TUHU Car Inc. is controlled through weighted voting rights, whose share capital comprises Class A Shares and Class B Shares. Each Class A Share entitles the holder to exercise one vote, and each Class B Share entitles the holder to exercise ten votes, respectively, on any resolution tabled at the general meetings, except as may otherwise be required by law or by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or provided for in the memorandum and articles of association of TUHU Car Inc. Shareholders and prospective investors should be aware of the potential risks of investing in a company with a weighted voting rights structure, in particular that the weighted voting rights beneficiaries, whose interests may not necessarily be aligned with those of the shareholders of our Company as a whole, will be in a position to exert significant influence over the outcome of shareholders' resolutions, irrespective of how other shareholders vote.

途虎养车

TUHU Car Inc.

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock Code: 9690)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the audited consolidated results of our Group for the year ended 31 December 2023, together with audited comparative figures for the year of 2022, and the unaudited results of our Group for the six months ended 31 December 2023, together with unaudited comparative figures for the same period of 2022. The consolidated financial statements for the year ended 31 December 2023 have been audited by Ernst & Young, the independent Auditor of our Company.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

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

KEY HIGHLIGHTS

Financial Summary

	For the year ended 31 December				
	2023		2022		
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	Year over year change
	RMB	*%*	*RMB*	*%*	*%*
	(in thousands, except for percentage)				
Revenue	**13,601,085**	**100.0**	11,546,851	100.0	17.8
Gross profit	**3,359,353**	**24.7**	2,270,182	19.7	48.0
Operating profit/(loss)	**161,524**	**1.2**	(763,920)	(6.6)	N/A
Profit/(loss) for the year	**6,700,697**	**49.3**	(2,138,315)	(18.5)	N/A
Adjusted EBITDA (non-IFRS measure)(1)	**757,783**	**5.6**	(186,546)	(1.6)	N/A
Adjusted net profit/(loss) (non-IFRS measure)(2)	**481,314**	**3.5**	(551,929)	(4.8)	N/A

	Unaudited For the six months ended 31 December				
	2023		2022		
	Amount	**As a percentage of revenue**	Amount	As a percentage of revenue	Year over year change
	RMB	*%*	*RMB*	*%*	*%*
	(in thousands, except for percentage)				
Revenue	**7,079,456**	**100.0**	6,078,823	100.0	16.5
Gross profit	**1,781,244**	**25.2**	1,273,211	20.9	39.9
Operating profit/(loss)	**94,793**	**1.3**	(245,873)	(4.0)	N/A
Profit/(loss) for the period	**6,641,210**	**93.8**	(1,186,456)	(19.5)	N/A
Adjusted EBITDA (non-IFRS measure)(1)	**405,961**	**5.7**	35,694	0.6	1,037.3
Adjusted net profit/(loss) (non-IFRS measure)(2)	**267,269**	**3.8**	(138,324)	(2.3)	N/A

Notes:

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

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

Key Operation Metrics

	As of/For the year ended 31 December		
	2023	2022	Year over year change (%)
Number of Tuhu workshops	**5,909**	4,653	27.0
– Self-operated Tuhu workshops	**152**	162	(6.2)
– Franchised Tuhu workshops	**5,757**	4,491	28.2
Transacting users(1) (*in millions*)	**19.3**	16.5	16.9
Registered users(2) (*in millions*)	**115.3**	95.5	20.7

Notes:

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

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

BUSINESS REVIEW

2023 was a landmark year for Tuhu. Not only did we successfully list on the Main Board of the Stock Exchange in September, but we also achieved profitability for the full-year for the first time, which proved our pioneering integrated online and offline business model, and our corporate values of "*customer first*," "*technology creates value*," "*supporting franchisees*," "*continuous improvement*," "*no cheating, no faking, no defrauding*," and "*win-win collaboration*." The twelve years of dedication and hard work by all our employees have finally come to fruition, and we are more confident than ever that we are in a better position to repay our shareholders and customers for their unwavering trust and support from this point on.

Financial Highlights

In 2023, riding on the recovery of China's economy, our Group maintained a good growth momentum, achieving a total revenue of RMB13.6 billion, representing an increase of 17.8% from RMB11.5 billion in 2022. During the year, through the optimisation of our sales structure and the continuous improvement of our operational efficiency, we recorded a gross profit of RMB3.4 billion, corresponding to a gross profit margin of 24.7%, up by 5.0 percentage points from the prior year. In particular, the gross profit of our auto maintenance business increased by 34.3% from RMB1.2 billion in 2022 to RMB1.6 billion in 2023, driven by the continuous growth in the breadth of our service coverage and depth of our exclusive and private products offerings. As we attained economies of scale and strengthened operational efficiency, our operating expenses were effectively reduced. Our total operating expenses (comprising operating and support expenses, research and development expenses, selling and marketing expenses, and general and administrative expenses) in 2023 accounts for 24.4% of the total revenue, declined by 3.2 percentage points from the prior year. Consequently, we celebrated a significant milestone by recording full-year profitability for the first time, with an adjusted net profit (non-IFRS measure) of RMB481.3 million.

Platform: Innovation, Traffic, and Word-of-mouth

As the industry pioneer in adopting the integrated online and offline model, we continued to revolutionise the value chain of the automotive service market by introducing disruptive innovations to the industry, and garnered high recognition from customers. As of 31 December 2023, our registered users reached 115 million. Given the relatively low frequency of automotive service market, it is our consistent adherence to the "*customer-centric*" philosophy year after year that has fostered a greater accumulation of regular customers and attracted new customer growth. In 2023, more than 19.3 million users placed orders for products and services on our platform, with over 10 million monthly active users engaging with our APP on average. With an annual repurchase rate of nearly 60%, and half of our total revenue in 2023 generated from repurchase customers, Tuhu has become the byword for "*authentic, affordable, and professional*" automotive services and the preferred platform for Chinese car owners.

We have ramped up our brand promotion efforts in 2023 through a series of brand-centric projects to strengthen our brand recognition and reputation among users. For instance, we became the sponsor and the designated car care brand of the China Soccer League ("**CSL**") for the first time in 2023. Through widespread exposure on multiple channels and in multiple formats, our brand recognition and walk-in customers increased significantly in most of the cities that has a CSL team. In March 2023, we cooperated with TÜV Rheinland, an international independent certification body, to launch the first tire performance certification system in China. In addition, we conducted joint marketing activities with several trendsetting brands and film and television IPs in China, to achieve synergistic effects in brand communication and sales conversion.

We have tapped into new channels including live streaming, which serves as a content-based platforms for our user engagement and brand promotion. This approach enables us to effectively acquire new customers. The KOL accounts and official live streaming channels we operate are categorised by product and content, and have accumulated several millions of followers. On the Douyin e-commerce platform, our e-store consistently ranked at the top by the gross merchandise value among all automotive services brands throughout the year. Through system integration, our customers can seamlessly complete the online process of selecting products, placing orders and choosing stores directly on the Douyin platform.

In our quest to enhance customer satisfaction, we have invested in the construction of customer service system, text- and voice-based AI technologies, to mitigate issues that affect customer experience. Our comprehensive customer service system constantly ensures high-quality performance across all service functions, as evidenced by our attaining the Customer Operations Performance Centre ("**COPC**") system certification in June 2023. Our smart services encompass a full suite of AI technologies across text-, voice- and media-based external communications, and we are starting to explore large language model integration.

We remain the industry leader in terms of customer satisfaction. Our customer satisfaction surveys have expanded to include additional consumption scenes in 2023, on top of prioritising the experience of customers who completed the order. Our customer satisfaction rate reached 94.2% in 2023, up by 1.5 percentage points from the prior year.

Store Network: Development and Operation

To meet the diverse automotive service needs stemming from differing geographical characteristics, vehicle model distributions, car age structures, consumption habits, and supply networks across various cities, we are continuously iterating our store structure and formats. We endeavour to open Tuhu workshops rapidly where users need them the most. To that end, we increased our workshop count by 1,256 in 2023, and our expansive network of 5,909 workshops in over 300 cities now covers all provincial-level cities and administrative districts in China, making us the most extensive offline automotive service network with the largest number of stores and the widest coverage. By the end of 2023, we had covered all county-level cities in one province and three municipalities – Beijing, Jiangsu, Shanghai, and Chongqing, with an average of over 100 workshops homed in every tier-one and new tier-one cities. We have also recognised the vast potential and opportunities within lower-tier cities. In light of this revelation, we are dedicated to penetrating into these emerging markets, with a special focus on developing our presence in county-level landscapes. As of the end of 2023, we had 3,420 workshops in tier-two and below cities, an addition of 881 workshops over the past year. Notably, in previously untapped western and northern regions, our growth has been particularly substantial. The number of Tuhu workshops in the Xinjiang Uygur Autonomous Region increased to 40, while the number of Tuhu workshops in the Tibet Autonomous Region increased to 7. Along the 1,264 kilometres stretch of National Highway G318, from Chengdu to Gar County, 154 Tuhu workshops now offer safeguarding services for every driver, with a workshop available approximately every 8.2 kilometres.

