Sunfonda Group Holdings

# SUNFONDA GROUP HOLDINGS LIMITED
# 新豐泰集團控股有限公司

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

**(Stock Code: 01771)**

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

**HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2024**

During the year ended 31 December 2024, the Group has recorded:

- Operating revenue of RMB8,608.9 million, which was down by 21.6% from the same period in 2023, including:
    - Sales volume of new vehicles down by 15.8% to 27,107 units, and revenue from the sales of new vehicles down by 24.4% to RMB7,023.2 million;
    - Revenue from after-sales services down by 8.4% to RMB1,154.2 million; and
    - Revenue from the sales of used cars up by 2.3% to RMB431.5 million.
- Gross loss of RMB29.8 million (gross profit in 2023: RMB420.1 million).
- Gross loss margin of 0.3% (gross profit margin in 2023: 3.8%).
- Loss before tax for the Period of RMB187.7 million (2023: profit of RMB18.0 million).

Loss for the year attributable to owners of the parent for the Period was RMB213.0 million (2023: profit of RMB11.9 million).

Basic and diluted loss per share attributable to ordinary equity holders of the parent amounted to RMB0.36 for the Period (2023: earnings of RMB0.02 per share).

## ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sunfonda Group Holdings Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**" or "**Sunfonda Group**") for the year ended 31 December 2024 (the "**Period**"), together with the comparative figures for the year ended 31 December 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2024*

| | Notes | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **REVENUE** | *4(a)* | **8,608,890** | 10,977,823 |
| Cost of sales and services | *5(b)* | **(8,638,707)** | (10,557,688) |
| **Gross (loss)/profit** | | **(29,817)** | 420,135 |
| Other income and gains, net | *4(b)* | **622,290** | 477,408 |
| Selling and distribution expenses | | **(445,434)** | (543,186) |
| Administrative expenses | | **(238,524)** | (241,189) |
| **(Loss)/profit from operations** | | **(91,485)** | 113,168 |
| Finance costs | | **(96,199)** | (95,172) |
| **(Loss)/profit before tax** | *5* | **(187,684)** | 17,996 |
| Income tax expense | *6* | **(25,345)** | (6,130) |
| **(Loss)/profit for the year** | | **(213,029)** | 11,866 |
| **Attributable to:** | | | |
| Owners of the parent | | **(213,029)** | 11,866 |
| **(Loss)/earnings per share attributable to ordinary equity holders of the parent** | *8* | | |
| Basic and diluted (RMB) | | **(0.36)** | 0.02 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2024*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(Loss)/profit for the year** | **(213,029)** | 11,866 |
| *Other comprehensive income that may be reclassified to profit or loss in subsequent periods:* | | |
| Exchange differences on translation of foreign operations | **1,002** | (1,283) |
| Other comprehensive income for the year, net of tax | **1,002** | (1,283) |
| Total comprehensive income for the year | **(212,027)** | 10,583 |
| **Attributable to:** | | |
| Owners of the parent | **(212,027)** | 10,583 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*31 December 2024*

| | Notes | **2024** **RMB'000** | 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **1,591,686** | 1,847,499 |
| Right-of-use assets | | **570,029** | 693,722 |
| Intangible assets | | **9,582** | 10,449 |
| Prepayments | | **22,301** | 22,237 |
| Goodwill | | **10,284** | 10,284 |
| Deferred tax assets | | **65,189** | 63,976 |
| Other non-current assets | | **163,852** | – |
| **Total non-current assets** | | **2,432,923** | 2,648,167 |
| **CURRENT ASSETS** | | | |
| Inventories | *9* | **1,011,521** | 1,277,491 |
| Trade receivables | *10* | **40,536** | 37,307 |
| Prepayments, other receivables and other assets | | **873,087** | 1,016,344 |
| Financial assets at fair value through profit or loss | | **5,397** | 2,665 |
| Pledged bank deposits | | **652,186** | 579,065 |
| Cash in transit | | **2,137** | 14,917 |
| Short-term deposits | | **59,901** | 93,280 |
| Cash and cash at banks | | **587,471** | 653,932 |
| **Total current assets** | | **3,232,236** | 3,675,001 |
| **CURRENT LIABILITIES** | | | |
| Bank loans and other borrowings | | **1,619,952** | 1,811,700 |
| Trade and bills payables | *11* | **953,153** | 823,280 |
| Other payables and accruals | | **277,525** | 380,676 |
| Lease liabilities | | **9,573** | 16,780 |
| Income tax payable | | **18,707** | 25,642 |
| **Total current liabilities** | | **2,878,910** | 3,058,078 |
| **NET CURRENT ASSETS** | | **353,326** | 616,923 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,786,249** | 3,265,090 |

| | Notes | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Bank loans and other borrowings | | **442,963** | 709,402 |
| Lease liabilities | | **55,245** | 71,854 |
| Deferred tax liabilities | | **34,044** | 20,986 |
| **Total non-current liabilities** | | **532,252** | 802,242 |
| **NET ASSETS** | | **2,253,997** | 2,462,848 |
| **EQUITY** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | | **377** | 377 |
| Reserves | | **2,253,620** | 2,462,471 |
| **Total equity** | | **2,253,997** | 2,462,848 |

| | |
|---|---|
| *Director* | *Director* |
| **Wu Tak Lam** | **Chiu Man** |

# NOTES TO FINANCIAL STATEMENTS
*31 December 2024*

## 1. CORPORATE AND GROUP INFORMATION

Sunfonda Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 January 2011 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 May 2014.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the sale and service of motor vehicles in Chinese Mainland.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate holding company of the Company is Golden Speed Enterprises Limited, which is incorporated in the British Virgin Islands ("**BVI**").

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the Hong Kong Companies Ordinance and disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

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

## 3. OPERATING SEGMENT INFORMATION

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

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

**Information about geographical areas**

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

**Information about major customers**

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information in accordance with HKFRS 8 *Operating Segments* is presented.

## 4. REVENUE, OTHER INCOME AND GAINS, NET

### (a) Revenue:

Revenue represents the net invoiced value of goods sold and the value of services rendered after allowances for returns and trade discounts, where applicable.

An analysis of revenue is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue from contracts with customers | **8,608,890** | 10,977,823 |

**Revenue from contracts with customers**

***(i) Disaggregated revenue information***

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Types of goods or services** | | |
| Revenue from sale of motor vehicles | **7,454,640** | 9,717,294 |
| Revenue from after-sales services | **1,154,250** | 1,260,529 |
| Total revenue from contracts with customers | **8,608,890** | 10,977,823 |
| **Timing of revenue recognition** | | |
| At a point in time | **8,608,890** | 10,977,823 |

***(ii) Performance obligations***

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

*Sale of motor vehicles*

Each sale of motor vehicles is a single performance obligation. The transaction price for a vehicle sale is determined with the customer at the time of sale. The performance obligation is satisfied upon delivery of the motor vehicles. The Group generally receive payment directly from the customer at the time of sale or from the third-party financial institutions within 30 days following the sale.

*After-sales services*

Each after-sales service related to repairs and maintenance under manufacturer warranties or customer-paid repairs and maintenance is a single performance obligation. The transaction price for automotive repair and maintenance services is based on the parts used, the number of labour hours applied, and standardised hourly labour rates. The performance obligation is satisfied upon finalisation, delivery and acceptance upon the service completion. The Group generally receives payment on the delivery date for the customer-paid repairs and maintenance services and within two to three months for repairs and maintenance services under manufacturer warranties or covered by insurance companies.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sale of motor vehicles | **119,642** | 111,687 |
| After-sales services | **58,741** | 60,902 |
| Total contract liabilities | **178,383** | 172,589 |

### (b) Other income and gains, net:

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Commission income | **525,092** | 397,719 |
| Logistics and storage income | **23,854** | 26,798 |
| Interest income | **13,636** | 11,247 |
| Advertisement support received from motor vehicle manufacturers | **12,524** | 7,739 |
| Net gain on disposal of items of property, plant and equipment | **13,993** | 10,365 |
| Net gain on disposal of right-of-use assets | **2,824** | 963 |
| Government grants | **3,314** | 1,447 |
| Fair value gain/(loss), net: | | |
| Financial assets at fair value through profit or loss – mandatorily classified as such, including those held for trading | **663** | (400) |
| Loss on disposal of subsidiaries | **(6,000)** | – |
| Others | **32,390** | 21,530 |
| Total | **622,290** | 477,408 |

## 5. (LOSS)/PROFIT BEFORE TAX

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

### (a) Employee benefit expense (including directors' and chief executive's remuneration)

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Wages and salaries | **222,971** | 268,366 |
| Equity-settled share award expense | **3,176** | 10 |
| Other welfare | **47,003** | 53,441 |
| Total | **273,150** | 321,817 |

### (b) Cost of sales and services

| | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|
| Cost of sales of motor vehicles | **7,914,248** | 9,801,305 |
| Others* | **724,459** | 756,383 |
| Total | **8,638,707** | 10,557,688 |

* Employee benefit expenses of RMB46,613,000 (2023: RMB56,165,000) were included in the cost of sales and services.

