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CENTENARY UNITED HOLDINGS LIMITED

世紀聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1959)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB1,998.7 million, representing a decrease of approximately RMB53.1 million compared with the same period in 2021 (“YoY”).
- Revenue of sales of motor vehicles amounted to approximately RMB1,732.1 million, representing a YoY decrease of approximately RMB56.9 million.
- Gross profit amounted to approximately RMB100.4 million, representing a YoY decrease of approximately RMB18.5 million.
- Loss attributable to the equity shareholders amounted to approximately RMB23.6 million.

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Centenary United Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Year 2022**” or the “**Year**”) together with comparative figures for the year ended 31 December in 2021 (the “**Year 2021**” or “**Previous Year**”) as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	4	1,998,707	2,051,803
Cost of sales		<u>(1,898,267)</u>	<u>(1,932,841)</u>
Gross profit		100,440	118,962
Other income and gains	4	48,303	38,995
Selling and distribution expenses		(71,100)	(60,282)
Administrative expenses		(78,451)	(69,684)
Other expenses, net		(6,671)	(8,804)
Finance costs	6	<u>(11,076)</u>	<u>(10,870)</u>
(LOSS)/PROFIT BEFORE TAX	5	(18,555)	8,317
Income tax expense	7	<u>(5,270)</u>	<u>(6,155)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(23,825)</u>	<u>2,162</u>
Attributable to:			
Owners of the parent		(23,632)	2,681
Non-controlling interests		<u>(193)</u>	<u>(519)</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>RMB(4.68) cents</u>	<u>RMB0.53 cents</u>
Diluted	9	<u>RMB(4.68) cents</u>	<u>RMB0.53 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(23,825)</u>	<u>2,162</u>
OTHER COMPREHENSIVE INCOME		
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>135</u>	<u>57</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>135</u>	<u>57</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(23,690)</u>	<u>2,219</u>
Attributable to:		
Owners of the parent	(23,497)	2,738
Non-controlling interests	<u>(193)</u>	<u>(519)</u>
	<u>(23,690)</u>	<u>2,219</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		194,646	164,332
Right-of-use assets		95,677	43,460
Other intangible assets		349	338
Deferred tax assets		792	541
		<hr/>	<hr/>
Total non-current assets		291,464	208,671
CURRENT ASSETS			
Inventories	<i>10</i>	232,853	215,591
Trade receivables	<i>11</i>	14,674	9,110
Prepayments, other receivables and other assets		221,135	209,286
Pledged deposits		54,361	94,211
Cash and cash equivalents		82,229	65,028
		<hr/>	<hr/>
Total current assets		605,252	593,226
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	111,444	141,245
Contract liabilities		38,222	47,407
Other payables and accruals		59,025	40,078
Interest-bearing bank and other borrowings		184,212	214,618
Amount due to a director	<i>14</i>	170,700	40,000
Tax payable		21,496	22,578
		<hr/>	<hr/>
Total current liabilities		585,099	505,926
NET CURRENT ASSETS			
		20,153	87,300
TOTAL ASSETS LESS CURRENT LIABILITIES			
		311,617	295,971

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		68,705	32,713
Deferred income		987	—
		<hr/>	<hr/>
Total non-current liabilities		69,692	32,713
		<hr/>	<hr/>
Net assets		241,925	263,258
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>13</i>	4,558	4,558
Reserves		235,974	257,114
		<hr/>	<hr/>
Equity attributable to owners of the parent		240,532	261,672
Non-controlling interests		1,393	1,586
		<hr/>	<hr/>
Total equity		241,925	263,258
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 October 2018. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 October 2019 (the “**Listing**”). The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are mainly engaged in the sale and service of motor vehicles and provision of services in the People’s Republic of China (the “**PRC**”).

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

Other than as explained below regarding the impact of Amendment to IFRS 16, the adoption of the above revised standards has had no significant financial effect on these consolidated financial statements.

Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB2,437,000 (2021: RMB3,870,000) has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2022. There was no impact on the opening balance of equity as at 1 January 2022.

3. OPERATING SEGMENT INFORMATION

The Group principally engages in the sale of motor vehicles and provision of auto services in the PRC.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the reporting period, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and most of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical segment information is presented.

Information about major customers

No revenue from sales of motor vehicles or provision of services to a single customer amounted to 10% or more of total revenue of the Group during the reporting period.

4. REVENUE, OTHER INCOME AND GAINS

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

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Types of goods or services		
Sale of motor vehicles	1,732,127	1,789,059
Other integrated auto services	<u>266,580</u>	<u>262,744</u>
Total revenue from contracts with customers	<u><u>1,998,707</u></u>	<u><u>2,051,803</u></u>
Timing of revenue recognition		
Transferred at a point in time	1,771,235	1,838,568
Transferred over time	<u>227,472</u>	<u>213,235</u>
Total revenue from contracts with customers	<u><u>1,998,707</u></u>	<u><u>2,051,803</u></u>

(ii) *Performance obligations*

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

Sales of goods

The performance obligation is satisfied upon delivery of the merchandised products and payment in advance is generally required.

Provision of services

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

The unsatisfied performance obligations are expected to be satisfied within one year.

Other income and gains

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	1,797	800
Government grants released (<i>note (a)</i>)	1,934	3,176
Gain on disposal of property, plant and equipment	3,617	3,465
Others (<i>note (b)</i>)	<u>40,955</u>	<u>31,554</u>
	<u>48,303</u>	<u>38,995</u>

Notes:

- (a) Government grants released represented the funds from the PRC government authorities for hosting vehicle exhibitions and other promotional activities.
- (b) Others mainly included commission income from releasing vehicle mortgages for the customers, commission income from third party financing institutions for vehicle financing and advertisement support received from automobile manufacturers for advertising activities.

