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**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF  
BEIJING JIGUANG XINGHUI AUTOMOBILE SALES AND SERVICE CO., LTD.\*  
(北京極光星徽汽車銷售服務有限公司) TO THE DIRECTORS OF BETTERLIFE  
HOLDING LIMITED**

**Introduction**

We report on the historical financial information of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.\* (北京極光星徽汽車銷售服務有限公司) (“**Jiguang Xinghui**”) and its subsidiaries (collectively, “**Jiguang Xinghui Group**”) set out on pages 4 to 55, which comprises the consolidated statements of financial position as at 31 December 2021, 2022, 2023 and 30 September 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages 4 to 55 forms an integral part of this report, which has been prepared for inclusion in the circular of BetterLife Holding Limited (the “**Company**”) dated 5 March 2025 (the “**Circular**”) in connection with the proposed very substantial acquisitions by the Company.

**Directors' Responsibility for the Historical Financial Information**

The directors of Jiguang Xinghui Group are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information and for such internal control as the directors of Jiguang Xinghui Group determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Jiguang Xinghui Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

\* For identification purpose only

## **Reporting Accountants' Responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Jiguang Xinghui Group as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Jiguang Xinghui Group as at 31 December 2021, 2022, 2023 and 30 September 2024, and the financial performance and cash flows of Jiguang Xinghui Group for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

## **Review of Relevant Period Comparative Financial Information**

We have reviewed the relevant period comparative financial information of Jiguang Xinghui Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the "**Relevant Period Comparative Financial Information**"). The directors of Jiguang Xinghui Group are responsible for the preparation and presentation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial

Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

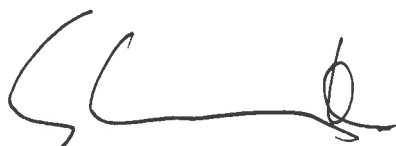
**Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

***Dividends***

We refer to Note 28(b) to the Historical Financial Information which states that no dividend was paid or proposed by Jiguang Xinghui Group during the Relevant Periods.



SHINEWING (HK) CPA Limited  
Certified Public Accountants  
Kwan Chi Fung  
Practising Certificate Number: P06614

Hong Kong  
5 March 2025

## A. HISTORICAL FINANCIAL INFORMATION OF JIGUANG XINGHUI GROUP

### Preparation of Historical Financial Information

The financial information of Jiguang Xinghui Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   |       | Year ended 31 December |                  |                  | Nine months ended |                  |
|---|-------|------------------------|------------------|------------------|-------------------|------------------|
|   | Notes | 2021                   | 2022             | 2023             | 2023              | 2024             |
|   |       | RMB’000                | RMB’000          | RMB’000          | RMB’000           | RMB’000          |
|   |       |                        |                  |                  | (Unaudited)       |                  |
| <b>Revenue</b>  | 6     | 885,986                | 673,616          | 697,065          | 537,741           | 446,911          |
| Cost of sales   |       | <u>(771,014)</u>       | <u>(627,289)</u> | <u>(647,463)</u> | <u>(497,474)</u>  | <u>(448,033)</u> |
| <b>Gross profit/(loss)</b>  |       | 114,972                | 46,327           | 49,602           | 40,267            | (1,122)          |
| Other income, gains and losses  | 7     | 11,526                 | 10,336           | 17,280           | 12,390            | 30,500           |
| Selling and distribution expenses   |       | (69,021)               | (65,641)         | (63,027)         | (45,117)          | (41,458)         |
| Administrative expenses   |       | <u>(27,046)</u>        | <u>(26,263)</u>  | <u>(26,533)</u>  | <u>(18,933)</u>   | <u>(21,937)</u>  |
| <b>Operating profit/(loss)</b>  |       | 30,431                 | (35,241)         | (22,678)         | (11,393)          | (34,017)         |
| Finance costs   | 8(a)  | <u>(10,013)</u>        | <u>(6,036)</u>   | <u>(5,523)</u>   | <u>(3,906)</u>    | <u>(4,728)</u>   |
| <b>Profit/(loss) before tax</b>   | 8     | 20,418                 | (41,277)         | (28,201)         | (15,299)          | (38,745)         |
| Income tax (expense)/credit   | 9     | <u>(7,378)</u>         | <u>1,511</u>     | <u>450</u>       | <u>(1,636)</u>    | <u>1,478</u>     |
| <b>Profit/(loss) and other comprehensive income/(expense) for the year/period</b> |       | <u>13,040</u>          | <u>(39,766)</u>  | <u>(27,751)</u>  | <u>(16,935)</u>   | <u>(37,267)</u>  |

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  |       | As at 31 December |                |                 | As at           |
|--|-------|-------------------|----------------|-----------------|-----------------|
|  | Notes | 2021              | 2022           | 2023            | 30 September    |
|  |       | RMB'000           | RMB'000        | RMB'000         | 2024            |
|  |       |                   |                |                 | RMB'000         |
| <b>Non-current assets</b>                    |       |                   |                |                 |                 |
| Property, plant and equipment                | 13    | 17,465            | 16,195         | 17,474          | 17,946          |
| Right-of-use assets                          | 14    | 54,549            | 42,427         | 27,110          | 14,279          |
| Intangible assets                            | 15    | —                 | 20             | 13              | 8               |
| Amount due from a related party              | 30(c) | 2,500             | 2,500          | 2,500           | 2,500           |
| Deferred tax assets                          | 27    | 9,391             | 12,079         | 14,991          | 16,469          |
|  |       | <u>83,905</u>     | <u>73,221</u>  | <u>62,088</u>   | <u>51,202</u>   |
| <b>Current assets</b>                        |       |                   |                |                 |                 |
| Inventories                                  | 17    | 61,033            | 93,907         | 70,694          | 67,247          |
| Trade receivables                            | 18    | 22,282            | 18,358         | 17,867          | 20,250          |
| Amounts due from related parties             | 30(c) | 3,390             | 2,765          | —               | —               |
| Other receivables                            | 19    | 84,074            | 68,462         | 73,153          | 75,785          |
| Cash in transit                              | 20    | 1,100             | 2,075          | 123             | 101             |
| Restricted cash                              | 21    | 9,146             | 3              | 3               | 3               |
| Cash and cash equivalents                    | 21    | 12,041            | 6,085          | 14,357          | 7,487           |
|  |       | <u>193,066</u>    | <u>191,655</u> | <u>176,197</u>  | <u>170,873</u>  |
| <b>Current liabilities</b>                   |       |                   |                |                 |                 |
| Trade payables                               | 24    | 10,806            | 38,621         | 34,281          | 38,929          |
| Amounts due to related parties               | 30(c) | —                 | 7,428          | 9,319           | 20,554          |
| Other payables                               | 25    | 43,787            | 43,440         | 50,963          | 53,631          |
| Contract liabilities                         | 26    | 36,771            | 40,183         | 48,671          | 53,740          |
| Interest-bearing bank and other borrowings   | 22    | 60,135            | 59,589         | 57,877          | 66,249          |
| Lease liabilities                            | 23    | 11,409            | 11,951         | 12,519          | 11,255          |
| Income tax payables                          |       | 2,388             | 129            | 187             | —               |
|  |       | <u>165,296</u>    | <u>201,341</u> | <u>213,817</u>  | <u>244,358</u>  |
| <b>Net current assets/(liabilities)</b>      |       | <u>27,770</u>     | <u>(9,686)</u> | <u>(37,620)</u> | <u>(73,485)</u> |
| <b>Total assets less current liabilities</b> |       | <u>111,675</u>    | <u>63,535</u>  | <u>24,468</u>   | <u>(22,283)</u> |
| <b>Non-current liabilities</b>               |       |                   |                |                 |                 |
| Contract liabilities                         | 26    | 14,567            | 18,144         | 19,346          | 19,640          |
| Lease liabilities                            | 23    | 44,371            | 32,420         | 19,902          | 10,124          |
|  |       | <u>58,938</u>     | <u>50,564</u>  | <u>39,248</u>   | <u>29,764</u>   |
| <b>Net assets/(liabilities)</b>              |       | <u>52,737</u>     | <u>12,971</u>  | <u>(14,780)</u> | <u>(52,047)</u> |
| <b>Capital and reserves</b>                  |       |                   |                |                 |                 |
| Share capital                                | 28    | 50,000            | 50,000         | 50,000          | 50,000          |
| Reserves                                     | 28    | 2,737             | (37,029)       | (64,780)        | (102,047)       |
| <b>Total equity/(capital deficiency)</b>     |       | <u>52,737</u>     | <u>12,971</u>  | <u>(14,780)</u> | <u>(52,047)</u> |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|  | Share capital<br><i>RMB'000</i> | (Accumulated<br>losses)/<br>retained profits<br><i>RMB'000</i> | Total equity/<br>(capital<br>deficiency)<br><i>RMB'000</i>                |
|--|---------------------------------|--|---|
| <b>Balance at 1 January 2021</b>   | 50,000                          | (10,303)   | 39,697  |
| Changes in equity for the year ended<br>31 December 2021:<br>Profit and total comprehensive income<br>for the year                 | <u>—</u>                        | <u>13,040</u>  | <u>13,040</u>   |
| <b>Balance at 31 December 2021 and<br/>1 January 2022</b>  | 50,000                          | 2,737  | 52,737  |
| Changes in equity for the year ended<br>31 December 2022:<br>Loss and total comprehensive expense<br>for the year                  | <u>—</u>                        | <u>(39,766)</u>  | <u>(39,766)</u>   |
| <b>Balance at 31 December 2022 and<br/>1 January 2023</b>  | 50,000                          | (37,029)   | 12,971  |
| Changes in equity for the year ended<br>31 December 2023:<br>Loss and total comprehensive expense<br>for the year                  | <u>—</u>                        | <u>(27,751)</u>  | <u>(27,751)</u>   |
| <b>Balance at 31 December 2023 and<br/>1 January 2024</b>  | 50,000                          | (64,780)   | (14,780)  |
| Changes in equity for the period ended<br>30 September 2024:<br>Loss and total comprehensive expense<br>for the period             | <u>—</u>                        | <u>(37,267)</u>  | <u>(37,267)</u>   |
| <b>Balance at 30 September 2024</b>  | <u>50,000</u>                   | <u>(102,047)</u>   | <u>(52,047)</u>   |
|  | Share capital<br><i>RMB'000</i> | Accumulated<br>losses<br><i>RMB'000</i><br>(Unaudited)         | Total equity/<br>(capital<br>deficiency)<br><i>RMB'000</i><br>(Unaudited) |
| <b>Balance at 1 January 2023</b>   | 50,000                          | (37,029)   | 12,971  |
| Changes in equity for the period ended<br>30 September 2023:<br>Loss and total comprehensive expense<br>for the period (Unaudited) | <u>—</u>                        | <u>(16,935)</u>  | <u>(16,935)</u>   |
| <b>Balance at 30 September 2023 (Unaudited)</b>  | <u>50,000</u>                   | <u>(53,964)</u>  | <u>(3,964)</u>  |