**(c) Other items**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Depreciation of items of property, plant and equipment | **177,439** | 168,960 |
| Depreciation of right-of-use assets | **27,959** | 48,074 |
| Amortisation of intangible assets | **867** | 858 |
| Auditors' remuneration | **2,280** | 2,280 |
| Advertising and business promotion expenses | **52,634** | 70,099 |
| Loss on disposal of subsidiaries | **6,000** | – |
| Lease payments not included in the measurement of lease liabilities | **3,579** | 1,453 |
| Bank charges | **4,280** | 4,240 |
| Accrual of impairment of inventories | **5,932** | 9,824 |

## 6. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current Chinese Mainland corporate income tax | **13,500** | 31,678 |
| Deferred tax | **11,845** | (25,548) |
| Total | **25,345** | 6,130 |

The Company incorporated in the Cayman Islands is not subject to income or capital gains tax under the law of the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The subsidiary incorporated in the BVI is not subject to income tax as this subsidiary does not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

According to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**"), the income tax rate for the Chinese Mainland subsidiaries is 25% from1 January 2008.

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

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| (Loss)/income before tax | **(187,684)** | 17,996 |
| Tax at the applicable tax rate (25%) | **(46,921)** | 4,498 |
| Preferential tax rate reduction | **(1,306)** | (2,298) |
| Adjustment in respect of current tax of previous periods | **1,263** | (387) |
| Expenses not deductible for tax | **1,522** | 1,483 |
| Tax losses utilised from previous periods | **(1,102)** | (3,430) |
| Tax losses recognised from previous periods | **–** | (3,572) |
| Tax losses and temporary differences not recognised | **71,889** | 9,836 |
| Tax charges | **25,345** | 6,130 |

## 7. DIVIDENDS

No dividends have been declared and paid by the Company during the years ended 31 December 2024 and 2023.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss/earnings per share amount is based on the loss/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 600,000,000 (2023: 600,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| (Loss)/profit attributable to ordinary equity holders of the parent | **(213,029)** | 11,866 |

| | **2024** | 2023 |
|---|---|---|
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year | **600,000,000** | 600,000,000 |
| **(Loss)/earnings per share** | | |
| Basic and diluted (RMB) | **(0.36)** | 0.02 |

## 9. INVENTORIES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Motor vehicles | **958,738** | 1,204,767 |
| Spare parts | **88,804** | 102,813 |
| | **1,047,542** | 1,307,580 |
| Less: Impairment | **(36,021)** | (30,089) |
| Total | **1,011,521** | 1,277,491 |

At 31 December 2024, certain of the Group's inventories with an aggregate carrying amount of approximately RMB498,076,000 (2023: RMB665,455,000) and RMB406,219,000 (2023: RMB275,604,000) were pledged as securities for the Group's bank loans and other borrowings and the Group's bills payable, respectively.

## 10. TRADE RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **40,536** | 37,307 |

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over the trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at each reporting date (based on the invoice date) is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **38,163** | 35,925 |
| More than 3 months but less than 1 year | **1,338** | 882 |
| Over 1 year | **1,035** | 500 |
| Total | **40,536** | 37,307 |

As at 31 December 2024, no provision for impairment of trade receivables was accrued.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## 11. TRADE AND BILLS PAYABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **95,820** | 121,454 |
| Bills payable | **857,333** | 701,826 |
| Trade and bills payables | **953,153** | 823,280 |

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

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Within 3 months | **592,307** | 470,210 |
| 3 to 6 months | **353,937** | 317,114 |
| 6 to 12 months | **3,669** | 32,070 |
| Over 12 months | **3,240** | 3,886 |
| | **953,153** | 823,280 |

The trade and bills payables are non-interest-bearing. The trade and bills payables are normally settled on 90 to180 days terms.

As at 31 December 2024, the Group's bills payable are secured by mortgages over the Group's inventories and bank deposits, which had an aggregate carrying value of approximately RMB406,219,000 (2023: RMB275,604,000) and RMB550,690,000 (2023: RMB445,057,000), respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

***In 2024, Economic Operation Was Stable and Progressive, With Major Development Goals Successfully Achieved***

In 2024, the national economy was generally stable, with progress being made amidst stability, and the major objectives and tasks of economic and social development were successfully accomplished. According to the data released by the National Bureau of Statistics, based on its preliminary accounting, the annual gross domestic product of China for the year amounted to RMB134,908.4 billion, representing a year-on-year increase of 5.0% at constant prices calculation. The total national value added of the industrial enterprises above the designated size for the year recorded a year-on-year increase of 5.8%. The total retail sales of consumer goods for the year amounted to approximately RMB48,789.5 billion, representing a year-on-year increase of 3.5%. By consumption type, retail sales of commodities amounted to RMB43,217.7 billion, representing an increase of 3.2%; sales of both consumer staples and consumer discretionary recorded decent increase, with total retail sales of automobiles amounting to RMB5,031.4 billion; and consumer price inflation (CPI) recorded a year-on-year increase of 0.2%. The national per capita disposable income for the year was RMB41,314, representing a year-on-year nominal growth of 5.3%, or an actual growth of 5.1% if price factors were excluded.

At the same time, as the unfavourable impact of changes in the external environment deepened, coupled with weak domestic demand, economic operation still faced many difficulties and challenges.

In 2024, the major economic indicators of Shaanxi Province, where the Group's principal business is located, picked up quarter by quarter. According to the results of the unified accounting of regional GDP, in 2024, Shaanxi Province's GDP was approximately RMB3,553,877 million, representing a year-on-year increase of 5.3% at constant prices calculation. In 2024, the total retail sales of social consumer goods in the province amounted to RMB1,127,398 million, representing a year-on-year increase of 4.8%. The trade-in policy for consumer goods promoted green consumption, leading to a year-on-year increase of 36.9% in the retail sales of new energy vehicles in the province.

***Review of China's Automobile Market in 2024***

The China Association of Automobile Manufacturers ("**CAAM**") released a review of the automobile industry's production and sales in 2024. According to statistics, in 2024, the annual automobile production and sales volume in China totalled 31.282 million units and 31.436 million units, respectively, representing a year-on-year increase of 3.7% and 4.5%, respectively, with both production and sales volume hitting new highs, and ranking first in the world for 16 consecutive years.

According to CAAM, although domestic consumer confidence remained low in 2024, international trade protectionism became more severe, and competition in the industry further intensified, measures including the promulgation of a series of policies, the effective implementation of subsidy policies across China, and unabated promotional activities by enterprises, have all stimulated the vitality of end-consumption in the automobile market.

In terms of passenger vehicles, in 2024, the production and sales of passenger vehicles in China amounted to 27.477 million and 27.563 million units, respectively, representing a year-on-year increase of 5.2% and 5.8%, respectively. Specifically, the domestic sales volume was 22.608 million units, representing a year-on-year increase of 3.1%; while the export sales volume was 4.955 million units, representing a year-on-year increase of 19.7%.

