclusive) at a price of HK$22.60 per Share. The closing price of the Shares immediately before 26 April 2018 was HK$22.35 per Share.

During the year ended 31 December 2024, no options had been granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. As at 31 December 2024, the total number of Shares that may be issued under the Share Option Scheme was 5,500,000 Shares, representing approximately 0.23% of the issued share capital of the Company (excluding treasury shares) as at the date of this announcement, and approximately 0.23% of the weighted average number of Shares in issue during the year ended 31 December 2024.

CONNECTED TRANSACTIONS

There was no connected transaction entered into by the Group during the year ended 31 December 2024 that is required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

The following table sets forth the consolidated statement of profit or loss of the Company for the years indicated:

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**168,124,205**	179,290,093
Cost of sales and services provided		**(157,452,291)**	(165,525,773)
Gross profit		**10,671,914**	13,764,320
Other income and gains, net	4	**4,784,427**	4,730,929
Selling and distribution expenses		**(7,552,654)**	(7,736,991)
Administrative expenses		**(2,229,183)**	(2,418,598)
Profit from operations		**5,674,504**	8,339,660
Finance costs		**(1,572,886)**	(1,507,393)
Share of losses of joint ventures		**(998)**	(3,582)
Share of profits of associates		**2,799**	2,263
Profit before tax	5	**4,103,419**	6,830,948
Income tax expense	6	**(1,032,544)**	(1,840,063)
Profit for the year		**3,070,875**	4,990,885
Attributable to:			
Owners of the parent		**3,212,188**	5,018,077
Non-controlling interests		**(141,313)**	(27,192)
		3,070,875	4,990,885
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For profit for the year *(RMB)*	7	**1.35**	2.09
Diluted			
— For profit for the year *(RMB)*	7	**1.35**	2.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

The following table sets forth the consolidated statement of comprehensive income of the Company for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**3,070,875**	4,990,885
Other comprehensive loss		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**4,453**	(35,070)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**4,453**	(35,070)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(240,190)**	(80,983)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(240,190)**	(80,983)
Other comprehensive loss for the year, net of tax	**(235,737)**	(116,053)
Total comprehensive income for the year	**2,835,138**	4,874,832
Attributable to:		
Owners of the parent	**2,976,451**	4,902,024
Non-controlling interests	**(141,313)**	(27,192)
	2,835,138	4,874,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2024

The following table sets forth the consolidated statement of financial position of the Company as at the dates indicated:

	Notes	**2024** **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**17,323,828**	18,055,099
Right-of-use assets		**5,266,645**	5,077,814
Land use rights		**3,448,389**	3,493,701
Prepayments		**342,764**	399,420
Intangible assets		**9,238,214**	9,629,424
Goodwill		**8,272,614**	8,364,196
Investments in joint ventures		**53,854**	54,852
Investments in associates		**2,471**	9,881
Derivative financial instruments		**20,674**	—
Debt investments at amortised cost		**73,153**	72,065
Deferred tax assets		**548,214**	513,352
Total non-current assets		**44,590,820**	45,669,804
CURRENT ASSETS			
Inventories	*8*	**18,476,861**	16,366,096
Trade receivables	*9*	**4,653,569**	4,108,501
Prepayments, other receivables and other assets		**19,312,792**	17,340,686
Amounts due from related parties		**7,712**	33,322
Financial assets at fair value through profit or loss		**124,669**	148,551
Time deposits and pledged bank deposits		**4,256,545**	3,871,391
Cash in transit		**60,039**	118,126
Cash and cash equivalents		**18,687,542**	15,611,984
Total current assets		**65,579,729**	57,598,657
CURRENT LIABILITIES			
Bank loans and other borrowings		**16,965,321**	15,873,276
Lease liabilities		**689,047**	609,762
Convertible Bonds, current portion		**3,356,212**	—
Trade and bills payables	*10*	**12,607,800**	11,041,368
Other payables and accruals		**4,238,461**	3,686,529
Amounts due to related parties		**6,731**	6,801
Income tax payable		**2,153,207**	2,309,847