## CONSOLIDATED CASH FLOW STATEMENTS

|   |       | Year ended 31 December |                 |                 | Nine months ended |                |
|---|-------|------------------------|-----------------|-----------------|-------------------|----------------|
|   | Notes | 2021                   | 2022            | 2023            | 30 September      |                |
|   |       | RMB'000                | RMB'000         | RMB'000         | 2023              | 2024           |
|   |       |                        |                 |                 | RMB'000           | RMB'000        |
|   |       |                        |                 |                 | (Unaudited)       |                |
| <b>Operating activities</b>                                   |       |                        |                 |                 |                   |                |
| Cash generated from operations                                | 21(b) | 20,714                 | 19,713          | 32,006          | 18,477            | 71             |
| Interest received   |       | 176                    | 52              | 14              | 11                | 9              |
| Income taxes paid   |       | (12,315)               | (3,436)         | (2,405)         | (1,194)           | (186)          |
| <b>Net cash generated from/(used in) operating activities</b> |       | <b>8,575</b>           | <b>16,329</b>   | <b>29,615</b>   | <b>17,294</b>     | <b>(106)</b>   |
| <b>Investing activities</b>                                   |       |                        |                 |                 |                   |                |
| Proceeds from disposal of property, plant and equipment       |       | 4,231                  | 3,988           | 6,551           | 4,554             | 5,587          |
| Acquisition of items of property, plant and equipment         |       | (14,953)               | (8,261)         | (13,182)        | (9,622)           | (11,664)       |
| Acquisition of items of intangible assets                     |       | —                      | (21)            | —               | —                 | —              |
| <b>Net cash used in investing activities</b>                  |       | <b>(10,722)</b>        | <b>(4,294)</b>  | <b>(6,631)</b>  | <b>(5,068)</b>    | <b>(6,077)</b> |
| <b>Financing activities</b>                                   |       |                        |                 |                 |                   |                |
| Proceeds from other borrowing                                 | 21(c) | —                      | 94,232          | 262,575         | 183,102           | 248,744        |
| Repayment of bank and other borrowings                        | 21(c) | (38,000)               | (94,703)        | (264,346)       | (185,546)         | (241,935)      |
| Interest paid   | 21(c) | (7,179)                | (3,758)         | (3,391)         | (2,393)           | (1,853)        |
| Proceeds from sale and leaseback transactions                 | 21(c) | —                      | —               | 3,313           | 1,880             | 6,839          |
| Payment of sale and leaseback transactions                    | 21(c) | —                      | —               | (3,689)         | (2,099)           | (7,321)        |
| Capital element of lease rentals paid                         | 21(c) | (10,891)               | (11,409)        | (7,477)         | (5,575)           | (4,331)        |
| Interest element of lease rentals paid                        | 21(c) | (2,870)                | (2,353)         | (1,697)         | (1,306)           | (830)          |
| <b>Net cash used in financing activities</b>                  |       | <b>(58,940)</b>        | <b>(17,991)</b> | <b>(14,712)</b> | <b>(11,937)</b>   | <b>(687)</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       | <b>(61,087)</b>        | <b>(5,956)</b>  | <b>8,272</b>    | <b>289</b>        | <b>(6,870)</b> |
| <b>Cash and cash equivalents at 1 January</b>                 |       | <b>73,128</b>          | <b>12,041</b>   | <b>6,085</b>    | <b>6,085</b>      | <b>14,357</b>  |
| <b>Cash and cash equivalents at 31 December/30 September</b>  | 21(a) | <b>12,041</b>          | <b>6,085</b>    | <b>14,357</b>   | <b>6,374</b>      | <b>7,487</b>   |

## B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF JIGUANG XINGHUI GROUP

### 1. GENERAL INFORMATION

Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.\* 北京極光星徽汽車銷售服務有限公司 (“**Jiguang Xinghui**”) is a limited liability company established on 13 January 2016 under the laws of the People’s Republic of China (“**PRC**”) and operates a 4S dealership store for the brand of Mercedes-Benz at the Fourth East Ring of Beijing. Its registered office address is 1-3/F, Building 2, No. 109 Jingshun Road, Chaoyang District, Beijing, China.

The principal activity of Jiguang Xinghui and its subsidiaries (collectively, “**Jiguang Xinghui Group**”) is engaged in the 4S dealership business in the PRC.

Jiguang Xinghui is a direct wholly-owned subsidiary of Beijing Jiguang Shunfeng Investment Co., Ltd.\* 北京極光順風投資有限公司 (“**Jiguang Shunfeng**”). The ultimate controlling shareholder of Jiguang Xinghui is Beijing Huamei Runcheng Investment Consultant Co.\* 北京華美潤成投資顧問有限公司. Both the immediate and ultimate holding companies are limited companies established in the PRC.

The historical financial information is presented in Renminbi (“**RMB**”), which is also the functional currency of Jiguang Xinghui.

As at the date of this report, Jiguang Xinghui had direct interests in its subsidiaries, which are private limited liability companies established in the PRC, the particulars of which are set out below:

| Name  | Place and date of incorporation | Registered and fully paid up capital<br>RMB'000 | Percentage of equity attributable to the company |          | Principal activities                        |
|---|---------------------------------|---|--|----------|---|
|   |                                 |   | Direct   | Indirect |   |
| Beijing Jiguang Hengxing Automobile Sales Company*北京極光恒星汽車銷售有限公司 (“ <b>Jiguang Hengxing</b> ”)                        | The PRC<br>28 December 2006     | 600   | 100%   | —        | Engaged in the 4S dealership business       |
| Beijing Jiguang Xinghui Automobile Club Company*北京極光星徽汽車俱樂部有限公司 (“ <b>Jiguang Xinghui Club</b> ”)                     | The PRC<br>5 July 2004          | 500   | 100%   | —        | Engaged in organising automotive activities |
| Beijing Jiguang Xinghui Used Motor Vehicle Brokerage Company*北京極光星徽舊機動車經紀有限公司 (“ <b>Jiguang Xinghui Used Motor</b> ”) | The PRC<br>22 June 2016         | 30  | 100%   | —        | Engaged in used motor vehicle brokerage     |

None of the subsidiaries has non-controlling interest that is material to Jiguang Xinghui.



All intra-group transactions and balances have been eliminated in full on consolidation.

Statutory financial statements of Jiguang Xinghui for each of the three years ended 31 December 2023 have been audited by Beijing Zhongze Yongcheng Certified Public Accountants Co., Ltd\* (北京中澤永誠會計師事務所有限公司).

## **2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### **Going Concern Assumption**

The directors of Jiguang Xinghui Group have given careful consideration to the going concern of Jiguang Xinghui Group in light of the fact that as of 30 September 2024, Jiguang Xinghui Group’s net current liabilities and net liabilities of approximately RMB73,485,000 and RMB52,047,000 respectively.

Subsequent to 30 September 2024, Jiguang Xinghui has entered into a sales and lease-back arrangement with a principal amount of approximately RMB6,431,000. In addition, there are available unused facilities of RMB42,433,000 from an auto finance company as of 30 September 2024. Furthermore, a facility amounting to RMB20,000,000 has been obtained from an independent third party subsequent to 30 September 2024, which has provided funds to Jiguang Xinghui.

Taking into account the above factors, the directors of Jiguang Xinghui Group are of the opinion that, together with the internal financial resources of Jiguang Xinghui Group, Jiguang Xinghui Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this report. Hence, the Historical Financial Information has been prepared on a going concern basis.

## **3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”)**

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, Jiguang Xinghui Group has consistently adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods. The application of the new and amendments to the IFRSs in the Relevant Periods has had no material effect on Jiguang Xinghui Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these Historical Financial Information.

\* For identification only

#### **New and amendments to IFRSs issued but not yet effective**

Jiguang Xinghui Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

|   |  |
|---|--|
| Amendments to IAS 21                    | Lack of Exchangeability <sup>1</sup>   |
| Amendments to IFRS 9 and IFRS 7         | Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>             |
| Amendments to IFRS 9 and IFRS 7         | Contracts Referencing Nature-dependent Electricity <sup>2</sup>                                    |
| Amendments to IFRS Accounting Standards | Annual improvements to IFRS Accounting Standards — volume 11 <sup>2</sup>                          |
| IFRS 18                                 | Presentation and Disclosure in Financial Statements <sup>3</sup>                                   |
| IFRS 19                                 | Subsidiaries without Public Accountability: Disclosures <sup>3</sup>                               |
| Amendments to IFRS 10 and IAS 28        | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of Jiguang Xinghui Group anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated results and the financial position of Jiguang Xinghui Group.

#### **4. MATERIAL ACCOUNTING POLICY INFORMATION**

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of the Relevant Periods.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

##### **(a) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Jiguang Xinghui and entities controlled by it.

Control is achieved where Jiguang Xinghui Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Jiguang Xinghui's returns.

When Jiguang Xinghui has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Jiguang Xinghui considers all relevant facts and circumstances in assessing whether or not Jiguang Xinghui's voting rights in an investee are sufficient to give it power, including:

- the size of the Jiguang Xinghui's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Jiguang Xinghui, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that Jiguang Xinghui has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Jiguang Xinghui reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when Jiguang Xinghui obtains control over the subsidiary and cease when Jiguang Xinghui loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date Jiguang Xinghui gains control until the date when Jiguang Xinghui Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of Jiguang Xinghui and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of Jiguang Xinghui 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 entities of Jiguang Xinghui Group are eliminated in full on combination.

#### **(b) Revenue from contracts with customers**

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, Jiguang Xinghui Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Jiguang Xinghui Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by Jiguang Xinghui Group's performance as Jiguang Xinghui Group performs;
- Jiguang Xinghui Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- Jiguang Xinghui Group's performance does not create an asset with an alternative use to Jiguang Xinghui Group and Jiguang Xinghui Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which Jiguang Xinghui Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

**(c) Contract liabilities**

A contract liability represents Jiguang Xinghui Group's obligation to transfer goods or services to a customer for which Jiguang Xinghui Group has received consideration from the customer. A contract liability would also be recognised if Jiguang Xinghui Group has an unconditional right to receive non-refundable consideration before Jiguang Xinghui Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Jiguang Xinghui Group recognised revenue from the following major sources:

- sales of motor vehicle
- sales of motor spare parts
- maintenance service income

Further details of Jiguang Xinghui Group's revenue and other income recognition policies are as follows:

*(i) Sale of motor vehicles*

Revenue arising from the sale of motor vehicles is recognised upon delivery of motor vehicles when the customer takes possession of and accepts the motor vehicles. Revenue excludes value added tax and is after deduction of any trade discounts.

*(ii) After-sales services — sales of motor spare parts*

Revenue arising from the sale of motor spare parts is recognised when the customer takes possession of and accepts the spare parts.

*(iii) After-sales services — maintenance and other services income*

Revenue arising from maintenance services is recognised when the relevant service is rendered without further performance obligations.

**(d) Vendor rebates**

Incentive rebates provided by vendors are recognised to the extent that Jiguang Xinghui Group estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, while incentive rebates relating to vehicle purchased but still held as inventories at the reporting date are deducted from the carrying value of such vehicles so that the cost of inventories is recorded net of applicable rebates.

**(e) Leasing**

Jiguang Xinghui Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*Jiguang Xinghui Group as lessee*

Jiguang Xinghui Group assesses whether a contract is or contains a lease, at inception of the contract. Jiguang Xinghui Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, Jiguang Xinghui Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

*Lease liabilities*

At the commencement date, Jiguang Xinghui Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, Jiguang Xinghui Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

#### *Right-of-use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Jiguang Xinghui Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

Jiguang Xinghui Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

#### *Lease modification*

Jiguang Xinghui Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, Jiguang Xinghui Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

#### *Sale and leaseback transactions*

Jiguang Xinghui Group acts as a seller-lessee

Jiguang Xinghui Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by Jiguang Xinghui Group as a seller-lessee.

For a transfer that does not satisfy the requirements as a sale, Jiguang Xinghui Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

#### **(f) Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **(g) Government grants**

Government grants are not recognised until there is reasonable assurance that Jiguang Xinghui Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Jiguang Xinghui Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### **(h) Retirement benefits costs and termination benefits**

Payments to defined contribution plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

#### **(i) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Jiguang Xinghui Group in respect of services provided by employees up to the reporting date.

#### **(j) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Jiguang Xinghui Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary

difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where Jiguang Xinghui Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Jiguang Xinghui Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, Jiguang Xinghui Group applies IAS 12 requirements to the lease liabilities and the related assets separately. Jiguang Xinghui Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **(k) Property, plant and equipment**

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

|                          |   |
|--------------------------|---|
| — Leasehold improvements | Over the shorter of the unexpired term of the lease and 5 years |
| — Machinery equipment    | 5–10 years  |
| — Vehicles               | 5 years   |
| — Other equipment        | 3–5 years   |



Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(l) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives as follows:

|                   |           |
|-------------------|-----------|
| — Office software | 3–5 years |
|-------------------|-----------|

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

**(m) Inventories**

Inventories are stated at the lower of cost and net realisable value. Other than spare parts and accessories, cost is calculated on specific identification basis as appropriate and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of spare parts and accessories is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**(n) Cash and cash equivalents and restricted cash**

In the consolidated statement of financial position, restricted cash, cash and bank balances comprise cash (i.e. cash on hand and demand deposit) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, which are repayable on demand and form an integrated part of Jiguang Xinghui Group's cash management.