In 2024, the sales volume of China-branded passenger vehicles was 17.97 million units, representing a year-on-year increase of 23.1%, and the sales share reached 65.2%, representing an increase of 9.2 percentage points over the corresponding period last year. The sales volume of domestically-produced high-end brand passenger vehicles recorded 4.738 million units, representing a year-on-year increase of 2.3%. Intelligent and new-energy transformation has brought opportunities for Chinese automobile brands to expand into the high-end market.

In 2024, the domestic sales volume of conventional-fuelled passenger vehicles was 11.558 million units, representing a decrease of 2.485 million units from last year, or a year-on-year decline of 17.4%.

In 2024, the production and sales volume of new energy vehicles reached 12.888 million units and 12.866 million units respectively, representing a year-on-year growth of 34.4% and 35.5% respectively, and the sales volume of new energy vehicles accounted for 40.9% of the total sales volume of new vehicles, representing an increase of 9.3 percentage points as compared with 2023. Among them, the sales volume of battery electric vehicles accounted for 60% of new energy vehicles, representing a decrease of 10.4 percentage points from last year; while the sales volume of plug-in hybrid vehicles accounted for 40% of new energy vehicles, representing a rapid growth of 10.4 percentage points from last year.

In 2024, the domestic sales volume of new energy passenger vehicles was 11.05 million units, representing a year-on-year increase of 40.2%, accounting for 48.9% of the domestic sales volume of passenger vehicles; except for those with the price range of RMB400,000 to RMB500,000 per unit, which saw a year-on-year decrease, the sales volume of those with other price ranges showed a positive growth, with those with the price range of RMB500,000 or more per unit showing the biggest increase. Currently, the sales volume of new energy passenger vehicles is still mainly concentrated in those with the price range of RMB150,000 to RMB200,000, with a cumulative sales volume of 3.375 million units, representing a year-on-year increase of 19.2%.

According to the statistics of the Ministry of Public Security of China, in 2024, China's motor vehicle ownership volume reached 453 million units, of which the automobile ownership volume was 353 million units. The number of newly registered motor vehicles has exceeded 30 million units for ten consecutive years, with 26.9 million newly registered automobiles; the new energy vehicle ownership volume reached 31.4 million units, accounting for 8.90% of the total volume of automobiles, with 11.25 million units newly registered for the year, accounting for 41.83% of the number of newly registered automobiles. The number of automobile transfer registrations continued its growth and the used car trading market was active. In 2024, public security and traffic control departments in China have handled a total of 37.5 million cases of motor vehicle transfer registration, among which 35.02 million cases were automobile transfer registration, accounting for 93.40% of all the cases. Since 2020, the number of used cars registered nationwide has exceeded the number of new car registration for five consecutive years.

According to the official sales data released by Porsche, Porsche delivered a total of 310,718 automobiles worldwide in 2024. In terms of specific models, Cayenne was the brand's highest delivered model, with a total of 102,889 automobiles delivered throughout the year, representing a year-on-year increase of 18% and hitting the highest delivery record in history. A total of 56,887 automobiles were delivered to customers in China, accounting for 18.31% of Porsche's global market share.

According to the data released by the BMW Group, a total of 2,450,800 automobiles were delivered worldwide in 2024. In the Chinese market, the BMW Group delivered a total of 714,530 automobiles under the BMW and MINI brands in 2024, and remained the top seller of luxury passenger vehicles in China for the year. In the field of new energy vehicles, sales of BMW and MINI battery electric vehicles increased by 7.7% year-on-year in 2024, accounting for 15% of the Group's overall sales volume in China. To date, the BMW Group has delivered more than 400,000 new energy vehicles in the Chinese market. In 2025, the BMW Group will continue to increase its investment in research and development in the field of electric vehicles, especially in battery technology and intelligent driving, aiming to enhance the core competitiveness of its products.

According to the sales data officially released by Mercedes-Benz, Mercedes-Benz sold 1,983,400 passenger vehicles in 2024. Specifically, more than 714,000 new automobiles were delivered to Chinese customers, remaining the sales champion in the luxury car market of one million and above units in the Chinese market, with a year-on-year growth of more than 6% for its core luxury product matrix, and more than 10% for its long-wheelbase C-Class vehicles. In 2025, Mercedes-Benz will launch more than 10 brand-new and facelift products led by the brand-new battery electric long-wheelbase CLA, and will continue to push forward the intelligent upgrading of the whole series of its products.

According to the official data released by Audi, Audi's worldwide sales volume in 2024 was 1,671,200 automobiles. In the Chinese market, Audi delivered more than 649,000 automobiles to customers, representing a decrease of approximately 11% as compared with the corresponding period last year, and accounting for 39% of its global sales. Audi's delivery of battery electric vehicles for the year exceeded 164,000 automobiles, and FAW Audi sold a total of 611,088 vehicles for the year, including 550,136 domestic fuel vehicles. Audi ranked first in terms of both market share of domestic fuel luxury cars and sales volume of luxury medium-sized sedans. The Audi A6L model sold 177,000 automobiles for the year. In 2025, focusing on its "fuel + electric" dual-line strategy, FAW Audi will launch new A5L, new Q5L, new Q6L e-tron, new Q6L Sportback e-tron, new A6L e-tron and other heavyweight models.

According to the announcement made by BYD, BYD's worldwide sales volume of new energy vehicles in 2024 were 4.27 million automobiles, of which 4,250,370 were passenger vehicles, representing a year-on-year increase of 41.1%. BYD was the sales champion as an automobile enterprise in China's automobile market, the sales champion as a brand in China's automobile market and the sales champion in the global new energy vehicle market. In 2024, BYD DENZA sold a total of 126,000 million automobiles for the year. Notably, the sales volume in December was particularly outstanding, reaching 15,000 automobiles. In 2024, the cumulative sales volume of BYD Formula Leopard exceeded 50,000 automobiles, of which 11,418 automobiles were sold in December, breaking the mark of monthly sales of more than 10,000 automobiles for the first time. BYD Formula Leopard maintained high growth each month, becoming the second high-end brand which has exceeded 10,000 automobiles per month following DENZA.

In 2024, the Seres Group sold a total of 426,885 new energy vehicles, representing a year-on-year increase of 182.84%, of which all AITO models sold 386,300 vehicles in 2024, accounting for 90% of the group's total sales volume. Notably, the AITO M9 model became the sales champion of models over RMB500,000 per unit, with the cumulative sales volume exceeding 200,000 automobiles in 12 months since its launch.

## BUSINESS REVIEW

In 2024, the automobile market witnessed intensified competition and a changing landscape. The industry continued to undergo profound changes under the influence of technological innovations, changes in consumer demand and policy adjustments. In response to the complex market environment, the Group proactively adjusted its operating strategies in a flexible manner, optimised its business layout and strived for breakthroughs in various business areas, with a view to achieving sound development.

In 2024, the Group realised revenue of RMB8,608.9 million. As at 31 December 2024, the Group had a total of 37 sale points in operation.

***New Automobile Sales Business: In Stable Operation with Structure Upgraded***

In 2024, the swift rise of new energy brands led to profound changes in the competitive landscape of the automobile market. The Group paid close attention to the changes in the relevant policies of the national and local governments, and made timely adjustments to its development strategies and operating strategies so as to adapt itself to the challenges brought about by the changes in the policy environment.

Under the guidance of the sales policy of “grasping the rhythm and adjusting the structure”, the Group achieved a sales volume of 27,107 new vehicles. Despite the year-on-year decline in sales volume due to the general market environment, the Group made certain progress in rhythm control and structural optimisation. Meanwhile, the Group continued to strengthen the development of its new energy brands, with the sales of new energy models accounting for an increasing proportion of total sales volume of new vehicles. It is expected that in 2025, the new energy segment will be empowered with a model of light assets and high-quality revenue to improve profit for 2025.

In order to enhance operational efficiency and competitiveness, the Company has been promoting process optimisation and cost control. The Company continued to promote prior order execution to achieve refined management of sales rhythms; launched intra-brand resource sharing program and strengthened early warning and assessment of inventory turnover, thereby striving to achieve maximised profit.