In our journey of expansion, we have drawn upon a deep understanding of the offline automotive service industry to unearth various new business models and forms of collaboration. In 2023, Tuhu and PetroChina embarked on a partnership that leverages shared resources in people, cars, and ecosystems, forging a path of mutual benefit and sustainable development. In the same year, as the testament to our partnership, we established the first Tuhu-PetroChina workshop. By the onset of 2024, this Tuhu-PetroChina workshop welcomed its first customer in Suzhou, Jiangsu Province. Going forward, we will further explore this partnership model, with the aim to maximise synergistic advantages while ensuring customer satisfaction and standardised management. We are also exploring a new form of collaboration with 4S stores (sales, service, spare parts and survey). Currently, in China, certain automobile original equipment manufacturers (OEMs) have crumbled and exited the market as the competition intensified, fuelled by the saturation of new car sales and the pressure of rising operational costs. Despite these challenges, Tuhu has managed to stand out with our robust management practices and systematic ability to forge innovative business collaborations with 4S stores affiliated with these OEMs.

Looking ahead, Tuhu will adhere to the philosophy of "*development without limits*" and continue our strategy of penetrating into lower-tier markets, maintaining the momentum of rapid development in the western and northern regions, and further accelerating our store deployment in lower-tier cities.

As our store network expands, we have been devoting increasing efforts to enhancing operational efficiency, optimising control mechanisms, building high-quality management capabilities, and bolstering the comprehensive skills of our technicians.

In May 2023, we developed in-house and introduced the "*Intelligent Task Allocation*" system nationwide, which automatically calculates the workload of our individual supervisors based on the number of workshops they oversee and the geographic location of the workshops, to plan their workshop visit frequency and assign tasks automatically. This system has significantly improved the efficiency of our store management. By the end of 2023, each supervisor was visiting an average of 1.8 franchised Tuhu workshops daily, representing an increase of 28.6% from its launch in May 2023, and the average number of franchised Tuhu workshops covered by each supervisor had increased to 8.

In terms of control mechanisms, we introduced a store rating system, namely the "*Recommended Store*" program, where selected high quality workshops will be rewarded with additional exposure on our user interfaces and ranking promotion in our store list. Workshops with the "*Recommended Store*" label were also preferred by users due to the positive association of this title with quality service under our all-around marketing strategy. This initiative not only motivates franchisees to operate the stores diligently, but also improves customers' awareness of Tuhu workshops' service and brand, improving the service quality of Tuhu workshops by means of user supervision, standard transparency, and franchisee incentives.

Improved store service quality has also garnered positive feedback from users, leading to outstanding business performance. In December 2023, the percentage of profit-making stores among all of Tuhu workshops that were in operation for at least six months increased to 93% from 81% in December 2022.

Products and Services

In the tire segment, we remained as China's largest retailer and service provider in the replacement tire market and the most valued partner for numerous domestic and international tire brands in 2023. We strive to explore greater market opportunities and identify leverage points in both procurement and supply chain, as well as the operation of different tire brands and SKUs.

We have further optimised our product mix and broaden our product universe that consist of premium brand products, exclusive products and private label products. In mid 2023, we became the official partner of Michelin. Our partnership also includes innovative cooperation in genuine direct supply and co-development of NEV tires. Furthermore, our strategic partnerships with major premium brands have allowed us to obtain exclusive selling rights of the secondary brands from those brand owners, providing competitive edge to cope with the downward trend in consumption pattern, while increasing our tire SKUs by more than 700 in 2023. Beyond collaborations with premium brands, we continue to expand our private label tire brand and we have established our private label product portfolio of more than a dozen brands across different price range and categories, including Tordner, Gislaved among others. We are deeply involved and interact with the manufacturers to ensure a steady supply of high-quality, cost-effective products. We co-developed technologies commonly used in NEVs, such as tires with silent technology, to enhance our product strength. These affordable, quality products were well-received by customers upon launch. For instance, Tordner tires saw their unprompted mention rate by consumers jump from 1.1% at it first launch in 2021 to 5.2% in 2023.

Since our foray into auto maintenance services, we have been exploring the breadth and depth of our offerings.

In terms of breadth, our auto maintenance services have expanded to more than 41 categories and more than 8,000 SKUs, including filters, brake fluid, batteries, spark plugs, brake discs and pads, and wipers, among others. "*Reasonable and scientific maintenance*" is the guiding principle behind our service recommendations to customers. We keep our fingers on the pulse of the industry, and many new service categories offered on our platform are driven by our proactive effort in anticipating and shaping consumer habits and industry trends.

In terms of depth, our collaborations with brand partners have deepened. In the past year, we have introduced more products that are exclusively available through Tuhu. Our partnerships span across diverse fields. For instance, in April 2023, we launched the Jiayi Edition of Castrol lubricant, which was exclusively available through our distribution channel and has obtained OEM certifications from many luxury automotive brand partners. In the same month, we also partnered with Brembo, a world-renowned racing brake brand, to launch the Prime series of exclusive braking products, including brake pads, brake discs, and brake fluids. The strong brand recognition we have garnered provided a fertile ground for our private label products to thrive. In addition to our exclusive products, our private label maintenance product matrix is also taking shape, with brands including Pennzoil, Thinkauto and Honeywell gaining traction in China's market.

Propelled by the momentum of our tire and maintenance services, in 2023, revenue from our exclusive products and our private label products accounted for 42.4% and 25.9% of our automotive products and services revenue, respectively. In the future, as consumer's consumption habits mature, our product offering ranges expand in both variety and scale, and customer acceptance strengthens, we anticipate considerable growth potential for such kinds of product in China's market.

Leveraging the high frequency and essential nature, we provide car wash and detailing services include Tuhu Quick Wash, Standard Car Wash, Delicate Car Wash and Interior Cleaning and Detailing Services across most Tuhu workshops and over 10,000 partner stores to cater to diverse customer needs. We have broadened our detailing service offerings across window films, paint protection films, colour changing films and other modification services and also revamped our supply system and bolstered personnel staffing, unlocking additional value from user conversion across our different business segments. In car accessories and modifications services segment, we focused on expanding the coverage and optimising the structure of our products and services in 2023. We have been proactively partnering with industry-leading brands to fulfil users' quest for high quality products. As for quick repair services segment, we have meticulously developed tailored service plans and promotional strategies particularly for dent repair and painting and accident-related services, to better serve both online and offline customers, striving to furnish car owners with satisfactory products and services.

NEV Initiatives

While we continue to service traditional internal combustion engine vehicles (ICEV), we are also undergoing a comprehensive upgrade to provide NEV-related services.

In response to the needs of NEV owners and the emergence of NEV-related product and services, we have launched customised APP pages to streamline the search for NEV products and services, thereby improving the customer experience in placing orders and accessing services. We have tailored offerings across our service lines, such as tires, maintenance, quick repair and car wash and detailing, to meet the user needs for popular NEV models in the market. In 2023, over 1.3 million NEV owners transacted with us on our platform. Our decade-long experience in servicing the traditional ICEV has furnished us with the expertise to better serve hybrid vehicle owners. In 2023, the number of hybrid NEV transacting users on our platform constitutes 9.3% of the total number of hybrid NEV users in China.

In terms of battery service capability, as the authorised after-sales maintenance service provider of 13 mainstream battery manufacturers in the PRC, we are able to provide specialised repair services to NEV owners through in-warranty orders dispatched by battery manufacturers. We are committed to the continuous professional development of our technicians. Currently, more than 8,000 technicians received the training and are equipped with different degree of NEV skills. Besides, 400 technicians already received low-voltage certification. Our robust service capabilities have led to over 22 thousand battery service orders in 2023 with the first ranking in the industry in terms of order volume, representing a year-on-year increase of over 60%, with services extended to more than 280 cities and towns.

Logistics and Supply Chain

In 2023, we further improved the coverage, timeliness and cost efficiency of our supply chain logistics through continuous optimisation of our three-layered warehouse network composed of regional distribution centres, front distribution centres and in-store storage areas.

By the end of 2023, we had 34 regional distribution centres and 511 front distribution centres including partner distribution centres, and storage area in each of our workshops. We commissioned Wuhan automated regional distribution centres in 2023, which centre served as the logistical backbone for over 350 Tuhu workshops in Hubei Province since its inception, thereby boosting our operational efficiency and reducing costs. Our same-day or next-day arrival online tire orders accounted for 60% of the total online tire orders for 2023, and our online maintenance and other orders accounted for nearly 80% of the total online maintenance and other orders for 2023.

By employing a dual approach that combines self-operated and partner-affiliated front distribution centres, we have significantly broadened the reach of our distribution services and simultaneously achieved cost reduction. Currently, more than 75% of Tuhu workshops in China are being covered by the timely delivery service of our front distribution centres. Aligning with our strategic initiative to penetrate lower-tier markets, in 2023, we had opened a total of 158 new front distribution centres in lower-tier markets, with our service timeliness standard being ranked the first in the industry.

Environment, Social, and Governance

While vigorously expanding our business, we have undertaken the social responsibility as an industry leader by actively engaging in social welfare activities.

To date, we have created more than 50,000 job opportunities, including technicians, injecting vitality into the automotive service industry chain and promoting high-quality career development while supporting employment in the industry. We initiated and have been providing "*Spring Festival non-closing*" service in workshops nationwide for seven consecutive years, addressing the common pain point of car maintenance inconvenience during the Spring Festival season due to store closures.

