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## **Autostreets Development Limited**

**汽車街發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2443)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Autostreets Development Limited (the “**Company**”) is pleased to announce the audited consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with comparative figures for the corresponding period in 2023. The aforesaid Annual Results have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

In this announcement, “we,” “us,” and “our” refer to the Company and, where the context otherwise requires, the Group.

## HIGHLIGHTS

### Financial Performance

	For the year ended 31 December		
	2024	2023	Year-on-year change
	RMB'000	RMB'000	(%)
Revenues	<b>408,591</b>	491,968	(16.9)
Gross profit	<b>255,128</b>	312,482	(18.4)
Gross profit margin (%)	<b>62.4</b>	63.5	(1.1) p.p
(Loss)/profit for the year	<b>(110,562)</b>	9,269	(1,292.8)
Adjusted net profit (non-IFRS measure) <sup>(1)</sup>	<b>58,393</b>	106,869	(45.4)

### Operational Performance

Number of used vehicles transacted and served (units) <sup>(2)</sup>	<b>~412,000</b>	~426,000	(3.3)
— Used Vehicle Auction Business	<b>~180,000</b>	~176,000	2.3
— Used Vehicle Value-added Services <sup>(3)</sup>	<b>~206,000</b>	~220,000	(6.4)
— Arrangement for Sale of Used Vehicles <sup>(4)</sup>	<b>~26,000</b>	~30,000	(13.3)

#### Notes:

- (1) To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use non-IFRS measure which is not required by or presented in accordance with IFRS. The adjusted net profit (non-IFRS measure) excludes (i) listing expenses, (ii) fair value changes of convertible redeemable preferred shares, and (iii) fair value changes of warrants. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.
- (2) The number of used vehicles transacted and served represents the total number of (i) used vehicles transacted in our used vehicle auction business; (ii) used vehicles serviced in our vehicle value-added services; and (iii) customer trade-in vehicles transacted under the arrangement for sale of used vehicles.
- (3) Represents the total number of used vehicles which received the following value-added services: pre-acquisition inspection and appraisal, used vehicle acquisition assistance and title transfer services.
- (4) Most of these used vehicles were transacted through our transaction platform via auctions, with the remainder transacted through other channels.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2024*

	<i>Notes</i>	<b>2024</b>	2023
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>9,453</b>	13,675
Right-of-use assets		<b>65,393</b>	64,371
Other intangible assets		<b>463</b>	804
Long-term time deposits at banks		–	1,000
Investment in an associate		<b>1,938</b>	1,926
Deferred tax assets		<b>8,372</b>	12,257
Other non-current assets		<b>6,455</b>	7,292
		<hr/>	<hr/>
Total non-current assets		<b>92,074</b>	101,325
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade receivables	<i>10</i>	<b>14,670</b>	16,288
Prepayments, deposits and other receivables		<b>93,593</b>	90,170
Financial assets at fair value through profit or loss		<b>3,300</b>	3,500
Cash and cash equivalents		<b>1,046,599</b>	935,441
		<hr/>	<hr/>
Total current assets		<b>1,158,162</b>	1,045,399
		<hr/> <hr/>	<hr/> <hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>11,103</b>	30,431
Other payables and accruals		<b>97,279</b>	204,179
Interest-bearing bank borrowings	<i>12</i>	<b>129,480</b>	69,500
Lease liabilities		<b>19,694</b>	14,782
Tax payable		<b>4,729</b>	7,039
		<hr/>	<hr/>
Total current liabilities		<b>262,285</b>	325,931
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>895,877</b>	719,468
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>987,951</b>	820,793
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***31 December 2024*

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Convertible redeemable preferred shares and warrants	–	372,385
Lease liabilities	<u>50,423</u>	<u>53,682</u>
Total non-current liabilities	<u>50,423</u>	<u>426,067</u>
Net assets	<u>937,528</u>	<u>394,726</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	56	51
Reserves	<u>926,218</u>	<u>394,809</u>
	<u>926,274</u>	<u>394,860</u>
Non-controlling interests	<u>11,254</u>	<u>(134)</u>
Total equity	<u>937,528</u>	<u>394,726</u>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE AND GROUP INFORMATION

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

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

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

### 2.1 BASIS OF PREPARATION

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “<b>2020 Amendments</b>”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “<b>2022 Amendments</b>”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The amended IFRSs that are effective from 1 January 2024 did not have any significant impact on the Group’s accounting policies.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting periods. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting periods.