***Horizontal Business: Strengthening Contribution to Defend Against Risks***

The intensified competition in the automobile consumer market in 2024 led to a decline in end-transaction prices, squeezing margins on new automobile sales. Against this backdrop, the Group's sales side made it a key priority to increase the contribution of its horizontal business.

Through close co-operation with financial institutions, the Group enriched a wide range of financial products to cater for customers' diversified needs for automobile purchases. In addition, the Group stepped up its efforts in the re-development of derivative businesses to expand its business boundaries, such as expanding the range of automotive products and optimising after-sales service packages. Such series of measures achieved remarkable results with a year-on-year growth in the contribution of horizontal business, which effectively eased the pressure on the Company's profitability posed by price reductions of new automobiles and provided strong support for the stability of the Group's overall profitability.

***Automobile Financing Agency Business: Deepening Co-operation and Expanding Value***

In 2024, the Group's automobile financing agency business continued its good development momentum, with its income up by 37.6% year-on-year and maintaining strong growth momentum throughout the year.

The Group continued to deepen its co-operation with financial institutions at headquarter level and optimise its financial services and product structure. For example, the provision of flexible loan packages and customised insurance packages, which provided customers with diversified automobile purchase options and more flexible payment methods and effectively contributed to the growth of the new automobile sales business. In addition, the Group focused on exploring the potential value of its financing business in the whole value chain of customers' usage cycle, from pre-purchase consultation services to in-purchase financial support and to after-sales services, thereby achieving all-round expansion of customer value and further increasing the revenue of the automobile financing agency business.

***After-sales Business: Attention-to-detail Management to Achieve Steady Growth in Fundamental Customers***

As competition in the market intensified in 2024, the after-sales business has become a core profit contributor for dealership stores. Taking customer experience as the entry point and adhering to the concept of focusing on customers' needs, the Group has promoted the sale of personalised appealing products in both sales and after-sales processes, aiming to cater for the diversified needs of various types of customers, thus successfully increasing the penetration rate of appealing products to over 50%. Leveraging on its quality service, professional technical capabilities and continuous innovation in business model, the Group has achieved a steady growth in the number of after-sales fundamental customers.

The accidental maintenance market was affected by the repeated fee reforms by insurance companies, resulting in increasingly fierce competition and compressed profitability for dealers. Against this backdrop, the Group focused on the insurance renewal business, leveraged on the insurance business management system for refined management and piloted the insurance renewal centre project in certain regions, which led to a year-on-year increase of 12.9% in the number of renewed policies and a year-on-year increase of 14.8% in premiums. This enabled the Group to maintain an active role in its co-operation with insurance companies. Meanwhile, the Group leveraged its strengths to acquire accident clues through multiple channels and closely monitor the conversion of clues. Despite the overall market downturn in 2024, the Group's accident revenue remained stable as compared with the corresponding period in 2023.

The Group has continued its efforts in the electromechanical business by proactively promoting the prior technical diagnosis, continuously strengthening its professional expertise and endeavouring to increase the penetration rate of key spare parts, aiming to continuously create its technology-leading brand image. In addition, the Group further explored its profit growth potential and enhance its profit contribution by launching service marketing competitions.

In 2024, by relying on the industrial zone-based layout, the Group established sheet metal spraying centres, warranty renewal centres and customer service centres in key cities, which achieved remarkable pooling results and improved both staff efficiency and service quality. It not only enhanced employees' work efficiency, but also optimised the quality of its services. While providing customers with a better and more efficient service experience, the Group also achieved cost reduction and efficiency enhancement.

The Group's revenue from after-sales services in 2024 was RMB1,154.2 million, down by 8.4% from RMB1,260.5 million for the same period in 2023. Gross profit of after-sales services was RMB429.8 million, representing a decrease of 14.7% as compared with RMB504.1 million for the same period in 2023.

***Decoration Business: A New Growth Driver for the After-sales Business***

The decoration business serves as an important component of the Group's after-sales segment, which is significant in meeting customer needs and enhancing the Group's competitiveness. In 2024, in the face of a changing market, the Group's decoration business made progress in a multi-dimensional manner.

In terms of product selection, through market research and data analysis, the Group accurately positioned suitable products for sale, taking into full consideration customers' consumption preferences, aesthetic needs and differences in automobile models, with a view to satisfying individualised needs and enhancing market competitiveness.

Emphasis was placed on front-line team training, and the quality of training was enhanced through lectures by experts, experience sharing and field trips to enable employees to keep abreast of the latest technologies and trends. The Group also increased the frequency of training to enhance employees' ability to perform high-quality work and encourage them to explore the potential of second referrals.

In the construction sector, the Group has set up regionalised construction teams, optimised processes, clarified the division of labour and introduced advanced technology and management modes to enhance construction efficiency, ensure construction quality and provide quality services.

In response to market fluctuations, the Group paid close attention to the fundamental work, controlled product quality, optimised service processes and maintained customer relations, thereby promoting the steady development of its decoration business and contributing to the growth of its after-sales business. Looking ahead, the Group will continue to promote refined management to enhance its business scale and profitability.

***Used Car Business: Fruitful Achievements Made in Development of Existing Business and Exploration of New Business***

In 2024, the Group proactively expanded its used car business, leveraging on the Group's brand influence and customer resources to provide one-stop automobile purchase and replacement services, and to explore new profit growth drivers. During the year, the Group's used car business achieved remarkable results: the volume of used car transactions amounted to 7,673 units, representing a year-on-year increase of 4.0%. Specifically, 3,751 units were distributed, representing a year-on-year increase of 29.2%, and gross profit on distribution was RMB20.7 million, representing a year-on-year increase of 3.9%. The overall new to used car ratio increased by 8.6 percentage points year-on-year.

The Group took a multi-pronged approach to its business development and innovation. On the one hand, the Company consolidated standardised processes, strengthened core competence building, improved business processes, implemented standardised controls and formulated a refined inventory management mechanism. On the other hand, the Group promoted the construction of a digital platform, invested in the used car market in the membership centre, introduced a management system to achieve full-process management, and broadened customer acquisition channels.

During the course of developing its used car business, the Group has been proactive in promoting business upgrading through multi-dimensional initiatives.

In terms of vehicle sources, the Group vigorously expanded its channels and continued to expand its sources of quality vehicles through various means, such as the trade-in policy, development of in-use vehicles, outsourcing and intranet auctions, thus providing a solid foundation for the development of its business.

In terms of network deployment, the Group has built a used car centre store model, and has successfully completed the construction of three sales centres in Xi'an, Lanzhou and Yinchuan. After being put into operation, the sales scale of various locations has been increased to various degrees.

At the marketing level, the Group made full use of the new media platform to actively launch operations and increase retail clues. In the service field, the Group continued to introduce new services such as used car warranty, financing by instalment and vehicle replacement, which led to the long-term development of its used car retail and financial businesses. At the same time, the Group upgraded its service guarantee by launching the triple certification service, including manufacturer certification and third-party certification, for the "Sunfonda certified used cars", and provided 72-hour no-excuse return and replacement guarantee, which greatly enhanced consumers' confidence in purchasing and contributed to the prosperous development of the used car business.

***Customer Management Centre: Building a Solid "Customer Ecology" System***

Adhering to the philosophy that "customers are the core carrier for enterprises to achieve sustainable development, and customer satisfaction is the cornerstone of customer management", the Group established a customer operation and management platform to integrate customer resources, enhance customer satisfaction and loyalty, and promote market expansion and business growth.

In 2024, the Group made use of its digital management platform to explore business touchpoints around customers' vehicle usage cycles and accurately obtain customer profiles. The Group leveraged on multiple channels, including new media, enterprise WeChat and WeChat mini programs, to attract flow of traffic and achieve sales conversion, thereby expanding its business space.

The Group's customer management centre built a centralised operation model in Xi'an, Lanzhou, Yinchuan and other places. It launched multiple digital services with the help of platform-integrated intelligent technology. The Group provided customised services based on customer profiles, and paid attention to the risk of loss of customers in a timely manner to ensure proper attraction. In summary, the Group accelerated its digital transformation, improved service quality and efficiency, and built a sustainable customer ecosystem so as to lay a solid foundation for sustainable development.