Restricted cash is restricted deposits at bank for granting of bank borrowings to Jiguang Xinghui Group.

**(o) Interest in subsidiaries**

Interest in subsidiaries are stated on the statement of financial position of Jiguang Xinghui at cost less accumulated impairment loss.

**(p) Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Jiguang Xinghui Group's business model for managing them.

***Financial assets at amortised cost (debt instruments)***

Jiguang Xinghui Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “other income, gains and losses” line item (Note 7).

#### *Impairment of financial assets*

Jiguang Xinghui Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Jiguang Xinghui Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on Jiguang Xinghui Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, Jiguang Xinghui Group measures the loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

#### *Significant increases in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, Jiguang Xinghui Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, Jiguang Xinghui Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered forecast economic information that relate to Jiguang Xinghui Group’s operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, Jiguang Xinghui Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless Jiguang Xinghui Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, Jiguang Xinghui Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Jiguang Xinghui Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Jiguang Xinghui Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

Jiguang Xinghui Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Jiguang Xinghui Group, in full (without taking into account any collaterals held by Jiguang Xinghui Group).

Irrespective of the above analysis, Jiguang Xinghui Group considers that default has occurred when a financial asset is more than 90 days past due unless Jiguang Xinghui Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

Jiguang Xinghui Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under Jiguang Xinghui Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, Jiguang Xinghui Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to Jiguang Xinghui Group in accordance with the contract and all the cash flows that Jiguang Xinghui Group expects to receive, discounted at the original effective interest rate.

If Jiguang Xinghui Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, Jiguang Xinghui Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Jiguang Xinghui Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Derecognition of financial assets*

Jiguang Xinghui Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If Jiguang Xinghui Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Jiguang Xinghui Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If Jiguang Xinghui Group retains substantially all the risks and rewards of ownership of a transferred financial asset, Jiguang Xinghui Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### ***Financial liabilities and equity instruments***

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss ("FVTPL").

##### *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial liabilities*

Jiguang Xinghui Group derecognises financial liabilities when, and only when, Jiguang Xinghui Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(q) Provisions**

Provisions are recognised when Jiguang Xinghui Group has a present obligation (legal or constructive) as a result of a past event, it is probable that Jiguang Xinghui Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

**(r) Impairment on property, plant and equipment, right-of-use assets and intangible assets**

At the end of the reporting period, Jiguang Xinghui Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, Jiguang Xinghui Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

**(s) Fair value measurement**

When measuring fair value except for Jiguang Xinghui Group's leasing transactions, net realisable value of inventories for the purpose of impairment assessment, Jiguang Xinghui Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Jiguang Xinghui Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, Jiguang Xinghui Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1      —      Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2      —      Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3      —      Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, Jiguang Xinghui Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Jiguang Xinghui Group's accounting policies, which are described in Note 4, the directors of Jiguang Xinghui Group are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *(a) Accrual of vendor rebate*

Jiguang Xinghui Group calculates rebates and recognises them to the extent that the management estimates it is probable that the associated conditions will be met and the amount can be estimated reliably.

Specific factors management considered included the recent historical sales volume patterns, the rebate rates applied, overriding and ongoing performance metrics and any other available information concerning the credit worthiness of suppliers.

#### *(b) Deferred tax assets*

The deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.



*(c) Estimated impairment of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets with finite useful lives are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, Jiguang Xinghui Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, Jiguang Xinghui Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

*(d) Estimated allowance for inventories*

Inventories are valued at the lower of cost and net realisable value. Jiguang Xinghui Group regularly reviews its inventory levels in order to identify slow-moving and obsolete inventories. Jiguang Xinghui Group makes allowance for slow-moving and obsolete items through management's estimation of the net realisable value based primarily on the latest invoice prices and current market conditions, including the consideration received on the subsequent sales orders and the estimated selling costs. When Jiguang Xinghui Group identifies items of inventories which have a market price that is lower than its carrying amount, Jiguang Xinghui Group estimates the amount of write-down of inventories as allowance for inventories. As at 31 December 2021, 2022, 2023 and 30 September 2024, the carrying amount of inventories of approximately RMB61,003,000, RMB93,907,000, RMB70,694,000 and RMB67,247,000, net of accumulated provision of approximately RMB1,701,000, RMB3,227,000, RMB8,645,000 and RMB12,069,000, respectively.

**6. REVENUE AND SEGMENT REPORTING**

Jiguang Xinghui Group is mainly engaged in sales of passenger motor vehicles and provision of after-sales services. For the purpose of resource allocation and assessment of segment performance, the director of Jiguang Xinghui Group, being the chief operating decision maker, focuses and reviews on the overall results and financial position of Jiguang Xinghui Group as a whole which are prepared based on the same accounting policies set out in Note 4. Accordingly, Jiguang Xinghui Group has only one single operating segment and except for entity-wide disclosures, timing of revenue recognition and geographic information, no further analysis of the segment is presented. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of Jiguang Xinghui Group.

(a) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines, geographical location of customers and timing of revenue recognition is as follows:

|   | Year ended 31 December |                |                | Nine months ended |                |
|---|------------------------|----------------|----------------|-------------------|----------------|
|   | 2021                   | 2022           | 2023           | 2023              | 2024           |
|   | RMB'000                | RMB'000        | RMB'000        | RMB'000           | RMB'000        |
|   | (Unaudited)            |                |                |                   |                |
| Revenue from contracts with customers within the scope of IFRS 15 |                        |                |                |                   |                |
| Sales of passenger motor vehicles                                 | 690,226                | 546,440        | 547,523        | 424,919           | 339,561        |
| Provision of after-sales services                                 | <u>195,760</u>         | <u>127,176</u> | <u>149,542</u> | <u>112,822</u>    | <u>107,350</u> |
|   | <u>885,986</u>         | <u>673,616</u> | <u>697,065</u> | <u>537,741</u>    | <u>446,911</u> |
| Disaggregated by geographical location of customers               |                        |                |                |                   |                |
| The PRC   | <u>885,986</u>         | <u>673,616</u> | <u>697,065</u> | <u>537,741</u>    | <u>446,911</u> |
| Disaggregated by timing of revenue recognition                    |                        |                |                |                   |                |
| Point in time   | <u>885,986</u>         | <u>673,616</u> | <u>697,065</u> | <u>537,741</u>    | <u>446,911</u> |

Substantially all of Jiguang Xinghui Group's operations and non-current assets are located in the PRC.

None of Jiguang Xinghui Group's sales to a single customer amounted to 10% or more of Jiguang Xinghui Group's revenue during the Relevant Periods.

(b) **Revenue recognised that was included in contract liabilities at the beginning of the period**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

|                        | Year ended 31 December |               |               | Nine months ended |               |
|------------------------|------------------------|---------------|---------------|-------------------|---------------|
|                        | 2021                   | 2022          | 2023          | 2023              | 2024          |
|                        | RMB'000                | RMB'000       | RMB'000       | RMB'000           | RMB'000       |
|                        | (Unaudited)            |               |               |                   |               |
| Sale of motor vehicles | 10,011                 | 6,336         | 5,573         | 5,522             | 9,225         |
| After-sales services   | <u>24,417</u>          | <u>26,768</u> | <u>24,568</u> | <u>19,270</u>     | <u>18,916</u> |
|                        | <u>34,428</u>          | <u>33,104</u> | <u>30,141</u> | <u>24,792</u>     | <u>28,141</u> |

## 7. OTHER INCOME, GAINS AND LOSSES

|   | Year ended 31 December |               |               | Nine months ended<br>30 September |               |
|---|------------------------|---------------|---------------|-----------------------------------|---------------|
|   | 2021                   | 2022          | 2023          | 2023                              | 2024          |
|   | RMB'000                | RMB'000       | RMB'000       | RMB'000                           | RMB'000       |
|   |                        |               |               | (Unaudited)                       |               |
| Interest income   | 176                    | 52            | 14            | 11                                | 9             |
| Commission income   | 8,723                  | 8,702         | 14,282        | 9,604                             | 31,660        |
| Government grants   | 26                     | 179           | 1             | 1                                 | 2             |
| Loss on disposal of items of<br>property, plant and equipment | (698)                  | (996)         | (951)         | (624)                             | (1,755)       |
| Others  | 3,299                  | 2,399         | 3,934         | 3,398                             | 584           |
|   | <u>11,526</u>          | <u>10,336</u> | <u>17,280</u> | <u>12,390</u>                     | <u>30,500</u> |

## 8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

|  | Year ended 31 December |              |              | Nine months ended<br>30 September |              |
|--|------------------------|--------------|--------------|-----------------------------------|--------------|
|  | 2021                   | 2022         | 2023         | 2023                              | 2024         |
|  | RMB'000                | RMB'000      | RMB'000      | RMB'000                           | RMB'000      |
|  |                        |              |              | (Unaudited)                       |              |
| (a) Finance costs:                             |                        |              |              |                                   |              |
| Interest on bank borrowings                    | 7,143                  | 3,683        | 3,450        | 2,381                             | 3,416        |
| Interest on lease liabilities                  | 2,870                  | 2,353        | 1,697        | 1,306                             | 830          |
| Interest on sale and<br>lease-back liabilities | —                      | —            | 376          | 219                               | 482          |
|  | <u>10,013</u>          | <u>6,036</u> | <u>5,523</u> | <u>3,906</u>                      | <u>4,728</u> |

|   | Year ended 31 December |               |               | Nine months ended<br>30 September |               |
|---|------------------------|---------------|---------------|-----------------------------------|---------------|
|   | 2021                   | 2022          | 2023          | 2023                              | 2024          |
|   | RMB'000                | RMB'000       | RMB'000       | RMB'000                           | RMB'000       |
|   |                        |               |               | (Unaudited)                       |               |
| (b) Staff costs:  |                        |               |               |                                   |               |
| Salaries, wages and other<br>benefits                                 | 43,044                 | 37,820        | 39,844        | 28,959                            | 28,756        |
| Termination benefits  | 2,087                  | 199           | 501           | 301                               | 420           |
| Contributions to defined<br>contribution retirement<br>plans (Note i) | 6,460                  | 6,968         | 6,776         | 4,433                             | 5,096         |
|   | <u>51,591</u>          | <u>44,987</u> | <u>47,121</u> | <u>33,693</u>                     | <u>34,272</u> |

*Note:*

- (i) Employees of Jiguang Xinghui Group's PRC subsidiaries are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments where the subsidiaries are registered. Jiguang Xinghui Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary according to the rules and regulations of the respective local municipal government to the schemes to fund the retirement benefits of the employees. Jiguang Xinghui Group remits all pension fund contributions to the respective tax bureau, which are responsible for the payment and liabilities relating to the pension funds.

Jiguang Xinghui's and its subsidiaries' contributions made to the above defined contribution schemes are non-refundable and cannot be used to reduce the future or existing level of contribution of Jiguang Xinghui and its subsidiaries should any forfeiture be resulted from the schemes.