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

- (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.

## 3. OPERATING SEGMENT INFORMATION

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

### **Geographical information**

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

### **Information about major customers**

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



#### 4. REVENUE

An analysis of revenue is as follows:

##### Revenue from contracts with customers

###### (a) Disaggregated revenue information

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers:</i>		
Used vehicle auction commission and service fees	262,952	287,202
Revenue from used vehicle value-added services	69,041	73,814
Revenue from arrangement for sale of used vehicles	49,564	63,567
Revenue from exhibition related services	14,075	54,770
Revenue from other services	12,959	12,615
	<u>408,591</u>	<u>491,968</u>
Total	<u>408,591</u>	<u>491,968</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Closing of sale or completion of service at a point in time	341,628	376,107
Services rendered over time	66,963	115,861
	<u>408,591</u>	<u>491,968</u>
Total	<u>408,591</u>	<u>491,968</u>

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 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from used vehicle value-added services	16,392	15,065

###### (b) Performance obligations

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

###### *Used vehicle auction commission and service fees*

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

*Revenue from used vehicle value-added services*

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

*Revenue from arrangement for sale of used vehicles*

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

*Revenue from exhibition related services*

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

*Revenue from other services*

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

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

**5. OTHER INCOME AND GAINS, NET**

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

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

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

## 6. (LOSS)/PROFIT BEFORE TAX

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

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

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

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

## 7. INCOME TAX

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

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

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

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

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

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

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

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

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

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

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

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

## 8. DIVIDENDS

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

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

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

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

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

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent	<u><b>(123,003)</b></u>	<u>(15,509)</u>
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	<u><b>803,427</b></u>	<u>570,691</u>
Loss per share	<u><b>(0.15)</b></u>	<u>(0.03)</u>

During the reporting period, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share of each reporting period. Accordingly, the diluted loss per share during the reporting period, are the same as the basic loss per share.

## 10. TRADE RECEIVABLES

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	<b>14,985</b>	16,288
Impairment	<b>(315)</b>	–
Net carrying amount	<b><u>14,670</u></b>	<u>16,288</u>

Trade receivables are non-interest-bearing. An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 6 months	<b>14,376</b>	16,006
6 months to 1 year	<b>294</b>	282
Total	<b><u>14,670</u></b>	<u>16,288</u>

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

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	–	1,756
Impairment losses ( <i>note 6</i> )	<b>315</b>	–
Amount written off as uncollectible	–	(1,756)
At end of year	<b><u>315</u></b>	<u>–</u>

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2024**

	Past due			Total
	Less than 1 year	1 to 2 years	Over 3 years	
Expected credit loss rate	<b>2%</b>	<b>0%</b>	<b>100%</b>	<b>2%</b>
Gross carrying amount ( <i>RMB'000</i> )	<b>14,985</b>	–	–	<b>14,985</b>
Expected credit losses ( <i>RMB'000</i> )	<b>315</b>	–	–	<b>315</b>

**As at 31 December 2023**

	Past due			Total
	Less than 1 year	1 to 2 years	Over 3 years	
Expected credit loss rate	0%	0%	100%	0%
Gross carrying amount ( <i>RMB'000</i> )	16,288	–	–	16,288
Expected credit losses ( <i>RMB'000</i> )	–	–	–	–

The expected credit losses on the trade receivables for less than 1 year were insignificant in 2023 and 2024.

**11. TRADE PAYABLES**

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

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 6 months	<b>10,906</b>	30,190
6 months to 1 year	<b>197</b>	241
Total	<b>11,103</b>	30,431

The trade payables are non-interest-bearing and are normally settled on terms of 15 to 120 days.