***Promoted the Joint Deployment of Traditional and New Energy Brands to Strengthen the Foundation for Business Development***

On the basis of the Group's good cooperation with strong traditional brands, the Group also attached great importance to cooperation opportunities with new energy vehicles, paid close attention to the speed of the development of new energy vehicles, continued to communicate proactively with the brands, and actively co-ordinated with the manufacturers on authorisation matters, and jointly explored co-operation modes and business opportunities. By the end of 2024, the Group had obtained the authorisation of the DENZA brand in Lanzhou, Yinchuan and Weinan, the authorisation of the Formula Leopard brand for Xi'an Store and Yan'an Store, and the authorisation of the AITO brand in Lanzhou, thereby achieving the joint deployment of traditional strong brands and mainstream new energy brands.

In addition, the Group proactively drew upon the marketing models and management mechanisms of new energy brands to optimise the traditional marketing process, enhance staff training and business incentives, so as to strengthen the foundation for the development of the Group's new energy vehicle business.

## FINANCIAL REVIEW

### Revenue

Revenue for the year ended 31 December 2024 was RMB8,608.9 million, representing a decrease of RMB2,368.9 million or 21.6% as compared to that for the corresponding period in 2023. Among which, revenue from the sales of new automobiles was RMB7,023.2 million, representing a decrease of RMB2,272.4 million or 24.4% as compared to that for the corresponding period in 2023. Among which, revenue from after-sales service business was RMB1,154.2 million, representing a decrease of RMB106.3 million or 8.4% as compared to that for the corresponding period in 2023; and revenue from the sales of used cars was RMB431.5 million, representing an increase of RMB9.8 million or 2.3% as compared to that for the corresponding period in 2023.

A substantial portion of the revenue of the Group was generated from sales of new vehicles, accounting for 81.6% of our revenue for the year ended 31 December 2024 (2023: 84.7%). In addition, revenue generated from after-sales service business accounted for 13.4% of the revenue for the year ended 31 December 2024 (2023: 11.5%), and revenue from the sales of used cars accounted for 5.0% of the revenue for the year ended 31 December 2024 (2023: 3.8%). Revenue of the Group was mainly derived from our operations in the PRC.

The following table sets forth a breakdown of the Group's revenue and relevant information for the reporting periods:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Amount** **(RMB'000)** | **Sales volume** **(Unit)** | **Average selling price** **(RMB'000)** | Amount (RMB'000) | Sales volume (Unit) | Average selling price (RMB'000) |
| Sales of new vehicles | | | | | | |
| Luxury and ultra-luxury brands | **5,845,626** | **19,155** | **305.2** | 7,667,818 | 21,928 | 349.7 |
| Mid-end market brands | **1,177,529** | **7,952** | **148.1** | 1,627,824 | 10,276 | 158.4 |
| Sub-total/Average | **7,023,155** | **27,107** | **259.1** | 9,295,642 | 32,204 | 288.6 |
| Sales of used cars | **431,485** | **3,751** | **115.0** | 421,652 | 2,904 | 145.2 |
| After-sales services | **1,154,250** | | | 1,260,529 | | |
| Total | **8,608,890** | | | 10,977,823 | | |

## Cost of Sales and Services

Cost of sales and services for the year ended 31 December 2024 was RMB8,638.7 million, representing a decrease of RMB1,919.0 million or 18.2% as compared to that for the corresponding period in 2023. Among which, cost of sales of new automobiles for the year ended 31 December 2024 was RMB7,503.5 million, representing a decrease of RMB1,896.1 million or 20.2% as compared to that for the corresponding period in 2023. Cost of after-sales services business for the year ended 31 December 2024 was RMB724.4 million, representing a decrease of RMB32.0 million or 4.2% as compared to that for the corresponding period in 2023. Cost of sales of used cars for the year ended 31 December 2024 was RMB410.8 million, representing an increase of RMB9.1 million or 2.3% as compared to that for the corresponding period in 2023.

## Gross Loss

Gross Loss recorded for the year ended 31 December 2024 was RMB29.8 million, as compared to gross profit of RMB420.1 million for the corresponding period in 2023. The change in gross profit to gross loss was mainly attributable to the decline in profitability of new vehicle sales as a result of factors such as the macroeconomic environment and the intensified competitive landscape of the automobile industry. Of which, gross loss of sales of new automobiles was RMB480.3 million, representing an increase in gross loss of RMB376.3 million as compared to that for the corresponding period in 2023. Gross profit of after-sales service business was RMB429.8 million, representing a decrease of RMB74.3 million or 14.7% as compared to that for the corresponding period in 2023. Gross profit of used car business was RMB20.7 million, representing an increase of RMB0.7 million or 3.9% as compared to that for the corresponding period in 2023.

Gross loss margin for the year ended 31 December 2024 was 0.3% (gross profit margin in 2023: 3.8%).

## Other Income and Gains, Net

Other income and gains, net mainly consist of commission income from automobile sales agency, insurance agency and automobile financing agency businesses, logistics and storage income, net gains from disposal of property, plant and equipment, loss on disposal of three subsidiaries and interest income.

Other income and gains, net for the year ended 31 December 2024 amounted to RMB622.3 million, representing an increase of 30.4% as compared with RMB477.4 million for the year ended 31 December 2023. The increase was mainly due to the substantial increase in commission income from the automobile financing agency business as a result of the Group's focus on horizontal gross profit contribution and continuous optimisation of its financial services and product structure.

## Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 December 2024 amounted to RMB445.4 million, representing a decrease of RMB97.8 million or 18.0% as compared with RMB543.2 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in remuneration of sales and distribution employees due to the adjustment of staffing and remuneration packages, as well as the decrease in advertising expenses due to the application of new media marketing. As a percentage of revenue, the selling and distribution expenses increased over last year from 4.9% for the year ended 31 December 2023 to 5.2% for the year ended 31 December 2024, up by 0.3 percentage point.

**Administrative Expenses**

Administrative expenses for the year ended 31 December 2024 amounted to RMB238.5 million, representing a decrease of RMB2.7 million or 1.1% as compared with RMB241.2 million for the year ended 31 December 2023. Such decrease was mainly due to a reduction in staffing under the centralised management of operations and a reduction in remuneration of administrative employees as a result of the adjustment of remuneration packages. As a percentage of revenue, the administrative expenses increased from 2.2% for the year ended 31 December 2023 to 2.8% for the year ended 31 December 2024, up by 0.6 percentage point.

**Finance Costs**

Finance costs for the year ended 31 December 2024 amounted to RMB96.2 million, representing an increase of 1.1% as compared with RMB95.2 million for the year ended 31 December 2023. Such increase was mainly due to the combined effects of: (1) the transfer of part of the construction in progress to fixed assets during the Period, the cessation of capitalisation of interest on related borrowings, which resulted in an increase in expensed interest; and (2) reasonably controlled scale of inventory purchases and improved efficiency of capital utilisation, thereby reducing the scale of financing and lowering financing costs.

**Loss Before Tax**

As a result of the foregoing, loss before tax for the year ended 31 December 2024 amounted to RMB187.7 million, as compared with profit before tax of RMB18.0 million for the year ended 31 December 2023.

**Income Tax Expense**

Income tax expense for the year ended 31 December 2024 amounted to RMB25.3 million, representing an increase of RMB19.2 million as compared with RMB6.1 million for the year ended 31 December 2023, which was mainly attributable to the impact of the tax losses of certain loss-making subsidiaries in respect of which no deferred income tax assets had been recognised.

**Loss for the Year**

As a result of the foregoing, loss for the year ended 31 December 2024 amounted to RMB213.0 million, as compared with profit of RMB11.9 million for the year ended 31 December 2023.

### Loss for the Year Attributable to Owners of the Parent

For the year ended 31 December 2024, loss for the year attributable to owners of the parent amounted to RMB213.0 million, as compared with profit of RMB11.9 million for the year ended 31 December 2023.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flow

For the year ended 31 December 2024, the Group's net cash inflow generated from operating activities was RMB523.2 million, as compared with RMB365.7 million of its net cash inflow generated from operating activities for the year ended 31 December 2023. The increase in net cash inflow from operating activities was mainly due to rational control of inventory size and optimisation of inventory structure.