5. (LOSS)/PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	85,490	72,461
Pension scheme contributions	15,169	13,265
	<u>100,659</u>	<u>85,726</u>
Cost of inventories sold (<i>note (a)</i>)	1,735,620	1,797,363
Cost of services provided	162,647	135,478
Depreciation of property, plant and equipment	29,371	20,119
Depreciation of right-of-use assets	23,340	9,142
Amortisation of other intangible assets	46	46
Equity-settled share option expense	2,357	3,076
Auditor's remuneration	1,790	1,300
Gain on disposal of property, plant and equipment	(3,617)	(3,465)
Impairment/(reversals of impairment) of trade receivables (<i>note (b)</i>)	56	(31)
Write-down of inventories to net realisable value	929	635
Interest income	(1,797)	(800)
Stock loss (<i>note (b), note (c)</i>)	<u>2,163</u>	<u>7,392</u>

Notes:

- (a) Inclusive of write-down of inventories to net realisable value.
- (b) Included in "Other expenses, net" in the consolidated statement of profit or loss.
- (c) In early March 2022, the management of the Company found that a legally dismissed employee of the Group (who was once a salesperson of Zhongshan Century Jaguar, a wholly owned subsidiary of the Company) (the "Former Employee"), was suspected to have misappropriated car assets of Zhongshan Century Jaguar. Zhongshan Century Jaguar immediately reported the Former Employee's suspected misappropriation to the Chinese police authorities and immediately dismissed him according to law. The Company was informed that the case was closed and the Former Employee has been sentenced to prison and ordered to pay the compensation to Zhongshan Century Jaguar. The stock losses that have been recognised in 2022 are approximately RMB2.2 million (2021: RMB7.4 million).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	6,420	9,699
Interest on lease liabilities	4,656	1,171
	<u>11,076</u>	<u>10,870</u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the entities of the Group which were incorporated in the Cayman Islands and the BVI are not subject to any income tax.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the reporting period.

PRC Corporate Income Tax (“CIT”)

Certain subsidiaries of the Group operating in Mainland China were certified as small and micro-sized enterprises (“SMEs”) in 2022 and 2021. They enjoyed a 87.5% (2021: 87.5%) reduction of the first RMB1,000,000 of taxable income, a 75% (2021: 50%) reduction of taxable income between RMB1,000,000 and RMB3,000,000 and the preferential CIT rate of 20%.

Pursuant to the CIT Law and the respective regulations, the other PRC subsidiaries were subject to income tax at a statutory rate of 25% for the years ended 31 December 2022 and 31 December 2021.

CIT of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in the PRC during the reporting period.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current — the PRC		
Charge for the year	5,521	5,610
Deferred income tax	<u>(251)</u>	<u>545</u>
Total tax charge for the year	<u>5,270</u>	<u>6,155</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate of the majority of the Group's subsidiaries to the tax expense at the effective tax rate for each of the reporting period is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/profit before tax	<u>(18,555)</u>	<u>8,317</u>
Tax at the statutory tax rate of 25%	(4,639)	2,079
Lower tax rates enacted by local authority	1,901	(1,758)
Expenses not deductible for tax	6,356	69
Tax losses utilised from previous periods	(1,251)	—
Tax effect of tax losses not recognised	<u>2,903</u>	<u>5,765</u>
Tax charge at the effective rate	<u>5,270</u>	<u>6,155</u>

8. DIVIDENDS

No dividend has been paid or declared by the Company during the the year ended 31 December 2022 and subsequent to the end of the reporting period (2021: Nil).

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

The calculations of the basic earnings per share amount are based on the (loss)/profit for the Year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 505,202,000 (2021: 503,018,000) in issue during the year.

No adjustment has been made to the basic earnings per Share amounts presented for the years ended 31 December 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per Share amounts presented.

The calculation of the diluted earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent for the year ended 31 December 2021. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year ended 31 December 2021, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	<u><u>(23,632)</u></u>	<u><u>2,681</u></u>
Shares		
Weighted average number of ordinary shares in issue during the year	505,202	503,018
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>5,082</u>
	<u>505,202</u>	<u>508,100</u>
	<i>RMB cents</i>	<i>RMB cents</i>
(Loss)/earnings per share:		
Basic	<u><u>(4.68)</u></u>	<u><u>0.53</u></u>
Diluted	<u><u>(4.68)</u></u>	<u><u>0.53</u></u>

10. INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Vehicles	221,636	208,863
Accessories	11,217	6,728
	<u>232,853</u>	<u>215,591</u>

At 31 December 2022, the Group's inventories with a carrying amount of approximately RMB63,616,000 (2021: RMB33,632,000) were pledged as security for the Group's interest-bearing bank and other borrowings.

11. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	14,822	9,202
Impairment	(148)	(92)
	<u>14,674</u>	<u>9,110</u>

Trade receivables of the Group represented proceeds receivable from the sale of motor vehicles and the provision of services. The Group's trading terms with its customers normally require payment in advance, except for certain customers of services where credit is allowed. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there was no significant concentration of credit risk as at 31 December 2022. Trade receivables were interest-free and unsecured as at 31 December 2022.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	13,410	8,939
3 to 12 months	1,264	171
	<u>14,674</u>	<u>9,110</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	92	123
Impairment losses recognised (<i>note 5</i>)	56	(31)
At the end of year	<u>148</u>	<u>92</u>

As at 31 December 2022

	Invoice date Within 3 months	Invoice date 3 to 12 months	Total
ECL rate	1%	1%	1%
Gross carrying amount (<i>RMB'000</i>)	13,545	1,277	14,822
ECLs (<i>RMB'000</i>)	135	13	148

As at 31 December 2021

	Invoice date Within 3 months	Invoice date 3 to 12 months	Total
ECL rate	1%	1%	1%
Gross carrying amount (<i>RMB'000</i>)	9,029	173	9,202
ECLs (<i>RMB'000</i>)	90	2	92

The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days of ageing. The expected loss rate of trade receivables is assessed to be approximately 1%. There was no significant change in the ECL rates during the reporting period, mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance and behaviour of the customers were noted, based on which the ECL rates are determined.

12. TRADE AND BILLS PAYABLES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	96,920	121,618
3 to 12 months	14,524	19,627
	<u>111,444</u>	<u>141,245</u>

The trade and bills payables are non-interest-bearing and are normally settled on a 90 to 180 days' term.