We have always been at the forefront in the face of natural disasters. On 6 August 2023, we donated RMB3.0 million to the Charity Federation of Hebei Province to support the flood rescue and post-disaster reconstruction in Zhuozhou, Baoding, Hebei Province. During the heavy rainfall in Beijing in August 2023, Tuhu car maintenance's emergency rescue service team was also mobilised, and over 200 Tuhu workshops in Beijing provided 24-hour rescue service to car owners.

We have been honoured with multiple awards in 2023. In November, we were recognised as a pilot enterprise in the "*National Service Industry Standardisation Pilot*" project by the National Standardisation Administration Committee and the National Development and Reform Commission. In December, as the only recognition project of the Ministry of Transportation and Communication in the auto repair industry, 108 Tuhu workshops were commended as "*2023 Recognition for Integrity Enterprises in the Auto Repair Industry*." That same month, Tuhu was also recognised as an "*Enterprise Standard Leader*" for automotive aftermarket components, an honour jointly conferred by eight ministries and commissions. In addition, throughout the past year, we attained various other accolades such as "*Worker Pioneer Award,*" "*Top 100 Innovative Internet Enterprises,*" "*Enterprise Standard Leader,*" "*Pilot of Industry-Teaching Integration,*" "*Vocational Grade Evaluation,*" and "*Star of Zhangjiang*."

MANAGEMENT DISCUSSION AND ANALYSIS

Selected Consolidated Income Statement Items

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Revenue	**13,601,085**	11,546,851
Cost of revenue	**(10,241,732)**	(9,276,669)
Gross profit	**3,359,353**	2,270,182
Other income and gains, net	**118,362**	151,452
Operations and support expenses	**(600,390)**	(627,473)
Research and development expenses	**(579,615)**	(621,365)
Selling and marketing expenses	**(1,714,684)**	(1,542,216)
General and administrative expenses	**(420,194)**	(399,094)
Fair value changes on financial assets at fair value through profit or loss	**(1,308)**	4,594
Operating profit/(loss)	**161,524**	(763,920)
Finance income	**128,508**	56,934
Finance costs	**(18,823)**	(27,875)
Fair value changes of convertible redeemable preferred shares	**6,465,354**	(1,339,273)
Share of profits and losses of joint ventures and associates	**(11,217)**	(33,515)
Profit/(loss) before tax	**6,725,346**	(2,107,649)
Income tax expense	**(24,649)**	(30,666)
Profit/(loss) for the year	**6,700,697**	(2,138,315)
Adjusted EBITDA (non-IFRS measure)	**757,783**	(186,546)
Adjusted net profit/(loss) (non-IFRS measure)	**481,314**	(551,929)

Revenues

Our revenue for the year ended 31 December 2023 amounted to RMB13.6 billion, representing an increase of 17.8% as compared with RMB11.5 billion for the year ended 31 December 2022.

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

	For the year ended 31 December			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentage)			
Automotive products and services				
Individual end customers				
– Tires and chassis parts	**5,552,904**	**40.8**	4,592,220	39.8
– Auto maintenance	**4,932,621**	**36.3**	4,025,150	34.9
– Others[(1)]	**779,891**	**5.7**	639,092	5.5
Subtotal	**11,265,416**	**82.8**	9,256,462	80.2
Qipeilong[(2)]	**1,381,364**	**10.2**	1,466,286	12.7
Subtotal	**12,646,780**	**93.0**	10,722,748	92.9
Advertising, franchise and other services				
Franchise services	**731,334**	**5.4**	549,679	4.8
Advertising services	**74,672**	**0.5**	59,256	0.5
Others	**148,299**	**1.1**	215,168	1.8
Subtotal	**954,305**	**7.0**	824,103	7.1
Total	**13,601,085**	**100.0**	11,546,851	100.0

Notes:

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

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

Revenue from automotive products and services

Our revenue from automotive products and services increased by 17.9% from RMB10.7 billion in 2022 to RMB12.6 billion in 2023. This increase was primarily due to (i) a 20.9% growth in revenue from tires and chassis parts segment, from RMB4.6 billion in 2022 to RMB5.6 billion in 2023, spurred by China's increased overall miles driven as a result of the delayed travel demand being released after the pandemic, which boosted the needs for tire changes; (ii) a 22.5% growth in revenue from auto maintenance segment, from RMB4.0 billion in 2022 to RMB4.9 billion in 2023, driven by the recovery of auto maintenance demand after the pandemic, coupled with the expansion of our Tuhu workshops network and growing customer base. The number of Tuhu workshops increased from 4,653 as of 31 December 2022 to 5,909 as of 31 December 2023; and (iii) a 22.0% growth in revenue from other products and services segment, from RMB639.1 million in 2022 to RMB779.9 million in 2023, primarily due to the growth of our window tinting and car wash businesses. The revenue increase was partially offset by a 5.8% decrease in revenue from sales of auto parts through Qipeilong, from RMB1.5 billion in 2022 to 1.4 billion in 2023, resulting from the decline in revenue from regional wholesale service as we strategically focusing on the instant procurement service within Qipeilong segment.

Revenue from advertising, franchise and other services

Our revenue from advertising, franchise and other services increased by 15.8% from RMB824.1 million in 2022 to RMB954.3 million in 2023. This increase was primarily due to (i) the growth in revenue from franchise service, reflecting (a) the expansion of franchised Tuhu workshops network from 4,491 as of 31 December 2022 to 5,757 as of 31 December 2023, (b) the growth in the management fees as a result of the cessation of our COVID-19 relief measures, such as the reduction and exemption of management fees, and (c) the progression in the profit-based royalty fees in line with the improved profitability of the franchised Tuhu workshops; and (ii) the growth in advertising services to brand owners, driven by brand owners' enhanced investment in marketing campaigns. This increase was partially offset by the decrease in revenue from our NEV new car sales as we deprioritised the NEVs sales business after a strategic review of our NEV initiatives.

Cost of Revenue

Our cost of revenue for the year ended 31 December 2023 amounted to RMB10.2 billion, representing an increase of 10.4% as compared with RMB9.3 billion for the year ended 31 December 2022.

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

	For the year ended 31 December			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentage)			
Cost of automotive products and services				
Individual end customers				
– Tires and chassis parts	**4,586,683**	**33.7**	3,945,254	34.2
– Auto maintenance	**3,332,013**	**24.5**	2,833,070	24.5
– Others	**663,729**	**4.9**	569,145	4.9
Subtotal	**8,582,425**	**63.1**	7,347,469	63.6
Qipeilong	**1,160,086**	**8.5**	1,292,252	11.2
Subtotal	**9,742,511**	**71.6**	8,639,721	74.8
Cost of advertising, franchise and other services				
Franchise services	**81,734**	**0.6**	72,157	0.6
Advertising services	**3,004**	**0.0**	5,562	0.0
Others	**66,579**	**0.5**	149,455	1.4
Subtotal	**151,317**	**1.1**	227,174	2.0
Cost of self-operated Tuhu workshops and others	**347,904**	**2.6**	409,774	3.5
Total	**10,241,732**	**75.3**	9,276,669	80.3

This increase was primarily due to a 12.8% growth in cost of automotive products and services, from RMB8.6 billion in 2022 to RMB9.7 billion in 2023, in line with our revenue growth resulting from the expansion of our Tuhu workshops network and customer base. This increase was partially offset by (i) a 33.4% decrease in cost of advertising, franchise and other services, from RMB227.2 million in 2022 to RMB151.3 million in 2023 due mainly to the termination of sales of NEV from certain brands; and (ii) a 15.1% decrease in cost of self-operated Tuhu workshops and others owing to (a) the decrease in write-down of inventory cost following the improvement of our overall inventory management resulting from the post-pandemic business recovery, and (b) the decrease in the number of our self-operated Tuhu workshops over the year, resulting from our stringent cost control measures implemented.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of our Group was RMB3.4 billion for the year ended 31 December 2023, as compared with RMB2.3 billion for the year ended 31 December 2022.

Gross profit margin of our Group increased from 19.7% for the year ended 31 December 2022 to 24.7% for the year ended 31 December 2023, primarily due to (i) a 3.6% increase in gross profit margin on automotive products and services as a result of (a) higher revenue contribution from our auto maintenance segment, which generally have higher margin – as a percentage of total revenue, our revenue from auto maintenance segment increased from 34.9% in 2022 to 36.3% in 2023, (b) more favourable terms we gained from suppliers in line with our business growth, and (c) higher revenue contribution from our exclusive and private label products, which generally have higher gross margins than brand products; (ii) an 11.7% increase in gross profit margin on advertising, franchise and other services, driven by (a) the increased revenue contribution from our franchise service, while the cost remained relatively stable, and (b) the expansion of our advertising business; and (iii) the reduction in cost of self-operated Tuhu workshops and others.

Other Income and Gains, Net

Our other income and gains for the year ended 31 December 2023 amounted to RMB118.4 million, representing a decrease of 21.8% as compared with RMB151.5 million for the year ended 31 December 2022. This decrease was primarily due to the reduction in foreign exchange gains as a result of the relatively stable exchange rate of U.S. dollar against Renminbi in 2023.