Jiguang Xinghui Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

|   | Year ended 31 December |         |         | Nine months ended<br>30 September |         |
|---|------------------------|---------|---------|-----------------------------------|---------|
|   | 2021                   | 2022    | 2023    | 2023                              | 2024    |
|   | RMB'000                | RMB'000 | RMB'000 | RMB'000                           | RMB'000 |
|   |                        |         |         | (Unaudited)                       |         |
| (c) Other items:  |                        |         |         |                                   |         |
| Cost of inventories   |                        |         |         |                                   |         |
| <i>(Note 17(b))</i>   | 725,348                | 593,163 | 603,080 | 469,755                           | 424,842 |
| Depreciation  |                        |         |         |                                   |         |
| — Property, plant and equipment   | 5,428                  | 4,547   | 4,401   | 2,332                             | 3,850   |
| — Right-of-use assets   | 12,121                 | 12,122  | 10,844  | 8,133                             | 6,120   |
| Amortisation of intangible assets (included in administrative expenses) | 31                     | 1       | 7       | 5                                 | 5       |
| Expense relating to short-term leases                                   | 24                     | 48      | 24      | —                                 | —       |
| Auditor's remuneration  | 38                     | 38      | 38      | 38                                | 68      |

## 9. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax in the consolidated statements of profit or loss represents:

|  | Year ended 31 December |                |              | Nine months ended<br>30 September |                |
|--|------------------------|----------------|--------------|-----------------------------------|----------------|
|  | 2021                   | 2022           | 2023         | 2023                              | 2024           |
|  | RMB'000                | RMB'000        | RMB'000      | RMB'000                           | RMB'000        |
|  |                        |                |              | (Unaudited)                       |                |
| <b>Current tax:</b>  |                        |                |              |                                   |                |
| — PRC income tax for the year/period                             | 8,702                  | 1,177          | 2,462        | 2,275                             | —              |
| <b>Deferred tax (Note 27):</b>                                   |                        |                |              |                                   |                |
| Origination and reversal of temporary differences and tax losses | (1,324)                | (2,688)        | (2,912)      | (639)                             | (1,478)        |
|  | <u>7,378</u>           | <u>(1,511)</u> | <u>(450)</u> | <u>1,636</u>                      | <u>(1,478)</u> |

(b) Reconciliation between income tax and profit/(loss) before tax at applicable tax rates:

|   | Year ended 31 December |                 |                 | Nine months ended<br>30 September |                 |
|---|------------------------|-----------------|-----------------|-----------------------------------|-----------------|
|   | 2021                   | 2022            | 2023            | 2023                              | 2024            |
|   | RMB'000                | RMB'000         | RMB'000         | RMB'000                           | RMB'000         |
|   |                        |                 |                 | (Unaudited)                       |                 |
| Profit/(loss) before tax                            | <u>20,418</u>          | <u>(41,277)</u> | <u>(28,201)</u> | <u>(15,299)</u>                   | <u>(38,745)</u> |
| Tax at the statutory tax rate of 25%                | 5,105                  | (10,319)        | (7,050)         | (3,825)                           | (9,686)         |
| Tax effect of non-deductible expenses               | 1,737                  | 1,619           | 2,685           | —                                 | 394             |
| Tax effect of tax losses not recognised             | 1,256                  | 7,963           | 4,340           | 5,812                             | 8,630           |
| Utilisation of tax losses previously not recognised | —                      | (804)           | (308)           | (8)                               | —               |
| Others  | (720)                  | 30              | (117)           | (343)                             | (816)           |
| Income tax expense/(credit)                         | <u>7,378</u>           | <u>(1,511)</u>  | <u>(450)</u>    | <u>1,636</u>                      | <u>(1,478)</u>  |

Notes:

- (i) The charge for PRC Enterprise Income Tax of Jiguang Xinghui and its subsidiaries are calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2023 and 2024 on the estimated assessable profit for the year/period determined in accordance with relevant enterprise income tax rules and regulations.
- (ii) At the end of the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024, Jiguang Xinghui and its subsidiaries have unused tax losses of RMB9,474,000, RMB38,110,000, RMB54,274,000 and RMB88,754,000. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

## 10. DIRECTORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

### Year ended 31 December 2021

|                             | Salaries,<br>allowances and<br>benefits in<br>kind<br><i>RMB'000</i> | Retirement<br>scheme<br>contributions<br><i>RMB'000</i> | Total<br>remuneration<br><i>RMB'000</i> |
|-----------------------------|--|---|---|
| <b>Executive directors:</b> |  |   |   |
| Ms. Yu Yao (i)              | 1,266  | 50  | 1,316                                   |
| Mr. Liu Yichen (ii)         | 521  | 50  | 571                                     |
| Mr. Shen Jun (iii)          | —  | —   | —                                       |
|                             | <u>1,787</u>   | <u>100</u>  | <u>1,887</u>                            |

### Year ended 31 December 2022

|                             | Salaries,<br>allowances and<br>benefits in<br>kind<br><i>RMB'000</i> | Retirement<br>scheme<br>contributions<br><i>RMB'000</i> | Total<br>remuneration<br><i>RMB'000</i> |
|-----------------------------|--|---|---|
| <b>Executive directors:</b> |  |   |   |
| Ms. Yu Yao (i)              | 1,259  | 60  | 1,319                                   |
| Mr. Liu Yichen (ii)         | 476  | 60  | 536                                     |
| Mr. Shen Jun (iii)          | —  | —   | —                                       |
|                             | <u>1,735</u>   | <u>120</u>  | <u>1,855</u>                            |

### Year ended 31 December 2023

|                             | Salaries,<br>allowances and<br>benefits in<br>kind<br><i>RMB'000</i> | Retirement<br>scheme<br>contributions<br><i>RMB'000</i> | Total<br>remuneration<br><i>RMB'000</i> |
|-----------------------------|--|---|---|
| <b>Executive directors:</b> |  |   |   |
| Ms. Yu Yao (i)              | 1,264  | 65  | 1,329                                   |
| Mr. Liu Yichen (ii)         | 517  | 63  | 580                                     |
| Mr. Shen Jun (iii)          | —  | —   | —                                       |
|                             | <u>1,781</u>   | <u>128</u>  | <u>1,909</u>                            |

**Period ended 30 September 2023 (Unaudited)**

|                             | Salaries,<br>allowances and<br>benefits in<br>kind<br><i>RMB'000</i> | Retirement<br>scheme<br>contributions<br><i>RMB'000</i> | Total<br>remuneration<br><i>RMB'000</i> |
|-----------------------------|--|---|---|
| <b>Executive directors:</b> |  |   |   |
| Ms. Yu Yao (i)              | 948  | 48  | 996                                     |
| Mr. Liu Yichen (ii)         | 388  | 47  | 435                                     |
| Mr. Shen Jun (iii)          | —  | —   | —                                       |
|                             | <u>1,336</u>   | <u>95</u>   | <u>1,431</u>                            |

**Period ended 30 September 2024**

|                             | Salaries,<br>allowances and<br>benefits in<br>kind<br><i>RMB'000</i> | Retirement<br>scheme<br>contributions<br><i>RMB'000</i> | Total<br>remuneration<br><i>RMB'000</i> |
|-----------------------------|--|---|---|
| <b>Executive directors:</b> |  |   |   |
| Ms. Yu Yao (i)              | 950  | 51  | 1,001                                   |
| Mr. Liu Yichen (ii)         | 390  | 48  | 438                                     |
| Mr. Shen Jun (iii)          | —  | —   | —                                       |
|                             | <u>1,340</u>   | <u>99</u>   | <u>1,439</u>                            |

*Notes:*

- (i) Ms. Yu Yao was appointed as an executive director with effect in July 2019.
- (ii) Mr. Liu Yichen was appointed as an executive director with effect in August 2019.
- (iii) Mr. Shen Jun was appointed as an executive director with effect in July 2019 and his emoluments were borne by the parent Company of Jiguang Xinghui.

## 11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments of Jiguang Xinghui Group during the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 included 2, 2, 2, 2 (unaudited) and 2 directors respectively, details of whose remuneration are set out in Note 10 above. Details of the remuneration for the three years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024 of the remaining 3, 3, 3, 3 (unaudited) and 3 highest paid employees who are not a director or supervisor of Jiguang Xinghui Group are as follows:

|  | Year ended 31 December |              |              | Nine months ended<br>30 September |              |
|--|------------------------|--------------|--------------|-----------------------------------|--------------|
|  | 2021                   | 2022         | 2023         | 2023                              | 2024         |
|  | RMB'000                | RMB'000      | RMB'000      | RMB'000                           | RMB'000      |
|  |                        |              |              | (Unaudited)                       |              |
| Salaries, allowances and benefits<br>in kind | 2,538                  | 2,443        | 1,823        | 1,367                             | 1,371        |
| Retirement scheme contributions              | 140                    | 171          | 193          | 144                               | 151          |
|  | <u>2,678</u>           | <u>2,614</u> | <u>2,016</u> | <u>1,511</u>                      | <u>1,522</u> |

## 12. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of this report, is not considered meaningful.



### 13. PROPERTY, PLANT AND EQUIPMENT

|   | <b>Machinery<br/>equipment</b><br><i>RMB'000</i> | <b>Vehicles</b><br><i>RMB'000</i> | <b>Other<br/>equipment</b><br><i>RMB'000</i> | <b>Leasehold<br/>improvements</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|---|--|-----------------------------------|--|---|--------------------------------|
| <b>Cost:</b>                              |  |                                   |  |   |                                |
| At 1 January 2021                         | 1,856  | 13,891                            | 5,024  | 14,053  | 34,824                         |
| Additions                                 | 744  | 13,122                            | 1,087  | —   | 14,953                         |
| Disposal                                  | —  | (6,373)                           | —  | —   | (6,373)                        |
| At 31 December 2021 and<br>1 January 2022 | 2,600  | 20,640                            | 6,111  | 14,053  | 43,404                         |
| Additions                                 | 350  | 7,388                             | 523  | —   | 8,261                          |
| Disposal                                  | —  | (9,064)                           | —  | —   | (9,064)                        |
| At 31 December 2022 and<br>1 January 2023 | 2,950  | 18,964                            | 6,634  | 14,053  | 42,601                         |
| Additions                                 | 489  | 12,252                            | 441  | —   | 13,182                         |
| Disposal                                  | —  | (9,004)                           | —  | —   | (9,004)                        |
| At 31 December 2023 and<br>1 January 2024 | 3,439  | 22,212                            | 7,075  | 14,053  | 46,779                         |
| Additions                                 | 212  | 11,354                            | 98   | —   | 11,664                         |
| Disposals                                 | —  | (8,589)                           | —  | —   | (8,589)                        |
| At 30 September 2024                      | <u>3,651</u>                                     | <u>24,977</u>                     | <u>7,173</u>                                 | <u>14,053</u>                                       | <u>49,854</u>                  |
| <b>Accumulated depreciation:</b>          |  |                                   |  |   |                                |
| At 1 January 2021                         | (853)  | (4,204)                           | (4,199)                                      | (12,699)  | (21,955)                       |
| Charge for the year                       | (501)  | (3,120)                           | (453)  | (1,354)   | (5,428)                        |
| Written back on disposals                 | —  | 1,444                             | —  | —   | 1,444                          |
| At 31 December 2021 and<br>1 January 2022 | (1,354)  | (5,880)                           | (4,652)                                      | (14,053)  | (25,939)                       |
| Charge for the year                       | (504)  | (3,539)                           | (504)  | —   | (4,547)                        |
| Written back on disposals                 | —  | 4,080                             | —  | —   | 4,080                          |
| At 31 December 2022 and<br>1 January 2023 | (1,858)  | (5,339)                           | (5,156)                                      | (14,053)  | (26,406)                       |
| Charge for the year                       | (338)  | (3,571)                           | (492)  | —   | (4,401)                        |
| Written back on disposal                  | —  | 1,502                             | —  | —   | 1,502                          |
| At 31 December 2023 and<br>1 January 2024 | (2,196)  | (7,408)                           | (5,648)                                      | (14,053)  | (29,305)                       |
| Charge for the period                     | (281)  | (3,168)                           | (401)  | —   | (3,850)                        |
| Written back on disposal                  | —  | 1,247                             | —  | —   | 1,247                          |
| At 30 September 2024                      | <u>(2,477)</u>                                   | <u>(9,329)</u>                    | <u>(6,049)</u>                               | <u>(14,053)</u>                                     | <u>(31,908)</u>                |
| <b>Net book value:</b>                    |  |                                   |  |   |                                |
| At 30 September 2024                      | <u>1,174</u>                                     | <u>15,648</u>                     | <u>1,124</u>                                 | <u>—</u>  | <u>17,946</u>                  |
| At 31 December 2023                       | <u>1,243</u>                                     | <u>14,804</u>                     | <u>1,427</u>                                 | <u>—</u>  | <u>17,474</u>                  |
| At 31 December 2022                       | <u>1,092</u>                                     | <u>13,625</u>                     | <u>1,478</u>                                 | <u>—</u>  | <u>16,195</u>                  |
| At 31 December 2021                       | <u>1,246</u>                                     | <u>14,760</u>                     | <u>1,459</u>                                 | <u>—</u>  | <u>17,465</u>                  |

The net carrying amount of Jiguang Xinghui Group's vehicles held under sale and lease-back arrangements included in the amounts of vehicles of property, plant and equipment was RMB14,760,000, RMB13,625,000, RMB14,804,000 and RMB15,648,000, as at 31 December 2021, 2022, 2023 and 30 September 2024.