For the year ended 31 December 2024, the Group's net cash outflow of investing activities was RMB152.4 million, as compared with RMB209.7 million of its net cash outflow of investing activities for the year ended 31 December 2023. The decrease in net cash outflow of investing activities was mainly attributable to the completion of prior investment projects during the Period.

For the year ended 31 December 2024, the Group's net cash outflow of financing activities was RMB522.9 million, as compared with RMB120.6 million of its net cash outflow of financing activities for the year ended 31 December 2023. The increase in net cash outflow of financing activities was mainly attributable to the increase in net cash outflows for repayment of bank loans and other borrowings for the Period.

### Net Current Assets

As at 31 December 2024, the Group's net current assets amounted to RMB353.3 million, as compared with RMB616.9 million of its net current assets as at 31 December 2023.

### Inventories

The Group's inventories primarily consist of new automobiles, used cars, spare parts and decoration accessories. As at 31 December 2024, the Group's inventories amounted to RMB1,011.5 million, representing a decrease of 20.8% as compared with RMB1,277.5 million as at 31 December 2023, mainly due to the Group's focus on inventory management, and its continuous efforts in optimising the balance among procurement scale, sales turnover rate and asset utilisation, making it a core management objective.

In 2024, the Group's average inventory turnover days (the average inventory turnover days = the average of opening and closing inventory balances divided by the cost of sales and services for that year and multiplied by 360 days) were 49.1 days, representing an increase as compared with 45.6 days in 2023, which was mainly attributable to the efforts made during the Period to reduce the relatively high inventory levels at the beginning of the year in the course of its operations. By the end of the year, the inventory levels had declined compared with the beginning of the year.

**Bank Loans and Other Borrowings**

As at 31 December 2024, the Group's bank loans and other borrowings were RMB2,062.9 million, representing a decrease of 18.2% as compared with RMB2,521.1 million as at 31 December 2023.

The following table sets forth the Group's bank loans and other borrowings as at the dates indicated:

| | **As at 31 December** | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **Effective interest** *(%)* | **Amount** ***RMB'000*** | Effective interest *(%)* | Amount *RMB'000* |
| CURRENT | | | | |
| Bank loans | **2.9-5.8** | **1,337,664** | 2.9-5.8 | 1,464,660 |
| Other borrowings | **2.3-8.5** | **282,288** | 1.3-8.5 | 347,040 |
| Sub-total | | **1,619,952** | | 1,811,700 |
| NON-CURRENT | | | | |
| Bank loans | **4.4-5.8** | **442,963** | 3.5-5.8 | 709,402 |
| Sub-total | | **442,963** | | 709,402 |
| Total | | **2,062,915** | | 2,521,102 |
| Among which: | | | | |
| Secured loans | | **1,315,493** | | 1,818,526 |
| Unsecured loans | | **747,422** | | 702,576 |
| Total | | **2,062,915** | | 2,521,102 |

As at 31 December 2024, the Group's gearing ratio, which is net debt divided by total equity plus net debt, was 46.9% (2023: 49.2%). Net debt includes bank loans and other borrowings, trade and bills payables and other payables and accruals, less cash and cash at banks, short-term deposits, cash in transit and pledged bank deposits.

## Pledge of Assets

As at 31 December 2024, certain of the Group's bank loans were secured by charges or pledges over its assets. The Group's assets subject to these charges or pledges as at 31 December 2024 consisted of: (i) inventories amounting to RMB498.1 million; (ii) property, plant and equipment amounting to RMB697.2 million; (iii) land use rights amounting to RMB344.7 million; and (iv) pledged bank deposits amounting to RMB99.4 million.

As at 31 December 2024, certain of the Group's inventories amounting to RMB406.2 million and pledged bank deposits amounting to RMB550.7 million were pledged as securities for bills payable.

## Capital Expenditures and Investment

The Group's capital expenditures comprise primarily expenditures on property, plant and equipment, land use rights and intangible assets. For the year ended 31 December 2024, the Group's total capital expenditures were RMB257.5 million, representing a decrease of RMB82.2 million as compared with the RMB339.7 million for the year ended 31 December 2023.

## Staff Cost and Employee Remuneration Policy

As at 31 December 2024, the Group had 2,440 employees. Staff cost of the Group decreased by 17.2% from RMB386.0 million for the year ended 31 December 2023 to RMB319.8 million for the year ended 31 December 2024, mainly attributable to the Group's active adjustment of staffing and performance plans resulting in the improvement of human resource efficiency. The Group offers attractive remuneration packages based on market conditions, including competitive fixed salaries and performance-based bonuses. The Group provides its automobile sales and after-sales staff with performance-based bonuses based on their contributions to revenue, technical skills, customer satisfaction and other results of their performance assessment according to their job nature. The remuneration of directors of the Company is determined by the remuneration committee of the Board having regard to the job nature, experience of the individuals and market trends. Our employees are subject to regular job reviews which determine their promotion prospects and remuneration packages. In order to maintain the rapid development of the Group's network, the Group also continues to build up its quality talent pool and prudently manage its human resources and makes corresponding adjustments to the arrangement of positions based on the changes in overall business volume. Meanwhile, the Group attaches great importance to the reserve of talent and team building. Regular training in respect of business skills, expertise and professional attributes have been provided to key personnel. The Group also pays close attention to the career development of its employees, so as to provide primary drivers for the future development of the Group.

**Material Acquisitions and Disposals**

On 20 July 2024, certain indirect wholly-owned subsidiaries of the Company entered into share disposal agreements (the "**Share Disposal Agreements**") with Zhongsheng Holdings Co., Ltd. (中升(大連)集團有限公司) (an indirect wholly-owned subsidiary of Zhongsheng Group Holdings Limited (Stock Code: 0881)) to dispose of in aggregate the entire equity interests (the "**Disposal**") in Suzhou Sunfonda Toyota Automobile Sales Services Co., Ltd. (蘇州新豐泰豐田汽車銷售服務有限公司), Wuxi Fengtai Kaida Automobile Sales Services Co., Ltd. (無錫豐泰凱達汽車銷售服務有限公司) and Yangzhou Sunfonda Junsheng Lexus Automobile Sales Services Co., Ltd. (揚州新豐泰鈞盛雷克薩斯汽車銷售服務有限公司) (the "**Target Subsidiaries**") (each being an indirect wholly-owned subsidiary of the Company prior to the Disposal), respectively. Pursuant to the Share Disposal Agreements, the aggregate consideration for the transactions contemplated under the Disposal shall not exceed RMB51.0 million.

As the transactions contemplated under the Share Disposal Agreements all involved the disposal of equity interests in the Target Companies to the same entity, they were aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeded 5% but less than 25%, the transactions contemplated under the Share Disposal Agreements constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was therefore subject to reporting and announcement requirements under the Listing Rules.

Completion of the Disposal took place on 1 August 2024 and the final transaction consideration for the Disposal was RMB41.1 million in aggregate. Upon the completion of the Disposal, the Company ceased to own any equity interests in the Target Subsidiaries. For further details, please refer to the announcement of the Company dated 20 July 2024.

## FUTURE STRATEGY AND PROSPECTS

### Forecast of China's Economic Trend in 2025 – Stabilising While Seeking Progress to Promote a Sustainable Economic Recovery

In 2025, the uncertainties of world economic development will increase. The fundamentals of China's long-term economic upturn will remain unchanged, as evidenced by the integrity of the industrial and supply chains, the continuous improvement of technological innovation, the upgrading of the industrial structure, the rapid development of the digital economy, the green industry, the high-tech industry and the equipment manufacturing industry, and the mounting momentum of new economic growth. In 2025, China's economic growth is expected to be approximately 4.5%. If China continues to take the necessary measures to expand its economy and accelerate the implementation of reform and opening-up policies, the economic growth in 2025 may reach approximately 5%. The greater increase in disposable income than economic growth in 2024 will be conducive to stabilising consumption in 2025, with retail sales of social consumer goods growing by approximately 5% and retail sales of services growing by approximately 5.5% in 2025.