Operations and Support Expenses

Our operations and support expenses decreased by 4.3% from RMB627.5 million for the year ended 31 December 2022 to RMB600.4 million for the year ended 31 December 2023, primarily due to the reduction in operation and support personnel cost and share-based payment expenses owing to the decreased number of operation and support personnel from 2,493 (being the average of the number of operation and support staff from 1 January 2022 to 31 December 2022) to 2,153 (being the average of the number of operation and support staff from 1 January 2023 to 31 December 2023). This decrease was partially offset by the increase in travel expenses in line with the post-pandemic business recovery.

Research and Development Expenses

Our research and development expenses for the year ended 31 December 2023 amounted to RMB579.6 million, representing a decrease of 6.7% as compared with RMB621.4 million for the year ended 31 December 2022. This decrease was primarily due to the decrease in cloud and outsourced service fees as we adopted a series of measures to reduce costs and increase efficiency, partially offset by the increase in research and development personnel cost due to higher year-end bonus we accrued to pay to employees compared with 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.2% from RMB1.5 billion for the year ended 31 December 2022 to RMB1.7 billion for the year ended 31 December 2023, primarily due to (i) the increase in advertising and promotion-related expenses as part of our investments in marketing to further enhance our brand recognition, such as the sponsorship fee for the CSL; and (ii) the increase in shipping expenses incurred in relation to the delivery of automotive products among warehouses and stores in line with the business recovery. This increase was partially offset by the decrease in selling and marketing personnel cost and outsourced service fees as we implemented measures to efficiently manage human resource budgets throughout the year.

As a percentage of revenue, our selling and marketing expenses decrease from 13.4% in 2022 to 12.6% in 2023, which mainly reflects our efforts to improve operational efficiency.

General and Administrative Expenses

Our general and administrative expenses for the year ended 31 December 2023 amounted to RMB420.2 million, representing an increase of 5.3% as compared with RMB399.1 million for the year ended 31 December 2022. This increase was primarily due to (i) the increase in listing expenses of RMB16.6 million associated with the Global Offering; and (ii) the impairment of other intangible assets.

Finance Income

Our finance income for the year ended 31 December 2023 amounted to RMB128.5 million, representing a significant increase as compared with RMB56.9 million for the year ended 31 December 2022. This increase was primarily due to (i) higher interest rates on U.S. dollar-denominated time deposits; and (ii) the increase in average balance of time deposits and treasury investments.

Fair Value Changes of Convertible Redeemable Preferred Shares

We recorded a gain of RMB6.5 billion from the fair value changes of convertible redeemable preferred shares in 2023, compared to a loss of RMB1.3 billion in 2022. This positive fair value changes reflect our one-time fair value adjustment upon the Global Offering. All our convertible redeemable preferred shares were converted to Class A Shares and therefore, we will not incur fair value changes of convertible redeemable preferred shares thereafter.

Income Tax Expense

Our income tax expense for the year ended 31 December 2023 amounted to RMB24.6 million, representing a decrease of 19.6% as compared with RMB30.7 million for the year ended 31 December 2022. This decrease was primarily due to the decrease in taxable income of certain subsidiaries.

Profit/(loss) for the Year

As a result of the foregoing, our profit for the year amounted to RMB6.7 billion in 2023. In 2022, we recorded loss for the year of RMB2.1 billion.

Six Months Ended 31 December 2023 Compared to Six Months Ended 31 December 2022

	Unaudited For the six months ended 31 December	
	2023	2022
	(RMB in thousands)	
Revenue	**7,079,456**	6,078,823
Cost of revenue	**(5,298,212)**	(4,805,612)
Gross profit	**1,781,244**	1,273,211
Other income and gains, net	**35,139**	93,305
Operations and support expenses	**(328,370)**	(306,159)
Research and development expenses	**(281,658)**	(303,175)
Selling and marketing expenses	**(873,144)**	(800,377)
General and administrative expenses	**(234,740)**	(200,525)
Fair value changes on financial assets at fair value through profit or loss	**(3,678)**	(2,153)
Operating profit/(loss)	**94,793**	(245,873)
Finance income	**66,868**	39,371
Finance costs	**(9,344)**	(11,538)
Fair value changes of convertible redeemable preferred shares	**6,512,515**	(933,028)
Share of profits and losses of joint ventures and associates	**(9,622)**	(20,569)
Profit/(loss) before tax	**6,655,210**	(1,171,637)
Income tax expense	**(14,000)**	(14,819)
Profit/(loss) for the period	**6,641,210**	(1,186,456)
Adjusted EBITDA (non-IFRS measure)	**405,961**	35,694
Adjusted net profit/(loss) (non-IFRS measure)	**267,269**	(138,324)

Revenues

Our revenue for the six months ended 31 December 2023 amounted to RMB7.1 billion, representing an increase of 16.5% as compared with RMB6.1 billion for the same period of 2022.

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

	Unaudited For the six months ended 31 December			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentage)			
Automotive products and services				
Individual end customers				
– Tires and chassis parts	**2,875,264**	**40.6**	2,410,180	39.7
– Auto maintenance	**2,567,647**	**36.3**	2,146,002	35.3
– Others[(1)]	**415,909**	**5.9**	348,858	5.7
Subtotal	**5,858,820**	**82.8**	4,905,040	80.7
Qipeilong[(2)]	**729,162**	**10.3**	724,415	11.9
Subtotal	**6,587,982**	**93.1**	5,629,455	92.6
Advertising, franchise and other services				
Franchise services	**374,806**	**5.3**	295,623	4.9
Advertising services	**35,254**	**0.5**	32,935	0.5
Others	**81,414**	**1.1**	120,810	2.0
Subtotal	**491,474**	**6.9**	449,368	7.4
Total	**7,079,456**	**100.0**	6,078,823	100.0

Notes:

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

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

Revenue from automotive products and services

Our revenue from automotive products and services increased by 17.0% from RMB5.6 billion for the six months ended 31 December 2022 to RMB6.6 billion for the same period of 2023. This increase was primarily due to (i) a 19.3% growth in revenue from tires and chassis parts segment, from RMB2.4 billion for the six months ended 31 December 2022 to RMB2.9 billion for the six months ended 31 December 2023, spurred by China's increased overall miles driven as a result of the delayed travel demand being released after the pandemic, which boosted the needs for tire changes; (ii) a 19.6% growth in revenue from auto maintenance, from RMB2.1 billion for the six months ended 31 December 2022 to RMB2.6 billion for the six months ended 31 December 2023, driven by the recovery of auto maintenance demand after the pandemic, coupled with the expansion of our Tuhu workshop network and growing customer base; and (iii) a 19.2% growth in revenue from others products and services segment, from RMB348.9 million for the six months ended 31 December 2022 to RMB415.9 million for the same period of 2023, primarily due to the growth of our window tinting and car wash businesses.

Revenue from advertising, franchise and other services

Our revenue from advertising, franchise and other services increased by 9.4% from RMB449.4 million for the six months ended 31 December 2022 to RMB491.5 million for the same period of 2023. This increase was primarily due to the growth in revenue from franchise service, reflecting (a) the expansion of our franchised Tuhu workshops, (b) the growth in the management fees as a result of the cessation of our COVID-19 relief measures, such as the reduction and exemption of management fees, and (c) the increase in the profit-based royalty fees in line with the improved profitability of the franchised Tuhu workshops. This increase was partially offset by the decrease in revenue from our NEV new car sales as we deprioritised the NEVs sales business as a result of our NEV strategic review.

Cost of Revenue

Our cost of revenue for the six months ended 31 December 2023 amounted to RMB5.3 billion, representing an increase of 10.3% as compared with RMB4.8 billion for the same period of 2022.

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

	Unaudited For the six months ended 31 December			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentage)			
Cost of automotive products and services				
Individual end customers				
– Tires and chassis parts	**2,337,029**	**33.0**	2,053,384	33.8
– Auto maintenance	**1,760,172**	**24.9**	1,493,096	24.6
– Others	**347,590**	**4.8**	309,594	5.1
Subtotal	**4,444,791**	**62.7**	3,856,074	63.5
Qipeilong	**613,162**	**8.7**	621,386	10.2
Subtotal	**5,057,953**	**71.4**	4,477,460	73.7
Cost of advertising, franchise and other services				
Franchise services	**42,989**	**0.7**	39,925	0.7
Advertising services	**1,306**	**0.0**	2,893	0.0
Others	**30,143**	**0.4**	82,030	1.4
Subtotal	**74,438**	**1.1**	124,848	2.1
Cost of self-operated Tuhu workshops and others	**165,821**	**2.3**	203,304	3.3
Total	**5,298,212**	**74.8**	4,805,612	79.1

This increase was primarily due to a 13.0% growth in cost of automotive products and services, from RMB4.5 billion for the six months ended 31 December 2022 to RMB5.1 billion for the six months ended 31 December 2023, in line with our revenue growth resulting from the expansion of our Tuhu workshops network and customer base. This increase was partially offset by (i) a 40.4% decrease in cost of advertising, franchise and other services, from RMB124.8 million for the six months ended 31 December 2022 to RMB74.4 million for the six months ended 31 December 2023 due mainly to the termination of sales of NEV from certain brands; and (ii) a 18.4% decrease in cost of self-operated Tuhu workshops and others, primarily due to the decrease in write-down of inventory cost resulting from the improvement of our overall inventory turnover.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of our Group was RMB1.8 billion for the six months ended 31 December 2023, as compared with RMB1.3 billion for the same period of 2022.