#### 14. RIGHT-OF-USE ASSETS

|  | <b>Leasehold land<br/>and buildings</b><br><i>RMB'000</i> |
|--|---|
| <b>Costs:</b>  |   |
| At 1 January 2021, 31 December 2021, 31 December 2022 and 1 January 2023 | 66,670  |
| Remeasurement of right-of-use assets                                     | <u>(4,473)</u>  |
| At 31 December 2023 and 1 January 2024                                   | 62,197  |
| Remeasurement of right-of-use assets                                     | <u>(6,711)</u>  |
| At 30 September 2024   | <u><u>55,486</u></u>                                      |
| <b>Accumulated depreciation:</b>   |   |
| At 1 January 2021  | =   |
| Charge for the year  | <u>(12,121)</u>   |
| At 31 December 2021 and 1 January 2022                                   | (12,121)  |
| Charge for the year  | <u>(12,122)</u>   |
| At 31 December 2022 and 1 January 2023                                   | (24,243)  |
| Charge for the year  | <u>(10,844)</u>   |
| At 31 December 2023 and 1 January 2024                                   | (35,087)  |
| Charge for the period  | <u>(6,120)</u>  |
| At 30 September 2024   | <u><u>(41,207)</u></u>                                    |
| <b>Net book value:</b>   |   |
| At 30 September 2024   | <u><u>14,279</u></u>                                      |
| At 31 December 2023  | <u><u>27,110</u></u>                                      |
| At 31 December 2022  | <u><u>42,427</u></u>                                      |
| At 31 December 2021  | <u><u>54,549</u></u>                                      |

Jiguang Xinghui Group has lease arrangements for office, showroom and warehouse. The lease term is five years.

|   | Year ended 31 December |               |              | Nine months ended |
|---|------------------------|---------------|--------------|-------------------|
|   | 2021                   | 2022          | 2023         | 30 September 2024 |
|   | RMB'000                | RMB'000       | RMB'000      | RMB'000           |
| Depreciation charge of right-of-use assets        | 12,121                 | 12,122        | 10,844       | 6,120             |
| Interest on lease liabilities<br>(Note 8(a))      | 2,870                  | 2,353         | 1,697        | 830               |
| Expense relating to short-term leases (Note 8(c)) | <u>24</u>              | <u>48</u>     | <u>24</u>    | <u>—</u>          |
| Total cash outflow for leases                     | <u>13,785</u>          | <u>13,810</u> | <u>9,198</u> | <u>5,161</u>      |

## 15. INTANGIBLE ASSETS

|   | Office software<br>RMB'000 |
|---|----------------------------|
| <b>Cost:</b>  |                            |
| At 1 January 2021, 31 December 2021 and 1 January 2022      | 379                        |
| Additions   | <u>21</u>                  |
| At 31 December 2022, 31 December 2023 and 30 September 2024 | <u>400</u>                 |
| <b>Accumulated amortisation:</b>                            |                            |
| At 1 January 2021   | (348)                      |
| Charge for the year   | <u>(31)</u>                |
| At 31 December 2021 and 1 January 2022                      | (379)                      |
| Charge for the year   | <u>(1)</u>                 |
| At 31 December 2022 and 1 January 2023                      | (380)                      |
| Charge for the year   | <u>(7)</u>                 |
| At 31 December 2023 and 1 January 2024                      | (387)                      |
| Charge for the period                                       | <u>(5)</u>                 |
| At 30 September 2024  | <u>(392)</u>               |
| <b>Net book value:</b>                                      |                            |
| At 30 September 2024  | <u>8</u>                   |
| At 31 December 2023   | <u>13</u>                  |
| At 31 December 2022   | <u>20</u>                  |
| At 31 December 2021   | <u>—</u>                   |

The above intangible assets have finite useful lives. The intangible assets are office softwares, which are amortised on a straight-line basis over a period of 3–5 years.

## 16. INTEREST IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of Jiguang Xinghui Group, all of which are private companies.

|                            | Place and date of incorporation | Registered and fully paid-up capital<br>RMB'000 | Percentage of equity attributable to Jiguang Xinghui |          | Principal activities                        |
|----------------------------|---------------------------------|---|--|----------|---|
|                            |                                 |   | Direct   | Indirect |   |
| Jiguang Hengxing           | The PRC<br>28 December 2006     | 600   | 100%   | —        | Engaged in the 4S dealership business       |
| Jiguang Xinghui Club       | The PRC<br>5 July 2004          | 500   | 100%   | —        | Engaged in organising automotive activities |
| Jiguang Xinghui Used Motor | The PRC<br>22 June 2016         | 30  | 100%   | —        | Engaged in used motor vehicle brokerage     |

All the subsidiaries are registered as companies with limited liability under the PRC law.

## 17. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

|                                 | As at 31 December |                 | As at 30 September |                 |
|---------------------------------|-------------------|-----------------|--------------------|-----------------|
|                                 | 2021<br>RMB'000   | 2022<br>RMB'000 | 2023<br>RMB'000    | 2024<br>RMB'000 |
| Motor vehicles                  | 58,315            | 86,819          | 65,950             | 69,412          |
| Spare parts and accessories     | <u>4,419</u>      | <u>10,315</u>   | <u>13,389</u>      | <u>9,904</u>    |
|                                 | 62,734            | 97,134          | 79,339             | 79,316          |
| Less: Provision for inventories | <u>(1,701)</u>    | <u>(3,227)</u>  | <u>(8,645)</u>     | <u>(12,069)</u> |
|                                 | <u>61,033</u>     | <u>93,907</u>   | <u>70,694</u>      | <u>67,247</u>   |

Inventories with a carrying amount of RMB51,258,000, RMB63,710,000, RMB57,494,000 and RMB64,542,000 were pledged as security for bank and other borrowings as at 31 December 2021, 2022, 2023 and 30 September 2024 (Note 22).

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

|                                     | Year ended 31 December |                |                | Nine months ended |
|-------------------------------------|------------------------|----------------|----------------|-------------------|
|                                     | 2021                   | 2022           | 2023           | 30 September 2024 |
|                                     | RMB'000                | RMB'000        | RMB'000        | RMB'000           |
| Carrying amount of inventories sold | 727,049                | 594,689        | 608,498        | 428,266           |
| Write-down of inventories           | (1,701)                | (1,526)        | (5,418)        | (3,424)           |
|                                     | <u>725,348</u>         | <u>593,163</u> | <u>603,080</u> | <u>424,842</u>    |

## 18. TRADE RECEIVABLES

At the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

|                    | As at 31 December |               |               | As at             |
|--------------------|-------------------|---------------|---------------|-------------------|
|                    | 2021              | 2022          | 2023          | 30 September 2024 |
|                    | RMB'000           | RMB'000       | RMB'000       | RMB'000           |
| Within 3 months    | 19,885            | 16,726        | 16,370        | 14,357            |
| 3 to 6 months      | —                 | 68            | 15            | 4,708             |
| 6 months to 1 year | —                 | —             | 210           | 540               |
| Over 1 year        | <u>2,397</u>      | <u>1,564</u>  | <u>1,272</u>  | <u>645</u>        |
|                    | <u>22,282</u>     | <u>18,358</u> | <u>17,867</u> | <u>20,250</u>     |

As 1 January 2021, the gross amount of trade receivables from contract with customers amounted to RMB39,098,000.

Jiguang Xinghui Group allows credit period ranged from one month to one year to its customers. Most of the trade receivables are expected to be recovered within one year. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. There was no significant increase in credit risk or default on the debtors, therefore, there was no significant loss allowance recognised for trade receivables as at 31 December 2021, 2022, 2023 and 30 September 2024.

## 19. OTHER RECEIVABLES

|                             | As at 31 December |               |               | As at             |
|-----------------------------|-------------------|---------------|---------------|-------------------|
|                             | 2021              | 2022          | 2023          | 30 September 2024 |
|                             | RMB'000           | RMB'000       | RMB'000       | RMB'000           |
| Other receivables           | 15,913            | 16,549        | 17,829        | 23,152            |
| Deposits                    | —                 | 7,500         | 10,500        | 10,500            |
| Rebate receivables          | 67,055            | 43,308        | 44,053        | 42,101            |
| Value-added tax recoverable | <u>1,106</u>      | <u>1,105</u>  | <u>771</u>    | <u>32</u>         |
|                             | <u>84,074</u>     | <u>68,462</u> | <u>73,153</u> | <u>75,785</u>     |

## 20. CASH IN TRANSIT

|                 | As at 31 December |              |            | As at        |
|-----------------|-------------------|--------------|------------|--------------|
|                 | 2021              | 2022         | 2023       | 30 September |
|                 | RMB'000           | RMB'000      | RMB'000    | 2024         |
|                 |                   |              |            | RMB'000      |
| Cash in transit | <u>1,100</u>      | <u>2,075</u> | <u>123</u> | <u>101</u>   |

Cash in transit, which was all denominated in RMB as at the end of the reporting period, represents the sales proceeds settled by credit cards, which have yet to be credited to Jiguang Xinghui Group by the banks.

## 21. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

|  | As at 31 December |              |               | As at        |
|--|-------------------|--------------|---------------|--------------|
|  | 2021              | 2022         | 2023          | 30 September |
|  | RMB'000           | RMB'000      | RMB'000       | 2024         |
|  |                   |              |               | RMB'000      |
| Cash at banks and on hand  | 12,041            | 6,085        | 14,357        | 7,487        |
| Restricted cash  |                   |              |               |              |
| Pledged deposits for bank loan                                     | <u>9,146</u>      | <u>3</u>     | <u>3</u>      | <u>3</u>     |
|  | 21,187            | 6,088        | 14,360        | 7,490        |
| Less: Restricted cash  | <u>9,146</u>      | <u>3</u>     | <u>3</u>      | <u>3</u>     |
| Cash and cash equivalents in the consolidated cash flow statements | <u>12,041</u>     | <u>6,085</u> | <u>14,357</u> | <u>7,487</u> |

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The pledged deposit is restricted as for obtaining the bank loan purpose.

(b) Reconciliation of profit/(loss) before tax to cash generated from operations:

| Notes   | As at 31 December |                 |                 | As at 30 September             |                 |
|---|-------------------|-----------------|-----------------|--------------------------------|-----------------|
|   | 2021<br>RMB'000   | 2022<br>RMB'000 | 2023<br>RMB'000 | 2023<br>RMB'000<br>(Unaudited) | 2024<br>RMB'000 |
| <b>Profit/(loss) before tax</b>                         | 20,418            | (41,277)        | (28,201)        | (15,299)                       | (38,745)        |
| Adjustments for:  |                   |                 |                 |                                |                 |
| Depreciation  | 8(c) 17,549       | 16,669          | 15,245          | 10,465                         | 9,970           |
| Amortisation of intangible assets                       | 8(c) 31           | 1               | 7               | 5                              | 5               |
| Finance costs   | 8(a) 10,013       | 6,036           | 5,523           | 3,906                          | 4,728           |
| Interest income   | 7 (176)           | (52)            | (14)            | (11)                           | (9)             |
| Write-down of inventories                               | 17(b) 1,701       | 1,526           | 5,418           | 2,256                          | 3,424           |
| Loss on disposal of property, plant and equipment       | 7 698             | 996             | 951             | 624                            | 1,755           |
| <b>Changes in working capital:</b>                      | 50,234            | (16,101)        | (1,071)         | 1,946                          | (18,872)        |
| Decrease/(increase) in inventories                      | 15,766            | (34,400)        | 17,795          | 19,455                         | 23              |
| Decrease/(increase) in trade receivables                | 69,351            | 3,924           | 491             | 6,618                          | (2,384)         |
| (Increase)/decrease in cash in transit                  | (1,100)           | (975)           | 1,952           | 1,659                          | 22              |
| (Increase)/decrease in restricted cash                  | (9,146)           | 9,143           | —               | —                              | —               |
| (Increase)/decrease in amounts due from related parties | (770)             | 625             | 2,765           | 195                            | —               |
| Decrease/(increase) in other receivables                | 43,439            | 15,612          | (4,691)         | (5,332)                        | (2,632)         |
| (Decrease)/increase in trade payables                   | (86,589)          | 27,815          | (4,340)         | (11,804)                       | 4,648           |
| (Decrease)/increase in amounts due to related parties   | (6,887)           | 7,428           | 1,891           | 1,892                          | 11,235          |
| (Decrease)/increase in other payables                   | (46,023)          | (347)           | 7,523           | 4,960                          | 2,668           |
| (Decrease)/increase in contract liabilities             | (7,561)           | 6,989           | 9,691           | (1,112)                        | 5,363           |
| <b>Cash generated from operations</b>                   | <u>20,714</u>     | <u>19,713</u>   | <u>32,006</u>   | <u>18,477</u>                  | <u>71</u>       |