	2024	2023
	RMB'000	*RMB'000*
Dividends payable	**2,000**	2,000
Total current liabilities	**40,018,779**	33,529,583
NET CURRENT ASSETS	**25,560,950**	24,069,074
TOTAL ASSETS LESS CURRENT LIABILITIES	**70,151,770**	69,738,878
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**3,429,179**	3,418,851
Bank loans and other borrowings	**15,073,848**	12,499,506
Lease liabilities	**4,730,926**	4,598,066
Convertible bonds	**—**	3,175,879
Total non-current liabilities	**23,233,953**	23,692,302
Net assets	**46,917,817**	46,046,576
EQUITY		
Equity attributable to owners of the parent		
Share capital	**207**	207
Treasury shares	**(193,649)**	—
Reserves	**47,022,883**	45,797,089
	46,829,441	45,797,296
Non-controlling interests	**88,376**	249,280
Total equity	**46,917,817**	46,046,576

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Company has established a principal place of business in Hong Kong which is located at Rooms 1803–09, 18th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 26 March 2010.

During the year, the Group was principally engaged in the sale and service of motor vehicles.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate controlling shareholders of the Company are Mr. Huang Yi and Mr. Li Guoqiang.

2. ACCOUNTING POLICIES

2.1 Basis of presentation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss 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.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

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

(a) Amendments to HKFRS 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 HKFRS 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 HKAS 7 and HKFRS 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.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical area

Since over 90% of the Group's revenue and operating profit were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's non-current assets other than deferred tax assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

(a) Revenue:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Disaggregated revenue information		
Type of goods or services		
Sales of motor vehicles	**140,742,927**	154,199,703
Accessories and after-sales services	**27,381,278**	25,090,390
Total	**168,124,205**	179,290,093
Geographical market		
Chinese Mainland	**168,124,205**	179,290,093
Timing of revenue recognition		
At a point in time	**168,124,205**	179,290,093

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

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of motor vehicles	**2,475,494**	2,398,796
Accessories and after-sales services	**142,111**	121,090
Total	**2,617,605**	2,519,886

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

Sale of motor vehicles

The performance obligation is satisfied upon delivery of the motor vehicles and payment in advance is generally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

Sale of accessories

The performance obligation is satisfied upon delivery accessories and payment in advance is generally required.

After-sales services

The performance obligation is satisfied upon the compilation of services and payment is generally due upon completion of services provided, and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**2,946,287**	2,617,605

All amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

(b) Other income and gains, net:

	2024	2023
	RMB'000	*RMB'000*
Commission income	**4,199,812**	4,132,099
Rental income	**58,361**	29,702
Interest income	**323,061**	454,532
Government grants	**32,550**	49,816
Net losses on disposal of items of property, plant and equipment	**(27,118)**	(94,911)
Loss on disposal of a subsidiary	**(17,244)**	—
Interest income from debt investments at amortised cost	**5,334**	3,796
Gain on the extinguishment of convertible bond	**—**	58,084
Fair value gains/(losses), net:		
Financial assets at fair value through profit or loss		
— listed equity investments	**7,001**	23,893
— funds	**(1,684)**	1,266
Dividend income from listed equity investments	**2,830**	2,284
Others	**201,524**	70,368
Total	**4,784,427**	4,730,929

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	**3,745,645**	3,616,953
Pension scheme contributions (defined contribution scheme)*	**950,752**	788,788
Other welfare	**415,042**	381,418
	5,111,439	4,787,159

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**153,633,782**	162,851,998
Depreciation and impairment of property, plant and equipment	**1,536,521**	966,560
Depreciation of right-of-use assets	**823,142**	737,502
Amortisation of land use rights	**115,025**	114,684
Amortisation of intangible assets	**402,893**	399,753
Auditors' remuneration	**6,800**	6,800
Lease payments not included in the measurement of lease liabilities	**403,673**	143,247
Promotion and advertisement	**1,204,416**	1,407,713
Office expenses	**441,333**	490,798
Logistics expenses	**441,412**	355,772
Impairment of trade receivables	**7,588**	46,759
Write-down of inventories to net realisable value	**11,142**	27,264
Net losses on disposal of items of property, plant and equipment	**27,118**	94,911
Gain on the extinguishment of convertible bond	**—**	(58,084)
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss		
— listed equity investments	**(7,001)**	(23,893)
— funds	**1,684**	(1,266)
Dividend income from listed equity investments	**(2,830)**	(2,284)
Interest income from debt investments at amortised cost	**(5,334)**	(3,796)
Impairment of goodwill	**99,932**	—
Loss on disposal of subsidiaries	**17,244**	—

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX EXPENSE

(a) Tax in the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current Chinese Mainland corporate income tax	**1,036,373**	1,937,984
Deferred tax	**(3,829)**	(97,921)
Total	**1,032,544**	1,840,063

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

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

No Hong Kong tax has been provided as the Group had no assessable profits arising in Hong Kong during the year (2023: Nil).