Gross profit margin of our Group increased from 20.9% for the six months ended 31 December 2022 to 25.2% for the six months ended 31 December 2023, primarily due to (i) a 2.7% increase in gross profit margin on automotive products and services as a result of (a) higher revenue contribution from our auto maintenance segment, which generally have higher margin – as a percentage of total revenue, our revenue from auto maintenance segment increased from 35.3% in the second half of 2022 to 36.3% in the second half of 2023, (b) more favourable terms we gained from suppliers in line with our business growth, and (c) higher revenue contribution from our exclusive and private label products, which generally have higher gross margins than brand products; (ii) an 12.7% increase in gross profit margin on advertising, franchise and other services, driven by (a) the increased revenue contribution from our franchise service, while the cost remained relatively stable, and (b) the increase in gross profit margin on franchise services and NEV initiatives; and (iii) the reduction in cost of self-operated Tuhu workshops and others.

Other Income and Gains, Net

Our other income and gains for the six months ended 31 December 2023 amounted to RMB35.1 million, representing a decrease of 62.3% as compared with RMB93.3 million for the same period of 2022. This decrease was primarily due to (i) the increase in foreign exchange losses resulting from the higher volatility of the exchange rate of U.S. dollar against Renminbi in the second half of 2023, and (ii) the decrease in one-off grants awarded by the local government in the second half of 2023.

Operations and Support Expenses

Our operations and support expenses increased by 7.3% from RMB306.2 million for the six months ended 31 December 2022 to RMB328.4 million for the same period of 2023, primarily due to the increase in travel expenses and outsourced service fees in line with the post-pandemic business recovery, partially offset by the reduction in operation and support personnel cost and share-based payment expenses owing to the decreased number of operation and support personnel from 2,325 (being the average of the number of operation and support staff from 1 July 2022 to 31 December 2022) to 2,090 (being the average of the number of operation and support staff from 1 July 2023 to 31 December 2023).

Research and Development Expenses

Our research and development expenses for the six months ended 31 December 2023 amounted to RMB281.7 million, representing a decrease of 7.1% as compared with RMB303.2 million for the same period of 2022. This decrease was primarily due to the decrease in cloud and outsourced service fees as we adopted a series of measures to reduce costs and increase efficiency, partially offset by the increase in research and development personnel cost due to higher year-end bonus we accrued to pay to employees compared with the same period in 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 9.1% from RMB800.4 million for the six months ended 31 December 2022 to RMB873.1 million for the same period of 2023, primarily due to (i) the increase in advertising and promotion-related expenses as part of our investments in marketing to further enhance our brand recognition, such as the sponsorship fee for the CSL; and (ii) the increase in shipping expenses incurred in relation to the delivery of automotive products among warehouses and stores in line with the business recovery. This increase was partially offset by the decrease in selling and marketing personnel cost and outsourced service fees as we implemented measures to efficiently manage human resource budgets in the second half of 2023.

As a percentage of revenue, our selling and marketing expenses decrease from 13.2% for the six months ended 31 December 2022 to 12.3% for the six months ended 31 December 2023, which mainly reflects our efforts to improve operational efficiency.

General and Administrative Expenses

Our general and administrative expenses for the six months ended 31 December 2023 amounted to RMB234.7 million, representing an increase of 17.1% as compared with RMB200.5 million for the same period of 2022. This increase was primarily due to (i) the increase in listing expenses of RMB18.6 million associated with the Global Offering. (ii) the impairment of other intangible assets.

Finance Income

Our finance income for the six months ended 31 December 2023 amounted to RMB66.9 million, representing a significant increase as compared with RMB39.4 million for the same period of 2022. This increase was primarily due to (i) higher interest rates on U.S. dollar-denominated time deposits; and (ii) the increase in average balance of time deposits and treasury investments.

Fair Value Changes of Convertible Redeemable Preferred Shares

We recorded a gain of RMB6.5 billion from the fair value changes of convertible redeemable preferred shares for the six months ended 31 December 2023, compared to a loss of RMB933.0 million for the same period of 2022. This positive fair value changes reflect our one-time fair value adjustment upon the Global Offering. All our convertible redeemable preferred shares were converted to Class A Shares and therefore, we will not incur fair value changes of convertible redeemable preferred shares thereafter.

Income Tax Expense

Our income tax expense for the six months ended 31 December 2023 amounted to RMB14.0 million, representing a decrease of 5.5% as compared with RMB14.8 million for the same period of 2022. This decrease was primarily due to the decrease in taxable income of certain subsidiaries.

Profit/(loss) for the Period

As a result of the foregoing, our profit for the six months ended 31 December 2023 amounted to RMB6.6 billion. For the same period of 2022, we recorded loss of RMB1.2 billion.

Non-IFRS Measure

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

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

	For the year ended 31 December		**Unaudited For the six months ended 31 December**	
	2023	2022	**2023**	2022
	(RMB in thousands)			
Profit/(loss) for the year/period	**6,700,697**	(2,138,315)	**6,641,210**	(1,186,456)
Adjusted for:				
Income tax expense	**24,649**	30,666	**14,000**	14,819
Finance income	**(128,508)**	(56,934)	**(66,868)**	(39,371)
Finance costs	**18,823**	27,875	**9,344**	11,538
Depreciation and amortisation	**361,505**	363,776	**182,216**	187,032
Share-based payment expenses	**201,629**	219,339	**106,216**	101,336
Fair value changes of convertible redeemable preferred shares	**(6,465,354)**	1,339,273	**(6,512,515)**	933,028
Listing expenses	**44,342**	27,774	**32,358**	13,768
Adjusted EBITDA (non-IFRS measure)	**757,783**	(186,546)	**405,961**	35,694

We adjust for share-based payment expenses, fair value changes of convertible redeemable preferred shares and listing expenses to net profit/(loss) to derive adjusted net profit/(loss). For the same reasons stated above, we have made the adjustments of share-based payment expenses and fair value changes of convertible redeemable preferred shares and listing expenses.

The following table reconciles adjusted net profit/(loss) (non-IFRS measure) for the year/period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which are profit/(loss) for the year/period:

	For the year ended 31 December		**Unaudited For the six months ended 31 December**	
	2023	2022	**2023**	2022
	(RMB in thousands)			
Profit/(loss) for the year/period	**6,700,697**	(2,138,315)	**6,641,210**	(1,186,456)
Adjusted for:				
Share-based payment expenses	**201,629**	219,339	**106,216**	101,336
Fair value changes of convertible redeemable preferred shares	**(6,465,354)**	1,339,273	**(6,512,515)**	933,028
Listing expenses	**44,342**	27,774	**32,358**	13,768
Adjusted net profit/(loss) (non-IFRS measure)	**481,314**	(551,929)	**267,269**	(138,324)

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

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

Selected Consolidated Balance Sheet Data

	As of 31 December	
	2023	2022
	(RMB in thousands)	
NON-CURRENT ASSETS		
Property, plant and equipment	**899,188**	671,032
Right-of-use assets	**466,946**	467,714
Goodwill	**20,323**	15,820
Other intangible assets	**57,804**	69,975
Long-term treasury investments	**1,065,260**	–
Financial investments at fair value through profit or loss	**191,043**	227,120
Investments in joint ventures and associates	**362,612**	279,069
Equity investments designated at fair value through other comprehensive income	**356,240**	289,312
Restricted cash	**7,799**	403
Other non-current assets	**66,189**	87,825
Total non-current assets	**3,493,404**	2,108,270
CURRENT ASSETS		
Inventories	**1,799,796**	1,542,547
Trade receivables	**218,179**	173,731
Prepayments, other receivables and other assets	**496,100**	456,257
Short-term treasury investments	**1,587,126**	540,036
Restricted cash	**1,454,795**	1,506,922
Cash and cash equivalents	**2,715,285**	2,686,353
Total current assets	**8,271,281**	6,905,846
CURRENT LIABILITIES		
Trade and bills payables	**3,886,756**	3,119,324
Other payables and accruals	**1,719,505**	1,566,010
Contract liabilities	**742,667**	653,045
Interest-bearing borrowings	**1,009**	–
Tax payable	**120,096**	97,225
Lease liabilities	**132,320**	136,595
Total current liabilities	**6,602,353**	5,572,199
NET CURRENT ASSETS	**1,668,928**	1,333,647
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,162,332**	3,441,917

	As of 31 December	
	2023	2022
	(RMB in thousands)	
NON-CURRENT LIABILITIES		
Convertible redeemable preferred shares	**–**	21,726,488
Interest-bearing borrowings	**7,500**	–
Contract liabilities	**58,777**	60,268
Lease liabilities	**223,840**	203,735
Deferred tax liabilities	**7,391**	10,333
Other non-current liabilities	**406,505**	397,657
Total non-current liabilities	**704,013**	22,398,481
Net assets/(liabilities)	**4,458,319**	(18,956,564)
EQUITY		
Equity attributable to owners of the parent		
Share capital	**118**	21
Reserves/(deficits)	**4,459,854**	(18,956,780)
	4,459,972	(18,956,759)
Non-controlling interests	**(1,653)**	195
Total equity	**4,458,319**	(18,956,564)

Trade Receivables

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Trade receivables from bulk sales to key account customers	**67,680**	65,289
Trade receivables from sales on Qipeilong	**27,222**	27,788
Trade receivables from franchise services	**63,896**	38,886
Trade receivables from advertising services	**44,579**	37,659
Others	**30,040**	19,354
Allowance for expected credit losses	**(15,238)**	(15,245)
Total	**218,179**	173,731

Our trade receivables as of 31 December 2023 amounted to RMB218.2 million, representing an increase of 25.6% as compared with RMB173.7 million as of 31 December 2022. This increase was primarily due to (i) the growth in amount receivable from franchise services in line with the expansion of franchised Tuhu workshops network; (ii) the growth in amount receivable from advertising services driven by the increased advertising investment from key account customers; and (iii) the growth in amount receivable from others mainly attributable to the higher revenue contribution from our SaaS solutions.