(c) **Reconciliation of liabilities arising from financing activities**

The table below details changes in Jiguang Xinghui Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in Jiguang Xinghui Group's Notes to the consolidated financial statements as cash flows from financing activities.

|   | <b>Bank loans</b><br><i>(Note 22)</i><br><i>RMB'000</i>                      | <b>Lease liabilities</b><br><i>(Note 23)</i><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|---|--|--|--------------------------------|
| <b>At 1 January 2021</b>                | 98,171   | 66,671   | 164,842                        |
| Changes from financing cash flows:      |  |  |                                |
| Repayment of bank and other borrowings  | (38,000)   | —  | (38,000)                       |
| Capital element of lease rentals paid   | —  | (10,891)   | (10,891)                       |
| Interest element of lease rentals paid  | —  | (2,870)  | (2,870)                        |
| Interest paid                           | <u>(7,179)</u>   | <u>—</u>   | <u>(7,179)</u>                 |
| Total changes from financing cash flows | (45,179)   | (13,761)   | (58,940)                       |
| Other changes:                          |  |  |                                |
| Interest expenses <i>(Note 8 (a))</i>   | <u>7,143</u>   | <u>2,870</u>   | <u>10,013</u>                  |
| <b>At 31 December 2021</b>              | <u>60,135</u>  | <u>55,780</u>  | <u>115,915</u>                 |
|   | <b>Bank loans and other borrowings</b><br><i>(Note 22)</i><br><i>RMB'000</i> | <b>Lease liabilities</b><br><i>(Note 23)</i><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
| <b>At 1 January 2022</b>                | 60,135   | 55,780   | 115,915                        |
| Changes from financing cash flows:      |  |  |                                |
| Proceeds from bank and other borrowings | 94,232   | —  | 94,232                         |
| Repayment of bank and other borrowings  | (94,703)   | —  | (94,703)                       |
| Capital element of lease rentals paid   | —  | (11,409)   | (11,409)                       |
| Interest element of lease rentals paid  | —  | (2,353)  | (2,353)                        |
| Interest paid                           | <u>(3,758)</u>   | <u>—</u>   | <u>(3,758)</u>                 |
| Total changes from financing cash flows | (4,229)  | (13,762)   | (17,991)                       |
| Other changes:                          |  |  |                                |
| Interest expenses <i>(Note 8(a))</i>    | <u>3,683</u>   | <u>2,353</u>   | <u>6,036</u>                   |
| <b>At 31 December 2022</b>              | <u>59,589</u>  | <u>44,371</u>  | <u>103,960</u>                 |



|  | <b>Bank loans<br/>and other<br/>borrowings</b><br>(Note 22)<br>RMB'000 | <b>Lease<br/>liabilities</b><br>(Note 23)<br>RMB'000 | <b>Sale and<br/>lease-back<br/>payables</b><br>RMB'000 | <b>Total</b><br>RMB'000 |
|--|--|--|--|-------------------------|
| <b>At 1 January 2023</b>                       | 59,589   | 44,371   | —  | 103,960                 |
| Changes from financing cash flows:             |  |  |  |                         |
| Proceed from bank and other borrowings         | 262,575  | —  | —  | 262,575                 |
| Repayment of bank and other borrowings         | (264,346)  | —  | —  | (264,346)               |
| Capital element of lease rentals paid          | —  | (7,477)  | —  | (7,477)                 |
| Interest element of lease rentals paid         | —  | (1,697)  | —  | (1,697)                 |
| Proceeds from sale and lease-back transactions | —  | —  | 3,313  | 3,313                   |
| Payment of sale and lease-back transactions    | —  | —  | (3,689)  | (3,689)                 |
| Interest paid                                  | (3,391)  | —  | —  | (3,391)                 |
| Total changes from financing cash flows        | (5,162)  | (9,174)  | (376)  | (14,712)                |
| Other changes:                                 |  |  |  |                         |
| Rent concession                                | —  | (4,473)  | —  | (4,473)                 |
| Interest expenses<br>(Note 8(a))               | 3,450  | 1,697  | 376  | 5,523                   |
| <b>At 31 December 2023</b>                     | <b>57,877</b>  | <b>32,421</b>  | <b>—</b>   | <b>90,298</b>           |

|  | <b>Bank loans<br/>and other<br/>borrowings</b><br><i>(Note 22)</i><br><i>RMB'000</i> | <b>Lease<br/>liabilities</b><br><i>(Note 23)</i><br><i>RMB'000</i> | <b>Sale and<br/>lease-back<br/>payables</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|--|--|--|---|--------------------------------|
| <b>At 1 January 2023</b>                       | 59,589   | 44,371   | —   | 103,960                        |
| Changes from financing cash flows:             |  |  |   |                                |
| Proceeds from bank and other borrowings        | 183,102  | —  | —   | 183,102                        |
| Repayment of bank and other borrowings         | (185,546)  | —  | —   | (185,546)                      |
| Capital element of lease rentals paid          | —  | (5,575)  | —   | (5,575)                        |
| Interest element of lease rentals paid         | —  | (1,306)  | —   | (1,306)                        |
| Proceeds from sale and lease-back transactions | —  | —  | 1,880   | 1,880                          |
| Payment of sale and lease-back transactions    | —  | —  | (2,099)   | (2,099)                        |
| Interest paid                                  | (2,393)  | —  | —   | (2,393)                        |
| Total changes from financing cash flows        | (4,837)  | (6,881)  | (219)   | (11,937)                       |
| Other changes:                                 |  |  |   |                                |
| Rent concession                                | —  | (4,473)  | —   | (4,473)                        |
| Interest expenses<br><i>(Note 8(a))</i>        | 2,381  | 1,306  | 219   | 3,906                          |
| <b>At 30 September 2023<br/>(Unaudited)</b>    | <u>57,133</u>  | <u>34,323</u>  | <u>—</u>  | <u>91,456</u>                  |

|  | <b>Bank loans<br/>and other<br/>borrowings</b><br>(Note 22)<br>RMB'000 | <b>Lease<br/>liabilities</b><br>(Note 23)<br>RMB'000 | <b>Sale and<br/>lease-back<br/>payables</b><br>RMB'000 | <b>Total</b><br>RMB'000 |
|--|--|--|--|-------------------------|
| <b>At 1 January 2024</b>                       | 57,877   | 32,421   | —  | 90,298                  |
| Changes from financing cash flows:             |  |  |  |                         |
| Proceeds from bank and other borrowings        | 248,744  | —  | —  | 248,744                 |
| Repayment of bank and other borrowings         | (241,935)  | —  | —  | (241,935)               |
| Capital element of lease rentals paid          | —  | (4,331)  | —  | (4,331)                 |
| Interest element of lease rentals paid         | —  | (830)  | —  | (830)                   |
| Proceeds from sale and lease-back transactions | —  | —  | 6,839  | 6,839                   |
| Payment of sale and lease-back transactions    | —  | —  | (7,321)  | (7,321)                 |
| Interest paid                                  | (1,853)  | —  | —  | (1,853)                 |
| <b>Total changes from financing cash flows</b> | <b>4,956</b>   | <b>(5,161)</b>                                       | <b>(482)</b>   | <b>(687)</b>            |
| Other changes:                                 |  |  |  |                         |
| Rent concession                                | —  | (6,711)  | —  | (6,711)                 |
| Interest expenses<br>(Note 8(a))               | 3,416  | 830  | 482  | 4,728                   |
| <b>At 30 September 2024</b>                    | <b>66,249</b>  | <b>21,379</b>  | <b>—</b>   | <b>87,628</b>           |

**(d) Total cash outflow for leases**

Amounts included in the cash flow statement for leases comprise the following:

|                             | <b>Year ended 31 December</b> |             |             | <b>Nine months ended<br/>30 September</b> |             |
|-----------------------------|-------------------------------|-------------|-------------|---|-------------|
|                             | <b>2021</b>                   | <b>2022</b> | <b>2023</b> | <b>2023</b>                               | <b>2024</b> |
|                             | RMB'000                       | RMB'000     | RMB'000     | RMB'000                                   | RMB'000     |
|                             |                               |             |             | (Unaudited)                               |             |
| Within financing cash flows | (13,761)                      | (13,762)    | (9,174)     | (6,881)                                   | (5,161)     |

## 22. INTEREST-BEARING BANK AND OTHER BORROWINGS

The analysis of the carrying amount of interest-bearing bank and other borrowings are as follows:

|                  | As at 31 December |               |               | As at         |
|------------------|-------------------|---------------|---------------|---------------|
|                  | 2021              | 2022          | 2023          | 30 September  |
|                  | RMB'000           | RMB'000       | RMB'000       | 2024          |
|                  |                   |               |               | RMB'000       |
| Bank loans       |                   |               |               |               |
| — secured        | 60,135            | 36,060        | 32,008        | 33,544        |
| Other borrowings |                   |               |               |               |
| — secured        | —                 | 23,529        | 25,869        | 32,705        |
| Total            | <u>60,135</u>     | <u>59,589</u> | <u>57,877</u> | <u>66,249</u> |

Notes:

- (i) The bank loans carried interest at annual rates of 6%, 9%, 6%, 9% as at 31 December 2021, 2022, 2023 and 30 September 2024.
- (ii) The other borrowing mainly represents loan obtained from auto finance company of the respective automobile manufacturers for purchase of motor vehicles, which are secured, interest-bearing with annual rates of 5.69%, 5.69% and 5.69% as at 31 December 2022, 2023 and 30 September 2024.
- (iii) Certain of Jiguang Xinghui Group's bank and other loans are secured by Jiguang Xinghui Group's inventories with a carrying amount of RMB51,258,000, RMB63,710,000, RMB57,494,000 and RMB64,542,000 were pledged as security for bank and auto finance company as at 31 December 2021, 2022, 2023 and 30 September 2024.

## 23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of Jiguang Xinghui Group's lease liabilities at the end of the current and previous reporting periods:

|                                  | As at 31 December |               |               | As at         |
|----------------------------------|-------------------|---------------|---------------|---------------|
|                                  | 2021              | 2022          | 2023          | 30 September  |
|                                  | RMB'000           | RMB'000       | RMB'000       | 2024          |
|                                  |                   |               |               | RMB'000       |
| Current portion                  | <u>11,409</u>     | <u>11,951</u> | <u>12,519</u> | <u>11,255</u> |
| After 1 year but within 2 years  | 11,951            | 12,519        | 13,113        | 10,124        |
| After 2 years but within 5 years | <u>32,420</u>     | <u>19,901</u> | <u>6,789</u>  | <u>—</u>      |
| Non-current portion              | <u>44,371</u>     | <u>32,420</u> | <u>19,902</u> | <u>10,124</u> |
|                                  | <u>55,780</u>     | <u>44,371</u> | <u>32,421</u> | <u>21,379</u> |

## 24. TRADE PAYABLES

|                | As at 31 December |               |               | As at         |
|----------------|-------------------|---------------|---------------|---------------|
|                | 2021              | 2022          | 2023          | 30 September  |
|                | RMB'000           | RMB'000       | RMB'000       | 2024          |
|                |                   |               |               | RMB'000       |
| Trade payables | <u>10,806</u>     | <u>38,621</u> | <u>34,281</u> | <u>38,929</u> |

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

|                                    | As at 31 December |               |               | As at         |
|------------------------------------|-------------------|---------------|---------------|---------------|
|                                    | 2021              | 2022          | 2023          | 30 September  |
|                                    | RMB'000           | RMB'000       | RMB'000       | 2024          |
|                                    |                   |               |               | RMB'000       |
| Within 3 months                    | 10,806            | 38,621        | 31,977        | 34,443        |
| Over 3 months but within 6 months  | —                 | —             | 2,304         | 2,764         |
| Over 6 months but within 12 months | —                 | —             | —             | 1,722         |
|                                    | <u>10,806</u>     | <u>38,621</u> | <u>34,281</u> | <u>38,929</u> |

The average credit period granted by suppliers is average 15 days.