The Group's bills payable are secured by the pledged deposits of approximately RMB53,316,000 as at 31 December 2022 (2021:RMB83,169,000).

13. SHARE CAPITAL

Shares

	2022	2021
Authorised: 2,000,000,000 ordinary shares of HK\$0.01 each as at 31 December 2022 and 2021	<u>HK\$20,000,000</u>	<u>HK\$20,000,000</u>
Issued and fully paid: 505,202,000 ordinary shares of HK\$0.01 each as at 31 December 2022 and 2021	<u>HK\$5,052,020</u>	<u>HK\$5,052,020</u>
Equivalent to	<u>RMB4,558,000</u>	<u>RMB4,558,000</u>

14. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the opinion that the following companies are related parties that had material transactions or balances with the Group during the year:

(a) Name and relationship of the related parties

Name	Relationship
Mr. Law Hau Kit	Director of the Company
Zhongshan New Century Car Rental Co., Ltd.* (Note) (中山市創世紀汽車租賃有限公司)	Controlled by a director of the Company
Zhongshan Dongri Automobile Co., Ltd.* (中山市東日汽車有限公司)	Controlled by a director of the Company
Zhongshan New Century Pioneering Automobile Co., Limited* (中山市創世紀汽車有限公司)	Controlled by a director of the Company
Huichuang Financial Leasing (Zhuhai) Co., Ltd.* (滙創融資租賃(珠海)有限公司)	Controlled by a director of the Company

Note: On 7 June 2021, the shares Mr. Law Hau Kit interested in Zhongshan New Century Car Rental Co.,Ltd. (“**New Century Rental**”), which amounted to 80% of shareholding out of the total shares, have been 100% acquired by independent parties. New Century Rental ceased to be an entity controlled by Mr. Law Hau Kit. Hence, New Century Rental is no longer considered as a related party of the Group.

(b) Outstanding balance with related party

As disclosed in the consolidated statements of financial position, the Group had outstanding balance with its related party as follows:

Amount due to a director

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-trade		
Mr. Law Hau Kit	<u>170,700</u>	<u>40,000</u>

The outstanding balance with related party is unsecured, interest-free and repayable on demand.

(c) Transactions with related parties

In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the reporting period:

(1) Sales of goods to related parties

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Zhongshan New Century Car Rental Co., Ltd.*	—	4,144
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	—	242
	<u>—</u>	<u>4,386</u>

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

(2) *Services provided to related parties*

	2022 RMB'000	2021 RMB'000
Zhongshan Dongri Automobile Co., Ltd.*	—	240
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	—	2
	<u>—</u>	<u>2</u>
	<u>—</u>	<u>242</u>

(3) *Rental fee paid to related parties*

	2022 RMB'000	2021 RMB'000
Zhongshan Dongri Automobile Co., Ltd.*	—	579
Zhongshan New Century Pioneering Automobile Co., Limited*	—	1,245
	<u>—</u>	<u>1,824</u>
	<u>—</u>	<u>1,824</u>

The prices for the above services were determined according to the published prices and conditions offered to other customers of the Group.

- (d) During the years 2022 and 2021, the Group did not identify any personnel as key management other than the directors of the Group.

* *The English names of all the above companies represent the best effort made by the directors of the Company (the “Directors”) to translate the Chinese names as these companies have not been registered with any official English names.*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2022, China's economy slowed down due to multiple factors, such as COVID-19 and supply chain disruptions. China's automobile industry was affected to some extent and was in 'chaos' at one point. The central and local governments have quickly introduced a series of policies to boost automobile consumption, such as slashing the purchase tax on fuel vehicles, subsidising the purchase of new-energy vehicles (NEVs), relaxing restrictions on vehicle purchases, invigorating the used-car market, and developing charging piles under the wave of new infrastructure. China's auto production and sales showed a slight increase in 2022. According to data from the China Association of Automotive Manufacturers (the "CAAM"), the production and sales volumes of automobiles reached 27.021 million units and 26.864 million units, up 3.4 percent and 2.1 percent year on year, respectively. The production and sales volumes of NEVs grew by 96.9% and 93.4% year on year to 7.058 million units and 6.887 million units, respectively. The market share of NEVs hit 25.6%. This means that the target of a 20% market share for NEVs in new vehicle sales in 2025 set out in the Development Plan for New-Energy Vehicle Industry (2021–2035) has been achieved ahead of time. A panel of experts of the China Passenger Car Association estimated that the market penetration rate of NEVs will reach 36% in 2023. These data show that China's auto sales went up while maintaining stability and the NEVs' market continues explosive growth, showing great potential business opportunities. The Group has made its presence in the NEV sector in advance and rendered diversified services regarding NEVs in the Greater Bay Area.

BUSINESS REVIEW

In the Year 2022, the Group recorded a revenue of approximately RMB1,998.7 million, a decrease of approximately RMB53.1 million compared with the Year 2021. The gross profit decreased by 15.6% from approximately RMB119.0 million for the Year 2021 to approximately RMB100.4 million for the Year 2022.

Headquartered in Zhongshan City, Guangdong Province, the Group is located at the center of the Guangdong-Hong Kong-Macao Greater Bay Area ("**Greater Bay Area**") as a leading provider of diversified vehicle mobility services in the Greater Bay Area. During the Year, the Group operated a total of 38 outlets in Zhongshan, Foshan, Jiangmen and other cities in the Greater Bay Area, one insurance agency company, three used-vehicle trading centres, and a company engaged in the construction of charging stations and operation of ride-hailing business.

The Group has up to 19 brands authorised by automobile manufacturers, among which 9 are pure electric vehicle brands, namely GAC Aion, Leapmotor, Great Wall ORA, Volkswagen ID, Dongfeng New Energy, EVH, SOL, ARCFOX and MARVEL R, and 10 are mid-to-high-end joint venture brands, namely Jaguar Land Rover, FAW-Volkswagen, Buick, Chevrolet, FAW Toyota, Dongfeng Nissan, Dongfeng Venucia, Cadillac, Beijing Hyundai and Volkswagen New Jetta.