Prepayments, Other Receivables and Other Assets

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Prepayments	**169,480**	157,637
Deposits and other receivables	**102,949**	127,610
VAT recoverable	**220,129**	148,157
Loans receivable	**1,348**	22,727
Receivable from employees	**3,813**	3,070
Impairment allowance	**(1,619)**	(2,944)
Total	**496,100**	456,257

Our prepayments, deposits and other receivables increase by 8.7% from RMB456.3 million as of 31 December 2022 to RMB496.1 million as of 31 December 2023, primarily due to the increase in prepayment and VAT recoverable in line with our business growth, partially offset by (i) the decrease in deposits and other receivables resulting from recovering receivables related to our car wash business and certain retrieving rental deposits; and (ii) the decrease in loans receivables as we received repayments from certain borrowers.

Treasury Investments

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Long-term treasury investments at		
– Amortised cost	**1,065,260**	–
Short-term treasury investments measured at		
– Amortised cost	**354,135**	514,115
– Fair value through profit or loss	**1,232,991**	25,921
Total	**2,652,386**	540,036

Our treasury investments as of 31 December 2023 amounted to RMB2.7 billion, representing a significant increase as compared with RMB540.0 million as of 31 December 2022. This increase was primarily due to the purchase of long-term wealth management products to optimise financial returns while maintaining capital safety and liquidity.

Restricted Cash

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Non-current portion	**7,799**	403
Current portion	**1,454,795**	1,506,922
Total	**1,462,594**	1,507,325

Cash and Cash Equivalents

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Cash at banks and on hand	**1,270,354**	2,247,583
Time deposits with original maturities within three months	**1,444,931**	438,770
Total	**2,715,285**	2,686,353

Trade and Bills Payable

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Trade payables	**965,351**	808,085
Bills payable	**2,921,405**	2,311,239
Total	**3,886,756**	3,119,324

Our trade and bills payables increased by 24.6% from RMB3.1 billion as of 31 December 2022 to RMB3.9 billion as of 31 December 2023, primarily due to the increase in the procurement of merchandise in line with our business growth.

Other Payables and Accruals

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

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Other tax payable	**304,673**	307,283
Payroll and welfare payable	**588,024**	539,397
Accrual and other payables	**826,808**	719,330
Total	**1,719,505**	1,566,010

Our other payables and accruals as of 31 December 2023 amounted to RMB1.7 billion, representing an increase of 9.8% as compared with RMB1.6 billion as of 31 December 2022. This increase was primarily due to (i) the growth in refundable deposits from potential franchisees prior to entering into the franchise agreements spurred by the expansion of our store network; (ii) the growth in construction in progress payable in relation to certain warehouse; (iii) the growth in accrued advertising and promotion-related fees corresponding to our intensified marketing efforts; and (iv) the growth in salary and welfare payables attributed to the higher year-end bonus we accrued to pay to employees in 2023.

Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares decreased from RMB21.7 billion as of 31 December 2022 to nil as of 31 December 2023, primarily due to all our convertible redeemable preferred shares were converted to Class A Shares upon completion of the Global Offering.

Financial Ratios

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

	As of/For the year ended 31 December		Unaudited As of/For the six months ended 31 December	
	2023	2022	**2023**	2022
Gearing ratio (%)[1]	**62.1**	69.3	**62.1**	69.3
Total revenue growth rate (%)[2]	**17.8**	(1.5)	**16.5**	(2.7)
Gross margin (%)[3]	**24.7**	19.7	**25.2**	20.9
Adjusted EBITDA margin (non-IFRS measure) (%)[4]	**5.6**	(1.6)	**5.7**	0.6
Adjusted net profit/(loss) margin (non-IFRS measure) (%)[5]	**3.5**	(4.8)	**3.8**	(2.3)

Notes:

(1) Gearing ratio equals total liabilities minus convertible redeemable preferred shares, divided by total assets as of the end of the year or period.

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

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

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

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

Liquidity and Capital Resources

During the year ended 31 December 2023, we funded our cash requirements principally from cash generated from our operations and net proceeds from the Global Offering. Our cash position*(Note 1)* increased by 44.3% from RMB4.7 billion as 31 December 2022 to RMB6.8 billion as 31 December 2023.

Selected Consolidated Cash Flow Data

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

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Net cash flows from/(used in) operating activities	**1,021,291**	(312,711)
Net cash flows (used in)/from investing activities	**(2,371,766)**	481,347
Net cash flows from financing activities	**1,349,785**	935,977
Net (decrease)/increase in cash and cash equivalents	**(690)**	1,104,613
Cash and cash equivalents at the beginning of the year	**2,686,353**	1,472,293
Effect of foreign exchange rate changes, net	**29,622**	109,447
Cash and cash equivalents at the end of the year	**2,715,285**	2,686,353

Net Cash Flows from Operating Activities

Net cash flows from operating activities in 2023 was RMB1.0 billion, which was mainly attributable to our profit before tax of RMB6.7 billion, as adjusted by (i) non-cash and non-operating items, primarily consisted of gain on fair value changes of convertible redeemable preferred shares of RMB6.5 billion, share-based payments expenses of RMB201.6 million, depreciation of right-of-use assets of RMB196.3 million and depreciation of property, plant and equipment of RMB160.4 million; and (ii) changes in working capital, primarily resulted from an increase in trade and bills payables of RMB766.3 million and an increase in other payables and accruals of RMB127.5 million, partially offset by an increase in restricted cash of RMB348.7 million and an increase in inventories of RMB272.5 million.

Note:

1. Cash position includes cash and cash equivalents, treasury investments and restricted cash.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities in 2023 was RMB2.4 billion, which was mainly attributable to purchase of treasury investments of RMB2.8 billion and purchases of property, plant and equipment of RMB360.0 million, partially offset by proceeds from treasury investments of RMB686.2 million and interest income of RMB129.0 million.

Net Cash Flows from Financing Activities

Net cash flows from financing activities in 2023 was RMB1.3 billion, which was mainly attributable to net proceeds from issuance of Class A Shares relating to the Global Offering.

Contingent Liabilities and Guarantees

As of 31 December 2023, we did not have any material contingent liabilities or guarantees.

Capital Expenditures

Our capital expenditures primarily consisted of payments for property, plant and equipment, payments for land use rights and payments for other intangible assets. Our capital expenditures were RMB362.0 million for the year ended 31 December 2023 and RMB400.6 million for the year ended 31 December 2022.

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

Capital Commitments

Capital commitments were primarily related to the construction of new automated warehouses and scheduled to be paid within one to two years. The following table sets forth our capital commitments as of the date indicated:

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Contracted, but not provided for property, plant and equipment	**208,831**	478,280

Charges on Assets

As of 31 December 2023, our Group did not have any charge on its assets.

Future Plans for Material Investments

As of the date of this announcement, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, our Group does not have any concrete committed plans for material investments and capital assets for disclosure.

Foreign Exchange Risk and Hedging

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

Material Acquisitions, Significant Investments and Disposals

During the year ended 31 December 2023, we did not make any material acquisitions, significant investments or disposals of subsidiaries, associates and joint ventures.

Employees and Remuneration

As of 31 December 2023, we had a total of 4,729 employees (as of 31 December 2022: 4,960). For the year ended 31 December 2023, we incurred total remuneration costs of RMB1.7 billion (for the year ended 31 December 2022: RMB1.8 billion). The remuneration packages of our employees include wages, salaries and allowances, pension scheme contributions and share-based payment expense, the amount of which is generally determined by their qualifications, industry experience, position and performance. We contribute to social insurance and housing provident funds as required by the PRC laws and regulations.