## 25. OTHER PAYABLES

|                      | As at 31 December |               |               | As at         |
|----------------------|-------------------|---------------|---------------|---------------|
|                      | 2021              | 2022          | 2023          | 30 September  |
|                      | RMB'000           | RMB'000       | RMB'000       | 2024          |
|                      |                   |               |               | RMB'000       |
| Other taxes payables | 1,134             | 496           | 864           | 2,541         |
| Payroll payable      | 16,903            | 16,788        | 19,690        | 20,354        |
| Others               | <u>25,750</u>     | <u>26,156</u> | <u>30,409</u> | <u>30,736</u> |
|                      | <u>43,787</u>     | <u>43,440</u> | <u>50,963</u> | <u>53,631</u> |

Other payables are non-interest-bearing and have no fixed terms of settlement.

## 26. CONTRACT LIABILITIES

|   | As at 31 December |                 |                 | As at           |
|---|-------------------|-----------------|-----------------|-----------------|
|   | 2021              | 2022            | 2023            | 30 September    |
|   | RMB'000           | RMB'000         | RMB'000         | 2024            |
|   |                   |                 |                 | RMB'000         |
| Advance from customers                    | 16,655            | 15,127          | 21,956          | 26,618          |
| Deferred revenue                          | <u>34,683</u>     | <u>43,200</u>   | <u>46,061</u>   | <u>46,762</u>   |
|   | 51,338            | 58,327          | 68,017          | 73,380          |
| Portion classified as current liabilities | <u>(36,771)</u>   | <u>(40,183)</u> | <u>(48,671)</u> | <u>(53,740)</u> |
| Non-current portion                       | <u>14,567</u>     | <u>18,144</u>   | <u>19,346</u>   | <u>19,640</u>   |

As at 1 January 2021, contract liabilities amounted to approximately RMB58,900,000.

The contract liabilities primarily consist of (i) advances from customers for purchasing new automobiles; and (ii) deferred revenue, which mainly represents the unused gift cards or prepaid repair and maintenance services.

## 27. DEFERRED TAX ASSETS AND LIABILITIES

### (a) Deferred tax assets and liabilities recognised

#### (i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

|   | Deferred<br>revenue<br>RMB'000 | Impairment<br>of assets<br>RMB'000 | Right-of-use<br>assets<br>RMB'000 | lease<br>liabilities<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------------------|------------------------------------|-----------------------------------|---------------------------------|------------------|
| At 1 January 2021                         | 8,067                          | —                                  | —                                 | —                               | 8,067            |
| Credited/(charged) to<br>profit or loss   | <u>604</u>                     | <u>412</u>                         | <u>(13,637)</u>                   | <u>13,945</u>                   | <u>1,324</u>     |
| At 31 December 2021<br>and 1 January 2022 | 8,671                          | 412                                | (13,637)                          | 13,945                          | 9,391            |
| Credited/(charged) to<br>profit or loss   | <u>2,129</u>                   | <u>381</u>                         | <u>3,030</u>                      | <u>(2,852)</u>                  | <u>2,688</u>     |
| At 31 December 2022<br>and 1 January 2023 | 10,800                         | 793                                | (10,607)                          | 11,093                          | 12,079           |
| Credited/(charged) to<br>profit or loss   | <u>715</u>                     | <u>1,355</u>                       | <u>3,830</u>                      | <u>(2,988)</u>                  | <u>2,912</u>     |
| At 31 December 2023<br>and 1 January 2024 | 11,515                         | 2,148                              | (6,777)                           | 8,105                           | 14,991           |
| Credited/(charged) to<br>profit or loss   | <u>175</u>                     | <u>856</u>                         | <u>3,208</u>                      | <u>(2,761)</u>                  | <u>1,478</u>     |
| At 30 September 2024                      | <u>11,690</u>                  | <u>3,004</u>                       | <u>(3,569)</u>                    | <u>5,344</u>                    | <u>16,469</u>    |

#### (ii) Reconciliation to the consolidated statement of financial position

|   | As at 31 December<br>2021<br>RMB'000 | As at 31 December<br>2022<br>RMB'000 | 2023<br>RMB'000 | As at<br>30 September<br>2024<br>RMB'000 |
|---|--------------------------------------|--------------------------------------|-----------------|--|
| Net deferred tax asset<br>recognised in the<br>consolidated<br>statement of<br>financial position       | 23,028                               | 22,686                               | 21,768          | 20,038                                   |
| Net deferred tax<br>liabilities recognised<br>in the consolidated<br>statement of<br>financial position | <u>(13,637)</u>                      | <u>(10,607)</u>                      | <u>(6,777)</u>  | <u>(3,569)</u>                           |
|   | <u>9,391</u>                         | <u>12,079</u>                        | <u>14,991</u>   | <u>16,469</u>                            |

## 28. CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of Jiguang Xinghui Group's consolidated equity is set out in the consolidated statement of changes in equity. There is no change in Jiguang Xinghui's individual components of equity during the relevant periods.

### (b) Dividends

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since 30 September 2024.

### (c) Share capital

Jiguang Xinghui's registered, issued and fully paid up capital is tabled below:

|  | Registered and fully paid up capital |               |               |               |
|--|--------------------------------------|---------------|---------------|---------------|
|  | 2021                                 | 2022          | 2023          | 2024          |
|  | RMB'000                              | RMB'000       | RMB'000       | RMB'000       |
| At the beginning and the end of reporting period | <u>50,000</u>                        | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> |

## 29. FINANCIAL RISK MANAGEMENT

### Categories of financial instruments

|                              | As at 31 December |                |                | As at             |
|------------------------------|-------------------|----------------|----------------|-------------------|
|                              | 2021              | 2022           | 2023           | 30 September 2024 |
|                              | RMB'000           | RMB'000        | RMB'000        | RMB'000           |
| <b>Financial assets</b>      |                   |                |                |                   |
| At amortised cost            | <u>133,427</u>    | <u>99,143</u>  | <u>107,232</u> | <u>106,094</u>    |
| <b>Financial liabilities</b> |                   |                |                |                   |
| At amortised cost            | <u>170,508</u>    | <u>193,449</u> | <u>184,861</u> | <u>200,742</u>    |

Exposure to credit, liquidity and interest rate risks arises in the normal course of Jiguang Xinghui Group's business.

Jiguang Xinghui Group's exposure to these risks and the financial risk management policies and practices used by Jiguang Xinghui Group to manage these risks are described below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Jiguang Xinghui Group. Jiguang Xinghui Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash, cash in transit, amount due from related parties, trade receivables and other receivables.

Jiguang Xinghui Group's exposure to credit risk arising from cash and cash equivalents, restricted cash and cash in transit is limited because the counterparties are banks and financial institutions for which Jiguang Xinghui Group considers to have low credit risk.

#### *Trade receivables*

Credit risk in respect of trade receivables is limited since credit sales are offered in rare cases subject to high level management's approval. Trade receivables balances mainly represent receivables from individual customers, who obtain mortgages from their financial institutions and used the drawn-down mortgage principal to settle Jiguang Xinghui Group's trade receivables within one month when the mortgages were granted by their financial institutions, indemnity receivables due from insurance companies and warranty receivables from automobile manufacturers. For the receivables from insurance companies and automobile manufacturers, risk of default is considered low, as these are companies with good credit rating. Normally, Jiguang Xinghui Group does not obtain collateral from customers.

Jiguang Xinghui Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Based on historical loss ratios, Jiguang Xinghui Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for trade receivables as at 31 December 2021, 2022, 2023 and 30 September 2024. Jiguang Xinghui Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### *Other receivables*

Credit risk in respect of other receivables is limited since the counterparties are of good reputation and their receivables are settled on a regular basis.

Jiguang Xinghui Group measures loss allowances for other receivables at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

No significant concentration risks for trade receivables and other receivables as they are widely spread in different sections and region. There are no other customers who represent more than 10% of the total trade receivable balance as at the end of the reporting periods.

#### **(b) Liquidity risk**

Liquidity risk is the risk that Jiguang Xinghui Group will not be able to meet its financial obligations as they fall due.

Jiguang Xinghui Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Jiguang Xinghui Group's reputation.

Jiguang Xinghui Group's policy is to regularly monitor current and expected liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The directors of Jiguang Xinghui Group have given careful consideration to the going concern of Jiguang Xinghui Group in light of the fact that as of 30 September 2024, Jiguang Xinghui Group's net current liabilities and net liabilities of approximately RMB73,485,000 and RMB52,047,000 respectively.

Subsequent to 30 September 2024, Jiguang Xinghui has entered into a sales and lease-back arrangement with a principal amount of approximately RMB6,431,000. In addition, there are available unused facilities of RMB42,433,000 from an auto finance company as of 30 September 2024. Furthermore, a facility amounting to RMB20,000,000 has been obtained from an independent third party subsequent to 30 September 2024, which has provided funds to Jiguang Xinghui.



The following tables show the remaining contractual maturities at the end of the reporting period of Jiguang Xinghui Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Jiguang Xinghui Group can be required to pay:

| <b>At 31 December 2021</b>                   |                                   |   |                          |                |                                      |
|--|-----------------------------------|---|--------------------------|----------------|--------------------------------------|
| <b>Contractual undiscounted cash outflow</b> |                                   |   |                          |                | <b>Balance sheet carrying amount</b> |
|  | <b>Within 1 year or on demand</b> | <b>More than 1 year but less than 5 years</b> | <b>More than 5 years</b> | <b>Total</b>   |                                      |
|  | <i>RMB'000</i>                    | <i>RMB'000</i>                                | <i>RMB'000</i>           | <i>RMB'000</i> | <i>RMB'000</i>                       |
| Interest-bearing bank and other borrowings   | 65,547                            | —   | —                        | 65,547         | 60,135                               |
| Lease liabilities                            | 13,761                            | 41,283  | 6,881                    | 61,925         | 55,780                               |
| Other payables                               | 43,787                            | —   | —                        | 43,787         | 43,787                               |
| Trade payables                               | 10,806                            | —   | —                        | 10,806         | 10,806                               |
|  | <u>133,901</u>                    | <u>41,283</u>                                 | <u>6,881</u>             | <u>182,065</u> | <u>170,508</u>                       |

| <b>At 31 December 2022</b>                   |                                   |   |                |  |                                      |
|--|-----------------------------------|---|----------------|--|--------------------------------------|
| <b>Contractual undiscounted cash outflow</b> |                                   |   |                |  | <b>Balance sheet carrying amount</b> |
|  | <b>Within 1 year or on demand</b> | <b>More than 1 year but less than 5 years</b> | <b>Total</b>   |  |                                      |
|  | <i>RMB'000</i>                    | <i>RMB'000</i>                                | <i>RMB'000</i> |  | <i>RMB'000</i>                       |
| Interest-bearing bank and other borrowings   | 61,753                            | —   | 61,753         |  | 59,589                               |
| Lease liabilities                            | 13,761                            | 34,403  | 48,164         |  | 44,371                               |
| Amounts due to related parties               | 7,428                             | —   | 7,428          |  | 7,428                                |
| Other payables                               | 43,440                            | —   | 43,440         |  | 43,440                               |
| Trade payables                               | 38,621                            | —   | 38,621         |  | 38,621                               |
|  | <u>165,003</u>                    | <u>34,403</u>                                 | <u>199,406</u> |  | <u>193,449</u>                       |

| At 31 December 2023                           |   |  |                  |   |
|---|---|--|------------------|---|
| Contractual undiscounted cash outflow         |   |  |                  |   |
|   | Within<br>1 year or on<br>demand<br>RMB'000 | More than<br>1 year but<br>less than<br>5 years<br>RMB'000 | Total<br>RMB'000 | Balance<br>sheet<br>carrying<br>amount<br>RMB'000 |
| Interest-bearing bank and<br>other borrowings | 60,757                                      | —  | 60,757           | 57,877  |
| Lease liabilities                             | 13,761                                      | 20,642   | 34,403           | 32,421  |
| Amounts due to related<br>parties             | 9,319                                       | —  | 9,319            | 9,319   |
| Other payables                                | 50,963                                      | —  | 50,963           | 50,963  |
| Trade payables                                | 34,281                                      | —  | 34,281           | 34,281  |
|   | <u>169,081</u>                              | <u>20,642</u>  | <u>189,723</u>   | <u>184,861</u>                                    |

| At 30 September 2024                          |   |  |                  |   |
|---|---|--|------------------|---|
| Contractual undiscounted cash outflow         |   |  |                  |   |
|   | Within<br>1 year or on<br>demand<br>RMB'000 | More than<br>1 year but<br>less than<br>5 years<br>RMB'000 | Total<br>RMB'000 | Balance<br>sheet<br>carrying<br>amount<br>RMB'000 |
| Interest-bearing bank and<br>other borrowings | 69,129                                      | —  | 69,129           | 66,249  |
| Lease liabilities                             | 12,041                                      | 10,322   | 22,363           | 21,379  |
| Amounts due to related<br>parties             | 20,554                                      | —  | 20,554           | 20,554  |
| Other payables                                | 53,631                                      | —  | 53,631           | 53,631  |
| Trade payables                                | 38,929                                      | —  | 38,929           | 38,929  |
|   | <u>194,284</u>                              | <u>10,322</u>  | <u>204,606</u>   | <u>200,742</u>                                    |