The Central Economic Work Conference confirmed that in 2025, it is necessary to implement a more aggressive fiscal policy and an appropriately loose monetary policy, to strengthen the coordination of fiscal, monetary, employment, industrial, regional, trade, environmental protection, regulatory and other policies as well as reform and opening-up initiatives, and to improve the effective communication and consultation and feedback mechanism among departments to enhance the synergy of policies. At the same time, the Central Economic Work Conference put "vigorously boosting consumption, improving the efficiency of investment and expanding domestic demand on all fronts" as its first priority. The National Development and Reform Commission has continued its efforts to effectively carry out the equipment renewal and trade-in policies, implement special actions to boost consumption, and promote consumption in terms of quantity, quality and efficiency. The expanded party group meeting of the Ministry of Commerce emphasised that in 2025, it will focus on expanding consumption, stabilising foreign trade and foreign investment, and promoting high-level openness to the world. The National Market Supervision Work Conference stated that a three-year action plan will be implemented in 2025 to optimise the consumer environment.

According to Chen Lifen, a researcher at the Institute of Market Economics of the Development Research Centre of the State Council, consumption is an important part of domestic demand and the main engine of economic growth. The Central Economic Work Conference has made a series of deployments to "vigorously boost consumption", and it can be expected that the foundation of consumption growth in 2025 will be further consolidated, which will promote the consumer market to continue to pick up. At the same time, the potential of consumption of goods and services will be unleashed in an accelerated manner. According to Chen Lifen, the trade-in policy remained effective in 2024, and key commodities such as automobiles, home appliances and household goods posted positive sales results. In 2025, further expansion efforts will drive the continued unleash of the consumption potential of durable goods.

**Xi’an – To Accelerate the Enhancement of Comprehensive Capabilities as a National Central City**

Xi’an is the capital of Shaanxi Province, where the Group’s main business is located, and is also the location of the Group’s headquarters. At the Eighth Plenary Meeting of the 14th Xi’an Municipal Committee of the Communist Party of China, Fang Hongwei, Secretary of the Standing Committee of the Shaanxi Provincial Party Committee and the Xi’an Municipal Committee, pointed out that 2025 is the conclusive year of the “14th Five-Year Plan”, in which high-quality development shall be solidly promoted. Fang Hongwei emphasised, it is necessary to deepen the coordinated development mechanism reform of scientific and technological innovation and industrial innovation, and to consolidate the foundation of strong industrial city by focusing on the construction of “dual centres”. Ye Niuping, Mayor of Xi’an, stressed in the deployment of economic work in 2025, it is necessary to adopt an enterprise-centric approach to help key enterprises increase production capacity and enhance efficiency by promoting “one policy for one enterprise”, jointly promote small and micro-enterprises to ramp up, focus on enterprises’ needs to optimise business environment, precisely serve for the growth of enterprises, and practically support economic growth on a market-oriented basis. According to the Notice on the Increased Efforts to Implement the Policy and Measures for Trade-in of Consumer Goods in Xi’an for 2025 and Its Implementation Plan promulgated by Xi’an Municipal Bureau of Commerce, a new round of the trade-in subsidies policy covers five major areas, namely automobiles, home appliances, digital products, electric bicycles, and home furnishings and kitchen and bathroom products. The scope of subsidies is further expanded. Notably, in the field of automobiles, eligible models with China IV emissions standards are included in the scope of subsidies for automobile scrapping and renewal, and the registration deadline of automobiles has also been extended.

**Chinese Passenger Vehicle Market in 2025**

According to the Notice on the Increased Efforts to Implement the Policy on Large-scale Renewal of Equipment and Trading-in of Consumer Goods for 2025 promulgated by the National Development and Reform Commission and the Ministry of Finance on 8 January, it is believed that with the promulgation and implementation of a series of policies, the effects of the policy mix will become increasingly prominent, and will further unleash the potential of the automobile market.

According to Chen Shihua, Deputy Secretary General of the China Association of Automobile Manufacturers, in 2025, the production and sales of automobiles in China will continue to maintain growth. According to Xu Haidong, specialized Deputy Secretary General of China Association of Automobile Manufacturers, thanks to the favourable factors such as the accelerated prominent effects of macro policies, the continuous effects of the equipment renewal and trade-in policies, the continued policy of new energy exemption from purchase tax and the persistent expansion of overseas market, China’s total automobile sales are expected to reach 32.9 million units in 2025, representing a year-on-year growth of 4.7%. In terms of the performance of the domestic passenger vehicle market in 2025, CAAM forecasts that the total sales volume will grow by 4.9% year-on-year to reach 28.9 million automobiles. As for the development of China’s new energy vehicle market in 2025, Xu Haidong believes that it will continue to grow rapidly, with annual sales volume reaching 16 million automobiles, achieving a year-on-year growth of 24.4%.

According to Cui Dongshu, Secretary General of the CPCA, the scale of new energy vehicles is showing explosive growth, with significant increase in bulk sales size and substantial decrease in costs of automobiles, and the competitive landscape of the top brands remains unstable. Therefore, in this high-growth market, the "price war" will continue in 2025. The Gasgoo Research Institute forecasts that China's passenger vehicle market is expected to achieve a sales volume of 28.09 million units in 2025, representing a year-on-year growth of approximately 2%.

At the beginning of 2025, the offices of the Ministry of Commerce and other eight departments jointly promulgated the Notice on Effectively Implementing the Trade-in of Automobiles in 2025 (hereinafter referred to as the "**Notice**"), which further clarifies the trade-in subsidy policy in 2025. Next, the Ministry of Commerce will work with relevant departments to guide localities to implement the subsidy policy, effectively carry out policy coordination, increase efforts in policy promotion and interpretation, and facilitate consumers to participate in the trade-in of automobiles, so as to better meet people's needs for a better life.

**To Accelerate the Deployment of Leading New Energy Brands and Expand the Co-operation Area of Advantageous Brands**

In respect of the development of brand network, in a market environment of frequent "price wars" under fierce competition, the Group has been keeping a close watch on the trend of brand development and proactively adjusting its brand strategy to promote the transformation and upgrading of its brands and outlets. The Group will strengthen its co-operation with leading new energy brands such as BYD and AITO, and aggressively accelerate the construction and completion of new energy brand outlets.

By the end of 2024, the DENZA centre store in Lanzhou and the Formula Leopard 4S store in Xi'an had been completed and officially commenced operations. The DENZA flash stores in Yinchuan and Weinan were also in trial operation. The AITO user centre in Lanzhou was also officially put into operation in January 2025, and the construction of the DENZA centre store in Yinchuan and the DENZA 4S store in Weinan will also commence successively in March 2025.

The landscape of new energy vehicle brands has become increasingly clear in the intensively competitive market environment. Looking ahead, China's automobile market will be driven by policy guidance, technological innovation and consumer upgrades, which will lead to growing demand for smarter, higher-quality and more personalised automobile products, thereby opening up unprecedented development opportunities for China's automobile market with unlimited possibilities.

In the future, the Group will continue to deepen and expand the number of regions and outlets in which it cooperates with leading new energy brands based on the actual business capacity of some of its traditional brand outlets, follow the trend of increasing penetration of new energy vehicles, and continue to expand its co-operation in the transformation and deployment of its advantageous regions and core assets in Shaanxi, Gansu and Ningxia, taking into account the needs of the nationwide business deployment of the leading manufacturers.

**The "FUN TIME LANE" Automobile Theme Fashion District Project in Xi'an Commenced Trial Operation by the End of 2024**

The two "FUN TIME LANE" automobile fashion street zone projects in Xi'an and Lanzhou, which were invested by Sunfonda Group, have completed governmental inspection and acceptance and obtained building ownership certificates.