SALES OF MOTOR VEHICLES

In the Year 2022, the sales of motor vehicles (comprising new vehicles and used vehicles) were approximately RMB1,732.1 million, representing a decrease of 3.2% compared to approximately RMB1,789.1 million for the Year 2021.

SALES OF NEW VEHICLES

In the Year 2022, the Group's revenue from sales of new vehicles amounted to approximately RMB1,693.5 million (14,958 vehicles in total), representing a decrease of 2.5% (increase of 2.1% for vehicles sold) from that of RMB1,737.7 million (14,650 vehicles in total) for the Year 2021. A total of 2,173 NEVs were sold and revenue generated was approximately RMB243.0 million during the Year 2022. Comparing with the Year 2021, as the selling prices of new vehicles sold during the Year 2022 were lower due to the intensified automobile market, the Group's revenue from new vehicle sales in the Year 2022 was slightly lower than that in the Year 2021.

SALES OF USED VEHICLES

The Group sold 979 used vehicles during the Year 2022, with sales revenue of approximately RMB38.6 million, a year-on-year (“YoY”) decrease of 24.9% from approximately RMB51.4 million (1,236 units in total) as compared to Year 2021. The decrease in sales of used vehicles was mainly attributable to the purchasing power of domestic consumers dampened by the pandemic, which affected overall sales of new vehicles, while reducing the number of used vehicle replacements and sales of used vehicles.

The Group's three used vehicle marketplaces have been offering ownership transfer services and used vehicle trade-in services simultaneously for used vehicles sold by the Group and third-party used vehicle stores.

OTHER INTEGRATED AUTO SERVICES

As a 4S dealership group providing one-stop car services, the Group offers a series of one-stop services such as after-sales services and customer feedback in addition to car sales. Other integrated auto services provided by the Group include repair and maintenance services, sales of spare parts, insurance agency services and other services. In the Year 2022, revenue from comprehensive automobile services amounted to approximately RMB266.6 million, representing an increase of 1.5% compared with approximately RMB262.7 million in the Year 2021.

According to the data released by the China Association of Automobile Manufacturers (CAAM), the domestic auto production and sales in 2022 amounted to approximately 27.0 million and 26.9 million units respectively, representing a YoY growth of 3.4% and 2.1%. Fuelled by favourable policies, China's NEV market has developed rapidly in recent years. In 2022, the production and sales of NEVs amounted to approximately 7.1 million and 6.9 million respectively, a YoY increase of 96.9% and 93.4%. Such a huge number of vehicles has laid a solid foundation for the vigorous development of the automobile aftermarket.

REPAIR SERVICES

The Group's repair services are comprised of repair and maintenance services, sales of spare parts, car care services and used vehicle warranty services.

In the Year 2022, revenue from repair services amounted to approximately RMB190.0 million (Year 2021: RMB207.1 million), accounting for approximately 9.5% of the total revenue, representing a decrease of 8.3% compared with the Year 2021, and the gross profit margin decreased from 38.0% in the Year 2021 to 34.0% in the Year 2022.

INSURANCE AGENCY SERVICES

In the Year 2022, revenue from the Group's insurance agency services was approximately RMB5.9 million, a decline of approximately 59.3% from RMB14.5 million in the Year 2021. Gross profit dropped 63.2% YoY to approximately RMB5.0 million from RMB13.6 million in the Year 2021. The decline in revenue and gross profit from insurance agency services was mainly due to the reduction in rebate policies of insurance companies.

OTHER SERVICES

The Group's gross profit of other services (mainly comprising vehicle licensing registration services and registration of title transfer of used vehicles) was approximately RMB10.5 million during the Year 2022, representing a decrease of 19.4% from approximately RMB14.4 million of the Year 2021.

NEW-ENERGY VEHICLE RELATED SERVICES

During the Year 2022, the Group had taken the NEV related businesses as one of the key development strategies. Except actively acquiring the dealerships of different NEV brands, the Group also started developing different NEV related services. In addition, during the year, the Group built 27 new charging stations and 168 charging piles in Zhongshan, Zhuhai, Foshan, Guangzhou, Dongguan and Jiangmen and other cities in the Greater Bay Area, providing a total of 309 charging bays. The Group's NEV related services are comprised of charging services fee generated from the electric vehicle charging network in the Greater Bay Area and rental and administrative fee from participating in the operation of the online ride-hailing business.

In the Year 2022, revenue from newly launched NEV related services amounted to approximately RMB37.5 million (Year 2021: 6.1 million), and gross profit from NEV related services amounted to approximately RMB2.5 million (Year 2021: 1.8 million).

PROSPECT

Looking forward to the future, with existing policies for the auto sector, China will release various favourable policies to boost automobile consumption. The priorities will be given to the electrification in the public sector and improvement of the consumption practices. Traveling routes between Hong Kong and the Mainland fully resumed. With the implementation of the Northbound Travel for Macao Vehicles policy and the scheme for Hong Kong private cars travelling to the Mainland, the connectivity and integration of the Guangdong-Hong Kong-Macao Greater Bay Area will pick up speed. Seizing opportunities from the development of Guangdong-Hong Kong-Macao Greater Bay Area and the rapid development of new-energy vehicles, the Group will adhere to the strategy of "Entering the Greater Bay Area, Embracing New Energy" while operating sales outlets of mid-to-high-end

joint venture brands. The Group will build a team in major cities within the Greater Bay Area, establish a divisional organisational structure, expand the NEV sales business via innovative services, improve the network of NEV charging stations via brokerage model or merger or acquisition model, and promote the online ride-hailing business with quality services. Centenary United has expanded its footprint to Foshan, Jiangmen, Zhuhai, Dongguan, Guangzhou and other cities in the Greater Bay Area, where a one-stop mobility platform has gradually manifested.