(c) **Interest rate risk**

(i) **Interest rate profile**

Cash and cash equivalents, restricted cash and interest-bearing bank and other borrowings are the major types of Jiguang Xinghui Group's financial instruments subject to interest rate risk. Cash at bank are with floating or fixed interest rates ranging from 0.3%–0.35%, 0.25%–0.3%, 0.2%–0.25% and 0.15%–0.2% per annum for the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024.

Jiguang Xinghui Group's interest-bearing borrowings and interest rates as at 31 December 2021, 2022, 2023 and 30 September 2024 are as follows:

|                       | <b>Interest rate</b> | <b>At<br/>31 December<br/>2021<br/>RMB'000</b>  |
|-----------------------|----------------------|---|
| Fixed rate borrowings | 6%                   | <u>60,135</u>                                   |
|                       | <b>Interest rate</b> | <b>At<br/>31 December<br/>2022<br/>RMB'000</b>  |
| Fixed rate borrowings | 5.69%–9%             | <u>59,589</u>                                   |
|                       | <b>Interest rate</b> | <b>At<br/>31 December<br/>2023<br/>RMB'000</b>  |
| Fixed rate borrowings | 5.69%–6%             | <u>57,877</u>                                   |
|                       | <b>Interest rate</b> | <b>At<br/>30 September<br/>2024<br/>RMB'000</b> |
| Fixed rate borrowings | 5.69%–9%             | <u>66,249</u>                                   |

Interest rate risk of Jiguang Xinghui is minimal as majority borrowings are fixed rate.

### 30. MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021, 2022, 2023 and the nine months ended 30 September 2024, the directors are of the view that the following companies are related parties of Jiguang Xinghui Group:

|   | Relationship                         |
|---|--------------------------------------|
| Beijing Jiguang Shunfeng Investment Co., Ltd.*<br>("Jiguang Shunfeng") 北京極光順風投資有限公司           | Shareholder of Jiguang Xinghui Group |
| Beijing Jiguang Real Estate Development Co., Ltd.*<br>("Jiguang Real Estate") 北京極光置業房地產開發有限公司 | A fellow subsidiary                  |
| Beijing Jiguang Hanhai Culture and Media Co., Ltd.* ("Jiguang Hanhai") 北京極光瀚海文化傳媒有限公司         | A fellow subsidiary                  |

#### (a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial information, Jiguang Xinghui Group had the following transactions with related parties for the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2023 and 2024:

|                                   | Year ended 31 December |               |               | Nine months ended 30 September |              |
|-----------------------------------|------------------------|---------------|---------------|--------------------------------|--------------|
|                                   | 2021                   | 2022          | 2023          | 2023                           | 2024         |
|                                   | RMB'000                | RMB'000       | RMB'000       | RMB'000                        | RMB'000      |
|                                   | (Unaudited)            |               |               |                                |              |
| <b>Lease payments:</b>            |                        |               |               |                                |              |
| Jiguang Real Estate               | 13,761                 | 13,762        | 9,174         | 6,881                          | 5,161        |
| <b>Service income from:</b>       |                        |               |               |                                |              |
| Jiguang Real Estate               | 890                    | 893           | 2,645         | 2,238                          | 601          |
| <b>Purchase of services from:</b> |                        |               |               |                                |              |
| Jiguang Real Estate               | 10,377                 | 10,377        | 10,377        | 7,783                          | 6,014        |
| Jiguang Hanhai                    | 5,157                  | 5,967         | 2,710         | 2,647                          | 553          |
|                                   | <u>15,534</u>          | <u>16,344</u> | <u>13,087</u> | <u>10,430</u>                  | <u>6,567</u> |

#### (b) Rental services

Based on IFRS 16, the minimum amount of rent payable by Jiguang Xinghui Group to a related party under the terms of the arrangement in connection with its use of land use rights and buildings had resulted in recognition of a lease liability with the balance of RMB55,780,000, RMB44,371,000, RMB32,421,000 and RMB21,379,000 and a right-of-use asset with the balance of RMB54,549,000, RMB42,427,000, RMB27,110,000 and RMB14,279,000 as at 31 December 2021, 2022, 2023 and 30 September 2024. In addition, Jiguang Xinghui Group recorded depreciation of right-of-use asset of RMB12,121,000, RMB12,122,000, RMB10,844,000 and RMB6,120,000 and interest expense of RMB2,870,000, RMB2,353,000, RMB1,697,000 and RMB830,000 in its consolidated statement of profit or loss for the years ended 31 December 2021, 2022, 2023 and nine months ended 30 September 2024.

(c) Balances with related parties

|   | As at 31 December |              |              | As at         |
|---|-------------------|--------------|--------------|---------------|
|   | 2021              | 2022         | 2023         | 30 September  |
|   | RMB'000           | RMB'000      | RMB'000      | 2024          |
|   |                   |              |              | RMB'000       |
| <b>Amount due from related parties:</b> |                   |              |              |               |
| Jiguang Real Estate                     | 3,320             | 2,695        | 2,500        | 2,500         |
| Jiguang Shunfeng                        | <u>2,570</u>      | <u>2,570</u> | <u>—</u>     | <u>—</u>      |
|   | <u>5,890</u>      | <u>5,265</u> | <u>2,500</u> | <u>2,500</u>  |
| <b>Amounts due to related parties:</b>  |                   |              |              |               |
| Jiguang Real Estate                     | <u>—</u>          | 6,428        | 9,319        | 14,554        |
| Jiguang Hanhai                          | <u>—</u>          | <u>1,000</u> | <u>—</u>     | <u>6,000</u>  |
|   | <u>—</u>          | <u>7,428</u> | <u>9,319</u> | <u>20,554</u> |

(d) Compensation of key management personnel of Jiguang Xinghui Group

|  | Year ended 31 December |              |              | Nine months ended |              |
|--|------------------------|--------------|--------------|-------------------|--------------|
|  | 2021                   | 2022         | 2023         | 30 September      |              |
|  | RMB'000                | RMB'000      | RMB'000      | 2023              | 2024         |
|  |                        |              |              | RMB'000           | RMB'000      |
| Salaries, wages and other benefits                     | 1,787                  | 1,735        | 1,781        | 1,336             | 1,340        |
| Contributions to defined contribution retirement plans | <u>100</u>             | <u>120</u>   | <u>128</u>   | <u>95</u>         | <u>99</u>    |
| Total compensation paid to key management personnel    | <u>1,887</u>           | <u>1,855</u> | <u>1,909</u> | <u>1,431</u>      | <u>1,439</u> |

### 31. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

|  | As at 31 December |                |                 | As at           |
|--|-------------------|----------------|-----------------|-----------------|
|  | 2021              | 2022           | 2023            | 30 September    |
|  | RMB'000           | RMB'000        | RMB'000         | 2024            |
|  |                   |                |                 | RMB'000         |
| <b>Non-current assets</b>                    |                   |                |                 |                 |
| Property, plant and equipment                | 17,465            | 16,195         | 17,474          | 17,946          |
| Right-of-use assets                          | 54,549            | 42,427         | 27,110          | 14,279          |
| Interest in subsidiaries                     | 1,230             | 1,230          | 1,230           | 1,230           |
| Intangible assets                            | —                 | 20             | 13              | 8               |
| Amount due from a related party              | 2,500             | 2,500          | 2,500           | 2,500           |
| Deferred tax assets                          | 3,482             | 5,654          | 8,158           | 9,586           |
|  | <u>79,226</u>     | <u>68,026</u>  | <u>56,485</u>   | <u>45,549</u>   |
| <b>Current assets</b>                        |                   |                |                 |                 |
| Inventories                                  | 60,512            | 93,385         | 70,172          | 67,247          |
| Trade receivables                            | 20,394            | 18,376         | 19,490          | 19,960          |
| Amount due from a related party              | 3,390             | 2,765          | —               | —               |
| Other receivables                            | 90,380            | 71,003         | 73,301          | 68,231          |
| Cash in transit                              | 1,088             | 2,026          | 111             | 54              |
| Restricted cash                              | 9,146             | 3              | 3               | 3               |
| Cash and cash equivalents                    | 4,455             | 4,074          | 5,835           | 5,454           |
|  | <u>189,365</u>    | <u>191,632</u> | <u>168,912</u>  | <u>160,949</u>  |
| <b>Current liabilities</b>                   |                   |                |                 |                 |
| Trade payables                               | 10,806            | 38,621         | 34,229          | 37,019          |
| Amount due to a related party                | —                 | 7,428          | 9,319           | 20,554          |
| Other payables                               | 40,442            | 49,696         | 60,489          | 67,806          |
| Contract liabilities                         | 23,011            | 24,457         | 28,960          | 30,637          |
| Interest-bearing bank and other borrowings   | 60,135            | 59,589         | 57,877          | 66,249          |
| Lease liabilities                            | 11,409            | 11,951         | 12,519          | 11,255          |
| Income tax payables                          | 2,388             | —              | —               | —               |
|  | <u>148,191</u>    | <u>191,742</u> | <u>203,393</u>  | <u>233,520</u>  |
| <b>Net current assets/(liabilities)</b>      | <u>41,174</u>     | <u>(110)</u>   | <u>(34,481)</u> | <u>(72,571)</u> |
| <b>Total assets less current liabilities</b> | <u>120,400</u>    | <u>67,916</u>  | <u>22,004</u>   | <u>(27,022)</u> |
| <b>Non-current liabilities</b>               |                   |                |                 |                 |
| Contract liabilities                         | 4,641             | 7,349          | 7,867           | 8,077           |
| Lease liabilities                            | 44,371            | 32,420         | 19,902          | 10,124          |
|  | <u>49,012</u>     | <u>39,769</u>  | <u>27,769</u>   | <u>18,201</u>   |
| <b>Net assets/(liabilities)</b>              | <u>71,388</u>     | <u>28,147</u>  | <u>(5,765)</u>  | <u>(45,223)</u> |
| <b>Capital and reserve</b>                   |                   |                |                 |                 |
| Share capital                                | 50,000            | 50,000         | 50,000          | 50,000          |
| Reserves                                     | 21,388            | (21,853)       | (55,765)        | (95,223)        |
| <b>Total equity/(capital deficiency)</b>     | <u>71,388</u>     | <u>28,147</u>  | <u>(5,765)</u>  | <u>(45,223)</u> |

#### **C. EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

#### **D. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by Jiguang Xinghui Group in respect of any period subsequent to 30 September 2024.