According to the Corporate Income Tax Law ("**CIT**") of the People's Republic of China, the income tax rates for both domestic and foreign investment enterprises in Mainland China are unified at 25% effective from 1 January 2008.

Certain subsidiaries of the Group enjoyed preferential CIT rates which were lower than 25% during the reporting period as they obtained related approval from the relevant tax authorities or operated in designated areas with preferential CIT policies in the PRC.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the regions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**4,103,419**	6,830,948
Tax at the statutory tax rate (25%)	**1,025,855**	1,707,737
Tax effect of non-deductible expenses	**192,707**	70,645
Income not subject to tax	**(85,178)**	(42,705)
Profits and losses attributable to jointly-controlled entities and associates	**190**	330
Lower tax rates for specific provinces or enacted by local authority	**(352,125)**	(268,080)
Adjustments in respect of current tax of previous periods	**26,028**	65,942
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**86,613**	114,220
Tax losses not recognised	**138,454**	191,974
Tax charge	**1,032,544**	1,840,063

7. 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 2,377,083,431 (2023: 2,396,898,896) in issue during the year.

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

The calculations of basic and diluted earnings per share are based on:

Earnings

	2024	2023
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**3,212,188**	5,018,077
Interest on convertible bonds	**109,687**	126,507
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**3,321,875**	5,144,584

Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,377,083,431**	2,396,898,896
Effect of dilution — weighted average number of ordinary shares:		
Share options	**—**	2,515,168
Convertible bonds	**71,194,165**	69,391,381
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**2,448,277,596**	2,468,805,445

Earnings per share

	2024	2023
	RMB	*RMB*
Basic	**1.35**	2.09
Diluted	**1.35**	2.08

8. INVENTORIES

Inventories in the consolidated statement of financial position represent:

	2024	2023
	RMB'000	*RMB'000*
Motor vehicles	**16,311,581**	14,418,816
Spare parts and others	**2,231,755**	2,002,613
	18,543,336	16,421,429
Less: Provision for inventories	**66,475**	55,333
Total	**18,476,861**	16,366,096

As at 31 December 2024, certain of the Group's inventories with a carrying amount of approximately RMB4,604,504,000 (2023: RMB4,367,244,000) were pledged as security for the Group's bank loans and other borrowings.

As at 31 December 2024, certain of the Group's inventories with a carrying amount of approximately RMB3,998,906,000 (2023: RMB5,064,734,000) were pledged as security for the Group's bills payable.

9. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**4,733,136**	4,181,131
Impairment	**(79,567)**	(72,630)
Net carrying amount	**4,653,569**	4,108,501

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. On 31 December 2024, the Group had certain concentrations of credit risk as 37.2% of the Group's trade receivables were due from the Group's five largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**4,545,090**	3,649,488
More than 3 months but less than 1 year	**105,073**	432,608
Over 1 year	**3,406**	26,405
Total	**4,653,569**	4,108,501

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**72,630**	26,698
Amount written off as uncollectible	**(651)**	(827)
Impairment losses, net *(note 5)*	**7,588**	46,759
At end of year	**79,567**	72,630

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). 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.

10. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**2,907,697**	3,956,492
Bills payable	**9,700,103**	7,084,876
Trade and bills payables	**12,607,800**	11,041,368

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	**11,864,667**	10,450,209
3 to 6 months	**635,130**	527,770
6 to 12 months	**95,224**	41,409
Over 12 months	**12,779**	21,980
Total	**12,607,800**	11,041,368

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

11. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final — HK$0.678 (approximately RMB0.634) (2023: HK$0.797) per ordinary share	**1,500,000**	1,756,327

The calculation of the proposed final dividend for the year ended 31 December 2024 is based on the proposed final dividend per ordinary share, and the total number of ordinary shares (excluding treasury shares) as at 28 March 2025.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year ended 31 December 2024, a final dividend of HK$0.797 per ordinary share in respect of the year ended 31 December 2023 was declared and paid to the ordinary equity holders of the Company. The aggregate amount of the final dividend declared and paid in the year ended 31 December 2023 was HK$1,901,378,000 (equivalent to RMB1,734,665,000).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2024 and up to the date of this announcement, the Company has been in compliance with the code provisions set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024 and up to the date of this announcement.