ELECTRIC VEHICLE BRAND DEALERSHIP BUSINESS

In 2022, Centenary United kept abreast of the development trend of new-energy vehicles and firmly and quickly developed NEV sales network amid economic instability. As at 31 December 2022, the Group managed to acquire the dealership of 9 NEV brands, namely GAC Aion, Leapmotor, Great Wall ORA, Volkswagen ID, Dongfeng New Energy, EVH, SOL, ARCFOX and MARVEL R. It opened 21 NEV outlets in cities in the Greater Bay Area, such as Zhongshan, Foshan and Jiangmen, increasing the number of sales outlets to 38. The Group continuously enhanced customer service experience, improved after-sales service quality, and benefit to invigorate itself.

CHARGING NETWORK BUSINESS

The Group has created its own unique charging pile brand “Zhangyu Charge” (章魚充) and formed strategic partnerships with a number of charging pile suppliers. After more than two years of efforts, we have mastered a set of development model of high-quality charging-station infrastructure through iteration in pile selection, charging-station construction, engineering infrastructure, investment calculation, settlement software and other aspects. We strive to build 2,000 charging piles by the end of 2024 and become one of the top three operators of charging stations in the Greater Bay Area.

As at 31 December 2022, the Group built a total of 71 charging stations and 386 charging piles (including those under construction) in Zhongshan, Zhuhai, Foshan, Guangzhou, Dongguan, Jiangmen and other cities in the Greater Bay Area, providing 720 charging points in aggregate. The Group aims to build an additional of 200 charging stations, 1,240 charging piles and 2,480 charging points in 2023. With the growing size of charging stations, business models concerning advertising, insurance, vehicle sales, leasing and big data of the automobile industry will be benefited from charging pile service in the future.

ONLINE RIDE-HAILING SERVICE WITH ELECTRIC VEHICLES

Currently, most taxis have been replaced by online ride-hailing vehicles. Online ride-hailing service featuring accuracy, share-rides convenience and timeliness has become an important part of social mobility. In the first stage, the Group collaborated with Ruqi Mobility in Zhuhai and T3Go in Zhongshan, putting into operation more than 700 e-hailing vehicles.

The Group has become an important participant in the online ride-hailing industry. The Group's NEV dealership and charging network provide strong support for online ride-hailing service. With the increasing demand of mobility services in the post-pandemic era, the Group believes that it is worthwhile to explore the business value of sharing mechanisms in the Greater Bay Area, a highly open and economically vibrant region.

FINANCIAL REVIEW

Revenue

For the Year 2022, the Group recorded revenue of approximately RMB1,998.7 million, representing a decrease of approximately RMB53.1 million or 2.6% from that of approximately RMB2,051.8 million for the Year 2021. Sales of motor vehicles contributed approximately RMB1,732.1 million for the Year 2022 (the Year 2021: RMB1,789.1 million) of the Group's total revenue whereas other integrated auto services brought in revenue of approximately RMB266.6 million for the Year 2022 (the Year 2021: RMB262.7 million), representing approximately 86.7% (the Year 2021: 87.2%) and 13.3% (the Year 2021: 12.8%) of the Group's total revenue, respectively.

Cost of sales and gross profit margin

The Group's cost of sales primarily consists of (i) cost of motor vehicles, (ii) cost of spare part and accessories, (iii) staff costs, (iv) depreciation and (v) others. Cost of motor vehicles is the main cost of sales, accounting for approximately 91.2% for the Year 2022 (the Year 2021: 92.5%). For the Year, the Group's cost of sales amounted to approximately RMB1,898.3 million, representing a decrease of approximately 1.8% as compared to that of approximately RMB1,932.8 million for the Previous Year. The decrease was mainly due to the decrease in staff costs owing to a drop in the total workforce.

The Group recorded gross profit of approximately RMB100.4 million for the Year, representing a decrease of approximately 15.6% as compared to that of approximately RMB119.0 million for the Previous Year. The decline in gross profit was mainly attributable to a drop in selling prices as a result of the intensified competition in the automobile market and several newly established businesses were still in the stage of exploration including but not limited to the expansion of new energy vehicle sales stores, the construction of charging stations and the online ride-hailing business, together with the increasing staff cost and depreciation cost of various new businesses, resulting in failure to achieve synchronous growth in the Company's results. Overall gross profit margin of the Group decreased to approximately 5.0% for the Year from approximately 5.8% for the Previous Year.

Other income and gains

Other income and gains increased by approximately RMB9.3 million, or 23.8%, from approximately RMB39.0 million for the Previous Year to approximately RMB48.3 million for the Year, primarily attributable to the commission income from releasing vehicle mortgages for the customers, commission income from third party financing institutions for vehicle financing and advertisement support received from automobile manufacturers for advertising activities.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately RMB10.8 million, or 17.9%, from approximately RMB60.3 million for the Previous Year to approximately RMB71.1 million for the Year.

The increase in selling and distribution expenses for the Year was primarily due to the increasing staff cost and depreciation cost of various new businesses as compared to the Previous Year.

Administrative expenses

Administrative expenses primarily consist of (i) salary and wages of administrative staff; (ii) rental expenses; (iii) depreciation and amortisation of fixed asset; (iv) property repair and maintenance expenses; (v) sundry expenses such as expenses for opening new stores; (vi) taxation; and (vii) bank charges. The Group's administrative expenses for the Year were approximately RMB78.5 million, representing an increase of approximately RMB8.8 million from the Previous Year. Such increase was mainly due to the combined effect of (i) the increase of rental expense of approximately RMB1.7 million; (ii) the increase of depreciation and amortisation of fixed asset of approximately 2.1 million; (iii) the increase in repair and maintenance expenses of approximately RMB2.6 million; and (iv) the increase in sundry expenses such as expenses for opening new stores of approximately RMB4.1 million

Finance costs

For the Year 2022, the Group's finance costs were approximately RMB11.1 million (the Year 2021: RMB10.9 million), representing an increase of approximately RMB0.2 million or 1.8%.

Loss of the year

As a result of the foregoing, the Group's loss for the Year amounted to approximately RMB23.8 million as compared to a profit of approximately RMB2.2 million for the Previous Year.

Income tax expenses

For the Year 2022, the income tax expenses of the Group was approximately RMB5.3 million (the Year 2021: RMB6.2 million). The decrease was primarily due to the decrease in taxable income.