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	For the year ended 31 December **2023**	2022
		(RMB in thousands)	
Revenue	*3*	**13,601,085**	11,546,851
Cost of revenue		**(10,241,732)**	(9,276,669)
Gross profit		**3,359,353**	2,270,182
Other income and gains, net	*4*	**118,362**	151,452
Operations and support expenses		**(600,390)**	(627,473)
Research and development expenses		**(579,615)**	(621,365)
Selling and marketing expenses		**(1,714,684)**	(1,542,216)
General and administrative expenses		**(420,194)**	(399,094)
Fair value changes on financial assets at fair value through profit or loss		**(1,308)**	4,594
Operating profit/(loss)		**161,524**	(763,920)
Finance income	*5*	**128,508**	56,934
Finance costs	*5*	**(18,823)**	(27,875)
Fair value changes of convertible redeemable preferred shares		**6,465,354**	(1,339,273)
Share of profits and losses of joint ventures and associates		**(11,217)**	(33,515)
PROFIT/(LOSS) BEFORE TAX	*6*	**6,725,346**	(2,107,649)
Income tax expense	*7*	**(24,649)**	(30,666)
PROFIT/(LOSS) FOR THE YEAR		**6,700,697**	(2,138,315)
Attributable to:			
Owners of the parent		**6,702,935**	(2,136,173)
Non-controlling interests		**(2,238)**	(2,142)
		6,700,697	(2,138,315)
Earnings/(loss) per share attributable to ordinary equity holders of the parent			
Basic (RMB)	*9*	**20.8**	(14.8)
Diluted (RMB)	*9*	**0.3**	(14.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
	(RMB in thousands)	
PROFIT/(LOSS) FOR THE YEAR	**6,700,697**	(2,138,315)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the subsidiaries of the Company	**(79,280)**	(652,235)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**61,725**	(121,487)
Exchange differences on translation of the financial statements of the Company	**(456,235)**	(899,492)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(473,790)**	(1,673,214)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**6,226,907**	(3,811,529)
Attributable to:		
Owners of the parent	**6,229,145**	(3,809,387)
Non-controlling interests	**(2,238)**	(2,142)
	6,226,907	(3,811,529)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**As of 31 December**	
		2023	2022
		(RMB in thousands)	
NON-CURRENT ASSETS			
Property, plant and equipment		**899,188**	671,032
Right-of-use assets		**466,946**	467,714
Goodwill		**20,323**	15,820
Other intangible assets		**57,804**	69,975
Long-term treasury investments	*12*	**1,065,260**	–
Financial investments at fair value through profit or loss		**191,043**	227,120
Investments in joint ventures and associates		**362,612**	279,069
Equity investments designated at fair value through other comprehensive income		**356,240**	289,312
Restricted cash	*13*	**7,799**	403
Other non-current assets		**66,189**	87,825
Total non-current assets		**3,493,404**	2,108,270
CURRENT ASSETS			
Inventories		**1,799,796**	1,542,547
Trade receivables	*10*	**218,179**	173,731
Prepayments, other receivables and other assets	*11*	**496,100**	456,257
Short-term treasury investments	*12*	**1,587,126**	540,036
Restricted cash	*13*	**1,454,795**	1,506,922
Cash and cash equivalents	*13*	**2,715,285**	2,686,353
Total current assets		**8,271,281**	6,905,846

	Notes	**31 December 2023**	31 December 2022
		(RMB in thousands)	
CURRENT LIABILITIES			
Trade and bills payables	*14*	**3,886,756**	3,119,324
Other payables and accruals	*15*	**1,719,505**	1,566,010
Contract liabilities		**742,667**	653,045
Interest-bearing borrowings		**1,009**	–
Tax payable		**120,096**	97,225
Lease liabilities		**132,320**	136,595
Total current liabilities		**6,602,353**	5,572,199
NET CURRENT ASSETS		**1,668,928**	1,333,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,162,332**	3,441,917
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		**–**	21,726,488
Interest-bearing borrowings		**7,500**	–
Contract liabilities		**58,777**	60,268
Lease liabilities		**223,840**	203,735
Deferred tax liabilities		**7,391**	10,333
Other non-current liabilities		**406,505**	397,657
Total non-current liabilities		**704,013**	22,398,481
Net assets/(liabilities)		**4,458,319**	(18,956,564)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**118**	21
Reserves/(deficits)		**4,459,854**	(18,956,780)
		4,459,972	(18,956,759)
Non-controlling interests		**(1,653)**	195
Total equity		**4,458,319**	(18,956,564)

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Net cash flows from/(used in) operating activities	**1,021,291**	(312,711)
Net cash flows (used in)/from investing activities	**(2,371,766)**	481,347
Net cash flows from financing activities	**1,349,785**	935,977
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(690)**	1,104,613
Cash and cash equivalents at beginning of year	**2,686,353**	1,472,293
Effect of foreign exchange rate changes, net	**29,622**	109,447
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,715,285**	2,686,353

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 July 2019. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year of 2023, the Group primarily provide automotive products and services to consumers through its online interfaces, including "Tuhu Automotive Service" APP, its website and Weixin mini program in the PRC.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRSs (which comprise all standards and interpretations approved by the IASB) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in RMB Yuan and all values are rounded to the nearest thousand except when otherwise indicated.

Certain items and balances in the comparative financial statements have been re-presented to conform with the current year's financial statement presentation.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 Changes in accounting policies and disclosures

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 Issued but not yet effective international financial reporting standards

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

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

3 No mandatory effective date yet determined but available for adoption

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

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

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer the 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 amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

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

3. REVENUE

Revenue represents income from automotive products and services, franchise services, advertising services and others during the year.

(i) Disaggregated revenue information

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Revenue from contracts with customers:		
Automotive products and services	**12,646,780**	10,722,748
Advertising, franchise and other services		
Franchise services	**731,334**	549,679
Advertising services	**74,672**	59,256
Others	**148,299**	215,168
Total	**13,601,085**	11,546,851

4. OTHER INCOME AND GAINS, NET

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

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Government grants*	**111,005**	111,716
Net foreign exchange gains	**2,563**	23,738
Others	**4,794**	15,998
	118,362	151,452

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are no contingencies relating to these grants.

5. FINANCE INCOME/(COSTS)

An analysis of finance income/(costs) is as follows:

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Finance income		
Interest income	**128,508**	56,934
Finance costs		
Interest on bank loans	**(179)**	(3,629)
Interest on lease liabilities	**(18,644)**	(24,246)
Total	**(18,823)**	(27,875)

6. PROFIT/(LOSS) BEFORE TAX

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

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Cost of revenue*	**9,866,409**	8,820,323
Depreciation of property, plant and equipment	**160,365**	156,513
Depreciation of right-of-use assets	**196,336**	203,390
Amortisation of other intangible assets	**4,804**	3,873
Fair value changes of convertible redeemable preferred shares	**(6,465,354)**	1,339,273
Lease payments not included in the measurement of lease liabilities	**42,516**	65,328
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and allowances	**1,439,683**	1,495,325
Pension scheme contributions	**127,838**	131,860
Share-based payment expenses	**166,302**	200,571
Share-based payment expenses of consultants	**35,327**	18,768
Foreign exchange differences, net	**(2,563)**	(23,738)
Impairment losses on trade receivables and other receivables	**(1,332)**	5,228
Write-down of inventories	**16,011**	77,698
Impairment of property, plant and equipment	**642**	1,117
Impairment of right-of-use assets	**5,387**	1,273
Impairment of other intangible assets	**11,768**	–
Auditor's remuneration	**3,500**	1,000
Advertising and promotion related expenses	**782,625**	617,297
Shipping expenses	**391,967**	373,935
Listing expenses	**44,342**	27,774

* The amount of cost of revenue as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets, write-down of inventories, employee benefit expenses, short-term lease expenses and shipping expenses.

7. INCOME TAX

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Current income tax	**27,591**	30,666
Deferred income tax	**(2,942)**	–
Total tax charge for the year	**24,649**	30,666

8. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the year ended 31 December 2023.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings/(loss) per share are based on:

	For the year ended 31 December	
	2023	2022
	(RMB in thousands)	
Earnings/(losses)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(losses) per share calculation	**6,702,935**	(2,136,173)
Fair value changes on convertible redeemable preferred shares	**(6,465,354)**	–
Profit/(loss) attributable to ordinary equity holders of the parent, used in the diluted earnings/(losses) per share calculation	**237,581**	(2,136,173)

	Number of shares as of 31 December	
	2023	2022
Shares		
Weighted average number of ordinary shares (thousand) in issue during the year used in the basic earnings/(losses) per share calculation taking into account the effect of the Share Subdivision	**322,264**	144,151
Effect of dilution – weighted average number of ordinary shares:		
Convertible redeemable preferred shares (thousand)	**451,929**	–
Share options and restricted share units (thousand)	**32,342**	–
Total (thousand)	**806,535**	144,151

10. TRADE RECEIVABLES

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Trade receivables	**233,417**	188,976
Impairment	**(15,238)**	(15,245)
Net carrying amount	**218,179**	173,731

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

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

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Within 1 month	**184,535**	97,911
2 to 3 months	**19,586**	44,354
4 to 6 months	**11,561**	22,988
7 to 12 months	**2,497**	8,478
Total	**218,179**	173,731

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Prepayments	**169,480**	157,637
Deposits and other receivables	**102,949**	127,610
VAT recoverable	**220,129**	148,157
Loans receivable	**1,348**	22,727
Receivable from employees	**3,813**	3,070
	497,719	459,201
Impairment allowance	**(1,619)**	(2,944)
Total	**496,100**	456,257