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

During the Reporting Period, the Company bought back a total of 18,674,500 Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for holding as treasury shares, with an aggregate consideration of approximately HK$212.16 million (excluding commissions and other expenses). Subject to compliance with the Listing Rules, the Company may consider using the treasury shares for future resales, transfers or cancellation.

Details of the share buy-backs by the Company on the Stock Exchange during the Reporting Period are as follows:

Month of repurchase	No. of Shares repurchased	Price per Share Highest	Lowest	Total paid
		HK$	*HK$*	*HK$*
June	5,883,000	12.40	11.04	68,373,830
July	10,545,000	12.94	10.54	123,476,470
September	2,246,500	9.32	8.80	20,307,730
Total	18,674,500			212,158,030

As at 31 December 2024 and up to the date of this announcement, 18,674,500 Shares repurchased are held by the Company as treasury shares, and none of such treasury shares has been sold by the Company. The Board believes that the share buy-backs could reflect the Board's confidence in the Company's long-term business prospects.

Save as disclosed above, neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2024.

Employee and Remuneration Policy

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success.

As at 31 December 2024, the Group had 26,357 employees (31 December 2023: 31,180). The Group strives to offer a harmonious, efficient and productive working environment, a diversified range of training programmes as well as an attractive remuneration package to its employees. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. The Group endeavours to motivate its staff with performance-based remuneration and reward its staff who had outstanding performances with cash bonuses, honorary awards or a combination of all the above to further align the interests of the employees and the Company, to attract talented individuals and to create long-term incentives for its staff.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, being Mr. Ying Wei, Mr. Shen Jinjun and Mr. Chin Siu Wa Alfred.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the consolidated financial statements of the Group for the year ended 31 December 2024. The Audit Committee considers that the financial results for the year ended 31 December 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been made.

SCOPE OF WORK OF THE AUDITOR

The figures above in respect of this annual results announcement for the year ended 31 December 2024 have been agreed with the Company's auditor, Ernst & Young, certified public accountants, to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND

The Board resolved to propose to the Shareholders at the forthcoming annual general meeting (the "**AGM**") on 20 June 2025 for the distribution of a final dividend of HK$0.678 per Share for the year ended 31 December 2024 payable to the Shareholders whose names are listed in the register of members of the Company on 2 July 2025, in an aggregate amount of HK$1,604 million (equivalent to approximately RMB1,500 million). It is expected that the final dividend will be paid on 11 July 2025. The proposal for the distribution of the above final dividend is subject to the consideration and approval of the Shareholders at the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Monday, 16 June 2025.

In addition, the Company's register of members will be closed from Friday, 27 June 2025 to Wednesday, 2 July 2025 (both days inclusive) for the purpose of determining the Shareholder's entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the AGM), unregistered holders of Shares shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at the above-mentioned address for registration before 4:30 p.m. on Thursday, 26 June 2025.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zs-group.com.cn).

The annual report of the Company for the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be published on the above websites in due course.

APPRECIATION

On behalf of the board, we extend our deepest appreciation to every member of our dedicated staff and management team for their tireless efforts, resilience and unwavering commitment to excellence. Equally, we wish to thank our valued shareholders and stakeholders for their steadfast trust and enduring partnership.

By order of the Board of
Zhongsheng Group Holdings Limited
Huang Yi
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive directors are Mr. Huang Yi, Mr. Li Guoqiang, Mr. Zhang Zhicheng, Mr. Tang Xianfeng, Ms. Yu Ning and Ms. Zhou Xin; the non-executive directors are Mr. Chan Ho Yin and Mr. Sun Yanjun; and the independent non-executive directors are Mr. Shen Jinjun, Mr. Ying Wei, Mr. Chin Siu Wa Alfred and Mr. Li Yanwei.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and development strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realised in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited by the Group's auditor. Shareholders and potential investors of the Company should therefore not place undue reliance on such statements.