Liquidity, financial resources and capital structure

The Group continues to adhere to the principle of prudent financial management and generally meets its working capital requirements by cash flows generated from its operations and short term borrowings.

The Group's gearing ratio, which is total debt divided by total equity, as at 31 December 2022 was approximately 1.47 times (as at 31 December 2021: 0.97 times).

The Group's pledged bank deposits and cash and cash equivalents balances as at 31 December 2022 amounted to approximately RMB136.6 million, representing a decrease of approximately RMB22.6 million as compared to that of approximately RMB159.2 million as at 31 December 2021.

The Group's bank borrowings as at 31 December 2022 were all denominated in Renminbi. The interest rates ranged from 3.8% to 5.7% per annum.

As at 31 December 2022, the Group's interest-bearing bank and other borrowings amounted to RMB184.2 million, representing a decrease of 14.2% as compared to RMB214.6 million as at 31 December 2021. Short-term loans and borrowings amounted to approximately RMB184.2 million (the Year 2021: RMB214.6 million), and long-term loans and borrowings amounted to nil. (the Year 2021: nil).

Capital expenditures and commitments

As at 31 December 2022, the capital commitments of the Group in connection with building expenditures were approximately RMB8.3 million (as at 31 December 2021: RMB5.8 million).

Foreign exchange

The Group mainly operates in the PRC and the majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in RMB. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirement if they arise. Therefore, the Group did not engage in any derivative contracts to hedge its exposure to foreign exchange risk during the Year 2022.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2022 (as at 31 December 2021: nil).

Significant Investments, Acquisitions and Disposals, Future Plan for Material Investments and Capital Assets

On 13 December 2021 and 2 March 2022, Guangdong Centenary United New Energy Technology Co., Ltd.* (廣東世紀聯合新能源科技有限公司) (the “Lessee”), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into leases with the Zhongshan branch of Shanghai Jiaxing Automobile Service Co., Ltd., a branch of a company incorporated in the PRC with limited liability, in respect of Changan Eado New-energy Vehicles for a term of 36 months, commencing from the day after the actual delivery of the vehicles leased to the Lessee, for the Group to lease out to drivers of the T3 Mobility platform as ride-hailing vehicles. For details, please refer to the announcements of the Company dated 2 March 2022 and 17 March 2022.

On 29 March 2022, Foshan Centenary Lianshun New Energy Automobile Co., Ltd., an indirect wholly-owned subsidiary of the Company, entered into a property lease agreement with Foshan Hezhan Yinghui Property Management Co., Ltd., a limited liability company established in the PRC, on the leasing of part of the first floor of Block 1, No. 55, West Jili Avenue, Chancheng District, Foshan City for the Group's construction of a new-energy vehicle dealership store from 15 April 2022 to 10 June 2036. For details, please refer to the announcement of the Company dated 29 March 2022.

Save as disclosed above, the Group had no other material acquisitions or disposals during the Year.

Save as disclosed herein, as of the date of this announcement, the Group did not have other plans for material investments or capital assets.

Pledge of assets

As at 31 December 2022, the Group's utilised banking facilities amounting to approximately RMB184.2 million (as at 31 December 2021: RMB214.6 million) were secured by:

- (i) certain of the Group's merchandised goods amounting to approximately RMB63.6 million as at 31 December 2022 (as at 31 December 2021: RMB33.6 million);
- (ii) the Group's buildings, which a net carrying amount of approximately RMB6.3 million as at 31 December 2022 (as at 31 December 2021: RMB7.0 million);
- (iii) the Group's right of use assets, which a net carrying amount of approximately RMB9.6 million as at 31 December 2022 (as at 31 December 2021: RMB10.1 million);
- (iv) No pledged deposit for bank loans as at 31 December 2022 (as at 31 December 2021: RMB10.0 million);
- (v) the Group's bills payables were secured by pledged deposits of approximately RMB53.3 million for bills payables as at 31 December 2022 (as at 31 December 2021: RMB83.2 million);
- (vi) pledged deposits for others of approximately RMB1.0 million as at 31 December 2022 (as at 31 December 2021: RMB1.0 million).

USE OF NET PROCEEDS FROM LISTING

The shares of the Company (the “Share(s)”) were listed on the Main Board of the Stock Exchange on 18 October 2019. The net proceeds from the Listing amounted to approximately HK\$105.2 million (the “Net Proceeds”).

As set out in the announcement of the Company dated 24 December 2021, the Board had resolved to change the use of the unutilised Net Proceeds.

The following table sets out the revised allocation of the unutilised Net Proceeds and the actual amounts of Net Proceeds used for the year ended 31 December 2022:

	Revised allocation of the unutilised Net Proceeds as at 24 December 2021 <i>HK\$ million</i>	Remaining Net Proceeds as at 31 December 2021 <i>HK\$ million</i>	Actual used Net Proceeds for the year ended 31 December 2022 <i>HK\$ million</i>	Unutilised up to 31 December 2022 <i>HK\$ million</i>
Opening of NEV outlets in the Greater Bay Area	28.2	28.2	28.2	—
Further expansion of the network of charging stations in major cities in the Greater Bay Area	8.0	8.0	8.0	—
Acceleration of the launch of online ride-hailing services in the region	23.0	23.0	23.0	—
Total	<u>59.2</u>	<u>59.2</u>	<u>59.2</u>	<u>—</u>

* *The net proceeds from the Listing, after deducting the Listing expenses of approximately HK\$29.8 million, amounted to approximately HK\$105.2 million, which is slightly lower than the estimated net proceeds of approximately HK\$107.5 million as disclosed in the Prospectus. The difference of approximately HK\$2.3 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed “Future Plans And Use Of Proceeds” in the Prospectus.*

All the remaining Net Proceeds have been utilised during the year ended 31 December 2022 and applied in the manner set out in the announcement of the Company dated 24 December 2021.