12. TREASURY INVESTMENTS

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Long-term treasury investments at		
– Amortised cost	**1,065,260**	–
Short-term treasury investments at		
– Amortised cost	**354,135**	514,115
– Fair value through profit or loss	**1,232,991**	25,921
	1,587,126	540,036

13. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Cash at banks and on hand	**1,270,354**	2,247,583
Time deposits with original maturities within three months	**1,444,931**	438,770
Subtotal	**2,715,285**	2,686,353
Cash and cash equivalents are denominated in the following currencies		
RMB	**908,581**	951,463
U.S. dollar	**1,806,704**	1,734,890
	2,715,285	2,686,353

Restricted cash

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Restricted for bills payable	**1,053,691**	1,094,947
Restricted for letters of guarantee	**374,982**	363,352
Restricted for others	**33,921**	49,026
	1,462,594	1,507,325
Restricted cash are denominated in the following currencies		
RMB	**1,345,729**	1,298,387
U.S. dollar	**116,865**	208,938
	1,462,594	1,507,325

14. TRADE AND BILLS PAYABLES

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Trade payables	**965,351**	808,085
Bills payable	**2,921,405**	2,311,239
Total	**3,886,756**	3,119,324

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:

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Within 3 months	**2,914,437**	2,392,343
3 to 6 months	**963,231**	705,200
6 to 12 months	**2,164**	13,890
Over 1 year	**6,924**	7,891
Total	**3,886,756**	3,119,324

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on 30-days to 90-days terms. Bills payable generally have a longer payment term of 3 to 6 months.

15. OTHER PAYABLES AND ACCRUALS

	As of 31 December	
	2023	2022
	(RMB in thousands)	
Other tax payable	**304,673**	307,283
Payroll and welfare payable	**588,024**	539,397
Accrual and other payables	**826,808**	719,330
Total	**1,719,505**	1,566,010

Other payables and accruals were trade in nature, non-interest-bearing and repayable on demand.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of final dividends for the year ended 31 December 2023.

Use of Proceeds from the Global Offering

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

As of the date of this announcement, there was no change in the intended use of Net Proceeds as previously disclosed in the Prospectus. Please refer to "Future Plans and Use of Proceeds" in the Prospectus for details.

As of 31 December 2023, our Group has utilised the Net Proceeds as set out in the table below:

Description	Percentage to the Net Proceeds	Allocation of Net Proceeds	Utilised amount as of 31 December 2023	Unutilised amount as of 31 December 2023	Expected timeline for utilising for the unutilised Net Proceeds
		(HK$ in millions)	*(HK$ in millions)*	*(HK$ in millions)*	
Enhancement of our supply chain capability	35.0%	445.6	128.2	317.4	31 December 2025
Research and development to advance our data analytics technologies and further enhance our operating efficiency	20.0%	254.7	27.0	227.7	31 December 2025
Expanding our store network and franchisee base	15.0%	191.0	80.7	110.3	31 December 2025
Fund investment related to automotive services for NEV owners as well as investment in tools and equipment related to these services	20.0%	254.7	34.9	219.8	31 December 2025
Working capital and general corporate purposes	10.0%	127.3	18.4	108.9	31 December 2025
Total	**100.0%**	**1,273.3**	**289.2**	**984.1**	

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. We have adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and regularly reviews its compliance with the Corporate Governance Code.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the board and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman of the Board and chief executive officer and Mr. Chen Min currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

To the best of our knowledge, save for code provision C.2.1 of the Corporate Governance Code, we have complied with all applicable code provisions of the Corporate Governance Code from the Listing Date and up to the date of this announcement.

Compliance with the Model Code

Our Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of the Directors, we confirm that all Directors have complied with the required standard set out in the Model Code from the Listing Date and up to the date of this announcement.

Our Company's senior management and employees, who are likely to be in possession of inside information of our Company, are also subject to the Model Code for securities transactions. During the period from the Listing Date and up to the date of this announcement, we did not detect any incident of non-compliance with the Model Code by our Company's relevant senior management and employees.

Purchase, Sale or Redemption of Listed Securities

Neither our Company nor any of its subsidiaries has purchased, redeemed or sold any of our Company's listed securities during the period from the Listing Date to the date of this announcement.

On 14 March 2024, the Board resolved to repurchase (the "**Proposed Share Repurchase**") Class A Shares in the open market from time to time up to HK$1.0 billion in value, pursuant to the general mandate (the "**Share Repurchase Mandate**") granted to the Directors, approved by the Shareholders at the general meeting held on 7 September 2023. Details of the Share Repurchase Mandate are set out in the Prospectus. The Board believes that the Proposed Share Repurchase will demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value for its Shareholders. As of the date of this announcement, the Company has not repurchased any Class A Shares under the Share Repurchase Mandate. For details of the Proposed Share Repurchase, please refer to the announcement of the Company dated 14 March 2024.

Audit Committee

The Audit Committee (comprising three independent non-executive Directors, namely Ms. Yan Huiping (chairperson), Mr. Feng Wei and Mr. Wang Jingbo), after the discussion with the Auditor, has reviewed our Company's audited consolidated financial statements for the year ended 31 December 2023 and the unaudited financial statements for the six-month periods ended 31 December 2022 and 31 December 2023 (collectively, the "**Unaudited Financial Statements**"). The Audit Committee has reviewed the accounting principles and practices adopted by our Company and discussed matters in respect of risk management and internal control of our Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by our Company.

Our Group's audited consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS. The accounting policies used in the preparation of the Unaudited Financial Statements are consistent with those adopted in preparing the audited consolidated financial statements for the years ended 31 December 2022 and 31 December 2023. The Unaudited Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2022 and 31 December 2023, which have been prepared in accordance with the IFRS.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the announcement of our Group's results for the year ended 31 December 2023 have been agreed by the Auditor to the amounts set out in our Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

Significant Events after the Year Ended 31 December 2023

On 1 January 2024, a total of 914,599 restricted share units were granted to certain of the employees of the Group pursuant to the post-IPO share scheme of the Company. Please refer to the announcement of the Company dated 1 January 2024 for details.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

Annual General Meeting

The AGM of our Company will be held on Friday, 7 June 2024. A notice convening the AGM will be published and despatched (if requested) to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of our Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which period no transfer of Shares of our Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with our Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 June 2024.

Publication of Annual Results and Annual Report

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.tuhu.cn**).

The annual report for the year ended 31 December 2023 containing all the information required by the Listing Rules will be published on the same websites and despatched (if requested) to the Shareholders in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of our Company for their support and contribution.

By order of the Board
TUHU Car Inc.
Chen Min
Chairman and Executive Director

Hong Kong, 14 March 2024

As at the date of this announcement, the Board of Directors comprises Mr. Chen Min and Mr. Hu Xiaodong as executive Directors; Mr. Yao Leiwen as non-executive Directors; Ms. Yan Huiping, Mr. Feng Wei and Mr. Wang Jingbo as independent non-executive Directors.

Certain statements included in this announcement, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "might," "can," "could," "will," "would," "anticipate," "believe," "continue," "estimate," "expect," "forecast," "intend," "plan," "seek," or "timetable." These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include our business outlook, estimates of financial performance, forecast business plans, growth strategies and projections of anticipated trends in our industry. These forward-looking statements are based on information currently available to our 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, many of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in 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 our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this announcement or those that might reflect the occurrence of unanticipated events.

DEFINITIONS

"AGM"	the annual general meeting of our Company proposed to be held on 7 June 2024
"AI"	artificial intelligence
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor"	Ernst & Young, an independent auditor of our Company
"Board"	the board of directors of our Company
"Class A Shares"	Class A ordinary share(s) in the share capital of our Company with a par value of US$0.00002 each, conferring a holder of a Class A Share one vote per share on any resolution tabled at our Company's general meetings
"Class B Shares"	Class B ordinary share(s) in the share capital of our Company with a par value of US$0.00002 each, conferring weighted voting rights in our Company such that a holder of a Class B Share is entitled to ten votes per share on any resolution tabled at our Company's general meetings, save for resolutions with respect to any reserved matters, in which case they shall be entitled to one vote per share
"China" or "the PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	TUHU Car Inc., an exempted company with limited liability incorporated in the Cayman Islands on 8 July 2019
"CSL"	Chinese Super League
"Director(s)"	the director(s) of our Company

"Global Offering"	the global offering of the Class A Shares
"Group," "our Group" or "the Group"	our Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standards
"IASB"	International Accounting Standards Board
"ICEV"	internal combustion engine vehicles
"IFRSs"	International Financial Reporting Standards
"KOL"	key opinion leader
"Listing"	the listing of the Class A Shares on the Main Board of the Stock Exchange
"Listing Date"	26 September 2023
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NEV"	new energy vehicle
"O&O"	online and offline
"OEM"	original equipment manufacturer
"Prospectus"	the prospectus issued by our Company dated 14 September 2023
"Qipeilong"	an auto part trading platform we built to serve our customers' diversified, long-tail automotive product demand, especially demand arise from our walk-in customers

"Renminbi," "RMB"or "Ren Min Bi Yuan"	Renminbi, the lawful currency of China
"SaaS"	software-as-a-service
"Share(s)"	the Class A Shares and Class B Shares in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"SKU"	stock keeping unit
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"VAT"	value-added tax
"%"	per cent