The "FUN TIME LANE" automobile theme fashion district project in Xi'an had entered the trial operation stage by the end of 2024, with Cadillac, Volkswagen Anhui and BYD-Dynasty already housed in, and various themed businesses including new energy vehicle business will be introduced, along with purpose-built businesses such as café and business catering will be introduced in a later stage, which will drive regional consumption upgrading through the creation of themed commercial space and become a new commercial landmark in the region. The "FUN TIME LANE" automobile theme fashion district project in Lanzhou has already commenced operation, with BMW, GAC Toyota, DENZA as well as several sports and leisure brands housed in, and themed businesses under new energy brands, catering facilities, education and other related businesses will be introduced in a later stage, thereby striving to achieve a 100% opening rate.

**Digital Empowerment to Lead Development**

In 2024, the Group vigorously promoted digitalisation and achieved decent results by introducing advanced technologies such as pilot electronic work permit positioning, audio recording and big models. The positioning of electronic work permits helps realise functions including staff fieldwork and work track recording. This project has effectively improved the timeliness of staff arriving at the accident scene by providing a quick and clear understanding of the dynamics of the staff in the accident outreach in Xi'an and assigning them to their work in a quick and reasonable manner.

As at the end of 2024, among the Group's private traffic pool, there were 352,000 users registered with the member centre, 411,000 customers were added to Enterprise WeChat, and 209,000 users were successfully bonded to vehicle registration plates. The launch of the insurance tracking system has standardised the work of insurance renewal staff and provides timely renewal leads to improve insurance renewal performance.

Looking ahead, we will continue to promote digitalisation and enhance the digitalisation level of our business. We will also strengthen co-operation with our partners to explore new ways and means of digitalisation, and inject new vitality into the development of our enterprise.

**To Leverage on an Intelligent Management Platform and Diversified Innovative Marketing to Comprehensively Reach Customer Needs and Improve Customer Experience**

In response to the increasingly competitive automobile market and constantly changing consumer psychology and product demands, the Group has proactively adjusted its marketing strategy to leverage on the intelligent management platform and diversified innovative marketing to establish and strengthen the relationship between consumers and automobiles, thereby catering for customers' diversified needs and experiences in a comprehensive manner. In 2024, the Group, together with the membership centre, invited female car owners to participate in the interview program, which, through precise promotion by way of short videos, enhanced female car owners' automobile-purchasing experience and strengthened the emotional connections among consumers, automobile brands and the Group. A total of six issues were published throughout the year, which were well received by the customers unanimously. At the same time, the Group reached out to new media in various aspects. On the one hand, the Group consolidated the foundation of new media operation in various stores, put forward higher requirements for the number of live broadcasts and streaming of new media in each store, and requested each store to roll out special new media activities. The Group planned and launched a multi-brand nationwide joint online live broadcast of the Automobile Purchase Festival activities, with the general manager taking the lead and various business departments participating in live broadcasts and short video shooting. On the other hand, the Group further expanded its media channels by requesting each brand store to establish a new media matrix, and personnel of the business department to create personal accounts to attract more potential customers from various channels. At the same time, the Group attached great importance to social media marketing and requested each store to launch a "planting grass" campaign, under which the delivery of automobiles to key customers shall be posted on Xiaohongshu, and customers are encouraged to post their purchase experience on their own platforms to attract potential customers, thereby generating word-of-mouth marketing while fostering closer connections with them. By the end of 2024, the Group's orders generated from new media recorded a year-on-year increase of 55%, which effectively facilitated channel expansion.

In addition, the Group adheres to a long-term approach, places great emphasis on maintaining relationships with existing customers and implements community-based marketing strategies, actively launches customer retention activities, explores cross-industry resources, and comprehensively promotes the commencement of various marketing initiatives. This not only enhances customer satisfaction but also strengthens customers' trust and sense of loyalty to the Group, thereby boosting the Group's influence.

## CORPORATE GOVERNANCE PRACTICE OF THE COMPANY

The Board believes that effective and reasonable corporate governance practices are essential to the development of the Group and can safeguard and enhance the interests of the shareholders. The Company has adopted the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company regularly reviews its corporate governance practice to ensure the compliance with the CG Code.

The Board is of the view that the Company has complied with all the code provisions set out in the CG Code during the Period.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules) during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any Treasury Shares.

## MATERIAL LITIGATION

During the year ended 31 December 2024, the Group was neither involved in any material litigation or arbitration, nor may be brought up or accused of any pending material litigation or claims.

## SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END DATE

On 10 March 2025, Shaanxi Sunfonda Huixiang Automobile Sale and Service Co., Ltd. (陝西新豐泰匯翔汽車銷售服務有限公司), Shaanxi Sunfonda Junmei Automobile Sale and Service Co., Ltd. (陝西新豐泰駿美汽車銷售服務有限公司), Beijing Sunfonda Boao Automobile Sale and Service Co., Ltd. (北京新豐泰博奧汽車銷售服務有限公司), Shaanxi Sunfonda Shangzhong Automobile Sale and Service Co., Ltd. (陝西新豐泰尚眾汽車銷售服務有限公司), Shaanxi Sunfonda Yingbin Automobile Sale and Service Co., Ltd. (陝西新豐泰迎賓汽車銷售服務有限公司),Yan'an Sunfonda Boao Automobile Co., Ltd. (延安新豐泰博奧汽車有限責任公司) and SUNFONDA (HONG KONG) LIMITED (新豐泰(香港)有限公司) (collectively the "**Vendors**") (each being an indirect wholly-owned subsidiary of the Company), entered into an equity transfer agreement with Xi'an Zhongyu Real Estate Co., Ltd. (西安中嶼房地產有限公司) (the "**Purchaser**"), pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendors has conditionally agreed to sell all the equity interests in Xi'an Sunfonda Jing River Logistics Development Co., Ltd. (西安新豐泰涇河物流開發有限公司) (the "**Target Company**") for a total consideration of RMB81.92 million (the "**Disposal**"). The Target Company owns a property located at Jinghe Industrial Park, Gaoling District, Xi'an City, Shaanxi Province.

The Company has obtained a written approval from the controlling shareholder of the Company pursuant to Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Disposal. The Company is in the course of preparation of the circular of the Disposal and will dispatch the same to the shareholders of the Company on due course.

For further details of the Disposal, please refer to the Company's announcements dated 10 March 2025, 12 March 2025 and 24 March 2025.

Save as disclosed above, there were no significant subsequent events that had occurred from 1 January 2025 up to the date of this announcement.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all Directors, all of the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

## AUDIT COMMITTEE

The Board has established the audit committee of the Company (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Dr. Han Qinchun (chairman), Dr. Liu Xiaofeng and Mr. Liu Qiming.

The Audit Committee has, together with the Board and external auditor of the Company, reviewed the accounting standards and practices adopted by the Group and the consolidated financial results of the Group for the year ended 31 December 2024. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Group, and considers the risk management and internal control systems to be effective and adequate.

## SCOPE OF WORK OF ERNST & YOUNG

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

## FINAL DIVIDEND

The Board resolved not to recommend the payment of any final dividend for the year ended 31 December 2024 to shareholders of the Company.

## ANNUAL GENERAL MEETING

The 2025 AGM will be held on Wednesday, 28 May 2025 and the notice thereof will be made available to the shareholders of the Company in a manner as required by the Listing Rules. In order to determine shareholders' entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025 (both days inclusive). In order to be entitled to attend and vote at the 2025 AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents together with the relevant share certificates are lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 22 May 2025.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.sundonda.com.cn).

The Company's 2024 annual report will be made available to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

## APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to all of the management team and all staff for their contributions to the Group. At the same time, we would like to thank every customer, business partner and shareholder of the Company for their continuous support over the years! In the future, the Group will strive to be the first to energetically promote business growth and bring greater and long-term return to the shareholders of the Company.

By Order of the Board
**Sunfonda Group Holdings Limited**
**Mr. Wu Tak Lam**
*Chairman*

Hong Kong, 26 March 2025

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Wu Tak Lam, Ms. Chiu Man, Ms. Chen Wei and Mr. Deng Ning; and three independent non-executive directors, namely, Dr. Liu Xiaofeng, Dr. Han Qinchun and Mr. Liu Qiming.*

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