For the reasons and benefits of changing use of Net Proceeds, please refer to the announcement of the Company dated 24 December 2021 and the supplementary announcement of the Company dated 21 January 2022 for details.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total workforce of approximately 846 employees (the Year 2021: 902). Most of the Group's employees were located in China. The Group offered its staff with competitive remuneration packages. In addition, the Group conducts annual review on salary increment, discretionary bonuses and promotions based on the performance of each employee. During the Year, the Group did not experience any significant problems with its employees due to labour disputes nor did it experience any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year. The remuneration of the executive Directors is subject to review by the remuneration committee ("**Remuneration Committee**") of the Company, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the independent non-executive Directors' remuneration, it is determined by the Board upon recommendation from the Remuneration Committee.

The Company has adopted a share option scheme as incentives to Directors and eligible employees. Details of the share option scheme are set out under the paragraph headed "Share Option Scheme" below.

EVENTS AFTER THE BALANCE DATE

Save as disclosed, no event has occurred after 31 December 2022 and up to the date of this announcement which would have a material effect on the Group.

UPDATE ON SUSPECTED MISAPPROPRIATION OF FUNDS

Reference is made to the announcement of the Company dated 11 March 2022 in relation to the suspected misappropriation of funds of a subsidiary of the Company (the "**Misappropriation**").

Actions taken and findings

Following the discovery of the Misappropriation, the Company engaged Moore Advisory Services Limited as an independent internal control consultant (the “**Internal Control Consultant**”) in April 2022 to conduct a review on the Group’s internal control policies and procedures focusing on the Misappropriation and provide corresponding recommendations to address and rectify the weaknesses identified.

The Internal Control Consultant carried out an internal control review on sales and accounts receivable management as well as cash and funds management. A few issues relating to standardisation of sales process, filing and documentation of sales record, company chop management and reconciliation of bank accounts were identified. Based on the recommendations from the Internal Control Consultant, appropriate remedial measures have been established and implemented to address the internal control deficiencies identified. The Group’s implementation of such remedial measures has also been reviewed by the Internal Control Consultant. For details, please refer to the announcement of the Company dated 1 September 2022.

Regarding the latest development of the Misappropriation, as previously announced, Zhongshan Century Jaguar Automobile Co., Ltd.* (中山市世紀捷虎汽車有限公司) (“**Zhongshan Century Jaguar**”) reported the legally dismissed employee who was involved in the Misappropriation (the “**Former Employee**”) to the Chinese police authorities, and the Former Employee had been criminally detained by the relevant Chinese police authorities in March 2022. In addition, Zhongshan Century Jaguar planned to recover the misappropriated funds from the Former Employee as well as claim for compensation from the relevant insurance company.

As at the date of this announcement, the Company was informed that the Chinese police authorities have completed the criminal investigation of the Former Employee and transferred his case to The First Procuratorate of Zhongshan in June 2022. The case was now closed and the Former Employee has been sentenced to prison for a period of 5 years and 6 months and ordered to pay the compensation to Zhongshan Century Jaguar according to the court verdict issued by The First Procuratorate of Zhongshan on 22 September 2022. Meanwhile, the insurance company has rejected the relevant claims of Zhongshan Century Jaguar as the vehicles involved in the Misappropriation were not included in the compensation coverage (the “**Rejection of the Insurance Claim**”)

The Group has recognised other expenses of approximately RMB7.4 million in respect of the Misappropriation in the financial year ended 31 December 2021, and approximately RMB2.2 million has been recognised as other expenses for the year ended 31 December 2022.

The Board is of the view that the Rejection of the Insurance Claim will not have a material adverse effect on the Group's financial position and business operations.

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company will be held on 25 May 2023. A notice convening the AGM together with the circular of the Company will be published on the Company's website and the Stock Exchange website and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year 2022 (Year 2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 22 May 2023 (Monday) to 25 May 2023 (Thursday), both dates inclusive, during which period no transfer of its shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on 19 May 2022 (Friday).

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (“CG Code”) upon Listing and has complied with the code provisions since then and up to 31 December 2022, except in relation to provision C.2.1 of the CG Code where the roles of the Group's chairman and chief executive officer (“CEO”) are both performed by Mr. Law. Provision C.2.1 of the CG Code requires that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Law has been responsible for overall strategic planning and management of the Group since the Group was founded in 1999. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Mr. Law), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. After making specific enquires to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 16 September 2019. The purpose of the Share Option Scheme is to provide any Director and full-time employees of any member of the Group (“**Participants**”) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.

As at 31 December 2022, the Company had 30,968,000 share option outstanding under the Share Option Scheme, representing approximately 6.13% of the issued share capital of the Company as at the date of this announcement. Details of the share options outstanding as at the date of this announcement are as follows:

Option type	Date of grant	Validity period	Exercisable period	Vesting period	Exercise price (HK\$)	Closing price of the Shares immediately before the date on which the Share Options were Granted (HK\$)
2020 Options	21/05/2020	5 years commencing from the date of grant	21/05/2021 to 20/05/2025 21/05/2022 to 20/05/2025 21/05/2023 to 20/05/2025	21/05/2020 to 20/05/2021 21/05/2020 to 20/05/2022 21/05/2020 to 20/05/2023	0.48	0.445
2021 Options	21/05/2021	5 years commencing from the date of grant	21/05/2022 to 20/05/2026 21/05/2023 to 20/05/2026 21/05/2024 to 20/05/2026	21/05/2021 to 20/05/2022 21/05/2021 to 20/05/2023 21/05/2021 to 20/05/2024	0.81	0.790

Notes:

- (1) Pursuant to the terms of the Share Option Scheme, the period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant.
- (2) There is no general requirement on the minimum period for which an option must be held before an option can be exercised under the terms of the Share Option Scheme. Upon fulfillment of the vesting conditions of the Share Options, the Share Options are exercisable in the manner set out hereinbelow.
- (3) The 2020 Options, granted on 21 May 2020, are exercisable from 21 May 2021 to 20 May 2025 (both days inclusive) in the following manner:
 - (i). From 21 May 2021 to 20 May 2025: can exercise no more than 40% of the 2020 Options granted;
 - (ii). From 21 May 2022 to 20 May 2025: can exercise no more than 30% of the 2020 Options granted; and
 - (iii). From 21 May 2023 to 20 May 2025: can exercise no more than 30% of the 2020 Options granted.
- (4) The 2021 Options, granted on 21 May 2021, are exercisable from 21 May 2022 to 20 May 2026 (both days inclusive) in the following manner:
 - (i). From 21 May 2022 to 20 May 2026: can exercise no more than 40% of the 2021 Options granted;
 - (ii). From 21 May 2023 to 20 May 2026: can exercise no more than 30% of the 2021 Options granted; and
 - (iii). From 21 May 2024 to 20 May 2026: can exercise no more than 30% of the 2021 Options granted.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 50,000,000 (being 10% of the Shares in issue as at 18 October 2019 when the Shares first commenced dealing on the Stock Exchange) (the “**General Scheme Limit**”). Subject to the approval of shareholders in general meeting, the Company may refresh the General Scheme Limit to the extent that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group as refreshed must not exceed 10% of the Shares in issue as at the date of approval provided that the options previously granted will not be counted for purpose of calculating the General Scheme Limit as renewed.

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised, cancelled or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. The subscription price for Shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant.

The Share Option Scheme will remain in force for a period of 10 years from the date of Listing.

A non-refundable consideration of HK\$1.0 was paid by each grantee on acceptance of the Share Options within 14 days from the date of grant.

The following table discloses movements in the share options of the Company during the Year 2022:

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the year ended 31 December 2022			Number of options at 31/12/2022
					Granted	Exercised	Lapsed	
Directors and Chief Executive								
Mr. Law Hau Kit	21/05/2020	21/05/2021 to 20/05/2025	0.48	1,200,000	—	—	—	1,200,000
		21/05/2022 to 20/05/2025	0.48	900,000	—	—	—	900,000
		21/05/2023 to 20/05/2025	0.48	900,000	—	—	—	900,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	1,200,000	—	—	—	1,200,000
		21/05/2023 to 20/05/2026	0.81	900,000	—	—	—	900,000
		21/05/2024 to 20/05/2026	0.81	900,000	—	—	—	900,000
				6,000,000	—	—	—	6,000,000
Mr. Chen Shaoxing	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	—	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	—	—	—	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	400,000	—	—	—	400,000
21/05/2023 to 20/05/2026		0.81	300,000	—	—	—	300,000	
21/05/2024 to 20/05/2026		0.81	300,000	—	—	—	300,000	
		1,600,000	—	—	—	1,600,000		
Ms. Li Huifang	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	—	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	—	—	—	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	520,000	—	—	—	520,000
		21/05/2023 to 20/05/2026	0.81	390,000	—	—	—	390,000
		21/05/2024 to 20/05/2026	0.81	390,000	—	—	—	390,000
		1,900,000	—	—	—	1,900,000		

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the year ended 31 December 2022			Number of options at 31/12/2022
					Granted	Exercised	Lapsed	
Mr. Woo King Hang	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	—	—	—	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	—	—	—	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	600,000	—	—	—	600,000
		21/05/2023 to 20/05/2026	0.81	450,000	—	—	—	450,000
		21/05/2024 to 20/05/2026	0.81	450,000	—	—	—	450,000
			2,100,000	—	—	—	2,100,000	
Ms. Yan Fei	21/05/2020	21/05/2021 to 20/05/2025	0.48	200,000	—	—	—	200,000
		21/05/2022 to 20/05/2025	0.48	150,000	—	—	—	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	—	—	—	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	—	—	—	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	—	—	—	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	—	—	—	150,000
					1,000,000	—	—	—
Mr. Li Wai Keung	21/05/2020	21/05/2021 to 20/05/2025	0.48	200,000	—	—	—	200,000
		21/05/2022 to 20/05/2025	0.48	150,000	—	—	—	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	—	—	—	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	—	—	—	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	—	—	—	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	—	—	—	150,000
					1,000,000	—	—	—

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the year ended 31 December 2022			Number of options at 31/12/2022
					Granted	Exercised	Lapsed	
Mr. Hui Chun Tak	21/05/2020	21/05/2022 to 20/05/2025	0.48	150,000	—	—	—	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	—	—	—	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	—	—	—	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	—	—	—	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	—	—	—	150,000
			800,000	—	—	—	800,000	
Total Directors				14,400,000	—	—	—	14,400,000
Employees	21/05/2020	21/05/2021 to 20/05/2025	0.48	998,000	—	—	120,000	878,000
		21/05/2022 to 20/05/2025	0.48	3,150,000	—	—	930,000	2,220,000
		21/05/2023 to 20/05/2025	0.48	3,150,000	—	—	930,000	2,220,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	5,020,000	—	—	520,000	4,500,000
		21/05/2023 to 20/05/2026	0.81	3,765,000	—	—	390,000	3,375,000
		21/05/2024 to 20/05/2026	0.81	3,765,000	—	—	390,000	3,375,000
Total Employees			19,848,000	—	—	3,280,000	16,568,000	
Total			34,248,000	—	—	3,280,000	30,968,000	

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, at least 25% of the Company's issued share capital were held by the public as at the date of this announcement.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee has three members comprising three independent non-executive Directors, being Mr. Li Wai Keung ("**Mr. Li**"), Mr. Hui Chun Tak and Ms. Yan Fei. The Audit Committee is chaired by Mr. Li, who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules.

The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2022 and the financial statements for the year ended 31 December 2022 prepared in accordance with the IFRSs.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for Year has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.car2000.com.cn), and the annual report for the Year 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our loyal shareholders, partners and customers for their continuous support and to our staff for their dedication.

By order of the Board
Centenary United Holdings Limited
Law Hau Kit
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 28 March 2023

As at the date of this announcement, the executive Directors are Mr. Law Hau Kit, Mr. Chen Shaoxing and Ms. Li Huifang; the non-executive Director is Mr. Woo King Hang; and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Hui Chun Tak and Ms. Yan Fei.

* *For identification purpose only*