## 12. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — unsecured	2.70-3.50	2025	<u>129,480</u>	3.50-4.10	2024	<u>69,500</u>
				<b>2024</b>		<b>2023</b>
				<b>RMB'000</b>		<b>RMB'000</b>
Analysed into:						
Bank loans repayable:						
Within one year				<u>129,480</u>		<u>69,500</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY AND BUSINESS REVIEW

#### Industry Review

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

Meanwhile, the development of the domestic new vehicle market had brought both opportunities and challenges to the used vehicle industry. On one hand, in 2024, new energy vehicles dominated the Chinese passenger vehicle market, with the penetration rate of new energy passenger vehicles reaching 47.6% for the year, a year-on-year increase of 12.0%. For five consecutive months in the second half of the year, the penetration rate exceeded 50.0%, making new energy vehicles the core driving force of the market. The penetration rate of the new energy passenger vehicle market is expected to reach 57.0% in 2025. The continuous rapid development of domestic new energy vehicle technology has significantly boosted the rise of the new energy used vehicle market. Benefiting from policy support, consumption upgrades, and business model innovations, the domestic new energy used vehicle market surged in 2024, with annual transaction volume reaching 1.1 million units, representing a sharp increase of 48.0% compared to the same period in 2023. On the other hand, the ongoing price war in the new vehicle market has introduced risks and challenges to the used vehicle industry.

The price war in the new vehicle market led to a general decline in new vehicle prices in 2024, with the prices of fuel vehicles dropping by an average of approximately 6.8% and that of new energy vehicle falling by an average of approximately 9.2%. According to the 2024 China Automobile Circulation Industry Annual Report (《2024中國汽車流通行業年度報告》), the price war caused the profit margin of the automotive industry dropped to 4.3% in 2024, lower than the average level of downstream industrial enterprises and the level in the same period of 2023. In 2024, the gross profit margin of the domestic used vehicle industry generally declined. Among the top 100 used vehicle dealerships, over 70.0% of them reported gross profit margins below 6.0%, with only four dealerships achieving gross profit margins over 10.0%.

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

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

## Business Review

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

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

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

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

***Disclosure of key operating data by business segment***

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

*Notes:*

- (1) Represents the total number of used vehicles which received the following value-added services: pre-acquisition inspection and appraisal, used vehicle acquisition assistance and title transfer services.
- (2) Most of these used vehicles were transacted through our transaction platform via auctions, with the remainder transacted through other channels.

### *Used vehicles auction business*

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

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

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

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

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

### ***Used Vehicle Value-added Services***

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

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

### ***Arrangement for Sale of Used Vehicles***

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

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

### ***Exhibition Related Services***

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

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

### ***Others Business***

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

### ***Outlook***

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



## Material Events after the Reporting Period

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

## Financial Analysis

### Revenue

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

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

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

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

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

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

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

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

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

### ***Cost of Sales***

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

### ***Gross Profit and Gross Profit Margin***

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

### ***Selling and Distribution Expenses***

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

### ***Administrative Expenses***

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

### ***Other Expenses***

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

### ***Other Income and Gains, Net***

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

### ***Finance Costs***

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

### ***Share of Profits and Losses of Associates***

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

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

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

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

### ***(Loss)/Profit before Tax***

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

### ***Income Tax Expenses***

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

### ***(Loss)/Profit for the year***

As a result of the foregoing, our loss for the Reporting Period was RMB110.6 million, representing a decrease of 1292.8% from a profit of RMB9.3 million in 2023, primarily due to (i) a decrease in revenue; (ii) a decrease in gross profit; (iii) an increase in loss recorded for fair value change of financial liabilities at fair value through profit or loss; and (iv) the listing expenses occurred.

### ***Adjusted Profit (Non-IFRS Measure)***

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

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

#### *Notes:*

- (1) Listing expenses relate to this Global Offering of the Company.
- (2) The changes in fair value of convertible redeemable preferred shares and warrants were primarily due to changes in fair market value of convertible redeemable preferred shares and warrants issued to our investors.

## ***Capital Management, Funding and Financial Policies***

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

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

### ***Liquidity and Capital Resources***

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

### ***Borrowings***

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

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

### ***Gearing Ratio***

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

### ***Significant Investments***

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

### ***Material acquisitions and/or disposals of subsidiaries***

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

### ***Pledge of assets***

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

### ***Future plans for material investments and capital assets***

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

### ***Employees and Remuneration***

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

### ***Contingent Liabilities***

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

### ***Foreign Currency Risk and Investment Risk***

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

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

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company and the Directors are committed to maintaining the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. The Company has complied with all the code provisions set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (the “**Corporate Governance Code**”) throughout the period from the Listing Date up to the date of this announcement.

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

### **Compliance with the Model Code for Securities Transactions by Directors**

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

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



## **Audit Committee**

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

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

## **Other Information**

### ***Final Dividend***

The Board does not recommend the payment of any final dividend for the Reporting Period.

### ***Purchase, Sale or Redemption of the Company’s Listed Securities***

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

### ***Material litigation***

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to the date of this announcement.

### *Use of proceeds from Global Offering*

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

	Percentage (%)	Net proceeds from the Global Offering (HK\$ million)	Unutilized amount as of 31 December 2024 (HK\$ million)	Utilization during the Reporting Period (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
<b>Expansion of the geographic coverage of our auction site network</b>	<b>40.0%</b>	<b>33.2</b>	<b>32.2</b>	<b>1.0</b>	<b>2028</b>
• Opening 19 new auction sites	28.0%	23.2	22.7	0.5	2028
• Renovation of existing 7 auction sites	12.0%	10.0	9.5	0.5	2028
<b>Enhancing our relationship with existing sellers and buyers and attract new sellers and buyers to our platform</b>	<b>10.0%</b>	<b>8.2</b>	<b>6.6</b>	<b>1.6</b>	<b>2028</b>
• Enhancing our business relationships with existing upstream sellers and downstream buyers	5.0%	4.1	3.3	0.8	2028
• Expanding our seller base and buyer base	5.0%	4.1	3.3	0.8	2028

	Percentage (%)	Net proceeds from the Global Offering (HK\$ million)	Unutilized amount as of 31 December 2024 (HK\$ million)	Utilization during the Reporting Period (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
<b>Developing and diversifying our service offering and exploring new growth areas</b>	<b>15.0%</b>	<b>12.5</b>	<b>10.5</b>	<b>2.0</b>	<b>2028</b>
• Expanding and upgrading our ADMS system with additional functions	2.6%	2.2	2.0	0.2	2028
• Providing additional services to buyers	1.3%	1.1	0.8	0.3	2028
• Continuously upgrading our mobile app and technology	3.3%	2.7	2.2	0.5	2028
• Providing services and developing digital tools that assist other market participants in carrying out their used vehicle business	3.4%	2.8	2.3	0.5	2028
• Recruiting additional talent and establishing relevant training programs	4.4%	3.7	3.2	0.5	2028

	Percentage (%)	Net proceeds from the Global Offering (HK\$ million)	Unutilized amount as of 31 December 2024 (HK\$ million)	Utilization during the Reporting Period (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
<b>Investing in research and development</b>	<b>15.0%</b>	<b>12.5</b>	<b>10.7</b>	<b>1.8</b>	<b>2028</b>
• Developing a QR code-based, AI-assisted intelligent inventory management system	3.6%	3.0	3.0	–	2028
• Developing and optimizing a used vehicle pricing model	2.5%	2.1	1.6	0.5	2028
• Enhancing our IT infrastructure	2.1%	1.7	1.4	0.3	2028
• Upgrading our big data analytics capabilities	3.0%	2.5	2.0	0.5	2028
• Developing AI-empowered digital tools for detecting and analyzing images used vehicles	2.4%	2.0	1.6	0.4	2028
• Developing technology and systems that facilitate the transaction process of NEVs	0.7%	0.6	0.6	–	2028
• Increasing the digitalization level of our business operation	0.7%	0.6	0.5	0.1	2028
<b>Forming potential strategic partnerships and alliances with our business partners and making investments and/or acquiring controlling interest in target companies</b>	<b>10.0%</b>	<b>8.3</b>	<b>8.3</b>	<b>–</b>	<b>2028</b>
<b>Used for our working capital and general corporate purposes</b>	<b>10.0%</b>	<b>8.3</b>	<b>6.3</b>	<b>2.0</b>	<b>2028</b>
<b>Total</b>	<b>100.0%</b>	<b>83.0</b>	<b>74.6</b>	<b>8.4</b>	

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

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.autostreets.com](http://www.autostreets.com)). The annual report for the year ended 31 December 2024 containing all the relevant information required by the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's Shareholders in due course.

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

Hong Kong, 31 March 2025

*As at the date of this announcement, the board of directors of the Company comprises (i) Mr. Yang Aihua, Mr. Yang Hansong and Ms. Gao Kun as executive directors; (ii) Mr. Rob Huting, Ms. Zhu Yi and Ms. Yang Chuyu as non-executive directors; and (iii) Mr. Wang Jianping, Ms. Li Mochou and Mr. Yan Jonathan Jun as independent non-executive directors.*

*This announcement contains forward-looking statements relating to the business outlook, 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.*