



# 德銀天下股份有限公司

DEEWIN TIANXIA CO.,LTD

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2418



# 2023

INTERIM REPORT

# Contents

Corporate Information	2
Business Review and Outlook	4
Management Discussion and Analysis	7
Corporate Governance and Other Information	17
Interim Condensed Consolidated Statements of Comprehensive Income	29
Interim Condensed Consolidated Statements of Financial Position	30
Interim Condensed Consolidated Statements of Changes in Equity	32
Interim Condensed Consolidated Statements of Cash Flows	33
Notes to the Interim Condensed Consolidated Financial Information	34
Definition	73





# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Runliang  
Mr. Wang Wenqi

### Non-executive Directors

Mr. Guo Wancai (*Chairman*)  
Mr. Tian Qiang (*appointed since 30 May 2023*)  
Mr. Zhao Chengjun (*appointed since 30 May 2023*)  
Ms. Feng Min  
Mr. Wang Jianbin (*resigned since 30 May 2023*)  
Mr. Zhou Qi (*resigned since 30 May 2023*)

### Independent Non-executive Directors

Mr. Li Gang  
Mr. Ip Wing Wai  
Mr. Yu Qiang

### Supervisors

Mr. Zhang Yu'an  
Mr. Qin Xiaohui  
Mr. Zhang Shaojie (*appointed since 30 May 2023*)  
Mr. Wang Jing'an (*resigned since 30 May 2023*)

## AUDIT COMMITTEE

Mr. Ip Wing Wai (*Chairperson*)  
Mr. Li Gang  
Mr. Yu Qiang

## REMUNERATION COMMITTEE

Mr. Li Gang (*Chairperson*)  
Mr. Yu Qiang  
Mr. Ip Wing Wai

## NOMINATION COMMITTEE

Mr. Guo Wancai (*Chairperson*)  
Mr. Li Gang  
Mr. Yu Qiang

## JOINT COMPANY SECRETARY

Mr. Liu Lulu  
Ms. Mak Po Man Cherie (*ACG, ACS, ACCA, CPA*)

## AUTHORIZED REPRESENTATIVES

Mr. Wang Runliang  
Ms. Mak Po Man Cherie

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

16th Floor, Unit 1  
Building 1, Jingwei International Centre  
29 West Section of Xijin Road  
Jingwei New City  
Economic and Technological  
Development Zone  
Xi'an City, Shaanxi  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
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Hong Kong

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## LEGAL ADVISOR

Jingtian & Gongcheng LLP  
3203-3207  
Edinburgh Tower  
The Landmark  
15 Queen's Road  
Central  
Hong Kong

## COMPLIANCE ADVISOR

China Securities (International) Corporate Finance  
Company Limited  
18/F, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
Certified Public Accountant  
Registered Public Interest Entity Auditor  
22/F, Prince's Building  
Central  
Hong Kong

## PRINCIPAL BANKS

China Merchants Bank Co., Ltd. (Xi'an Branch)  
China Merchants Bank Building  
No. 1 Gaoxin Er Road  
Xi'an City, Shaanxi Province  
The PRC

China Minsheng Banking Corporation Limited (Xi'an Branch)  
Huatai Jinmao International No. 5 Building  
No. 16 Fenghui South Road  
Gaoxin District  
Xi'an City, Shaanxi Province  
The PRC

## STOCK CODE

2418

## COMPANY'S WEBSITE

[www.deewintx.com](http://www.deewintx.com)



# Business Review and Outlook

## BUSINESS REVIEW

Our Group focuses on providing various value-added services, including logistics and supply chain service, supply chain financial service, IoV and data service, to players along the commercial automobile industry chain.

In the first half of 2023, the Group generated revenue amounting to approximately RMB1,518.1 million, representing a year-on-year increase of 6.2%. Among them, revenue from logistics and supply chain service sector amounted to approximately RMB1,179.7 million, representing a year-on-year increase of 15.2%; revenue from supply chain financial service sector amounted to approximately RMB235.7 million, representing a year-on-year decrease of 24.3%; and revenue from IoV and data service sector amounted to approximately RMB102.7 million, representing a year-on-year increase of 8.4%. Revenue from those three major business sectors accounted for approximately 77.7%, 15.5% and 6.8% of the Group's total revenue, respectively.

### Logistics and Supply Chain Service Sector

In the first half of 2023, our business of logistics and supply chain service mainly included commercial vehicle manufacturing supply chain business, automobile sales business and aftermarket product business. Our major customers are components suppliers, commercial vehicle manufacturers, commercial vehicle sales dealers, logistics companies and commercial automobile end users.

**In terms of supply chain service**, we provide supply chain management and “integrated logistics” services in relation to commercial automobile components. Through seamless integration with the manufacturing plan of commercial automobile manufacturers, we streamlined redundant processes and achieved a lower logistics cost while maintaining service quality. For the six months ended 30 June 2023, we provided automobile manufacturing supply chain service for the production of approximately 57.0 thousand commercial automobiles, and provided automobile logistics service in relation to approximately 32.8 thousand commercial automobiles.

Leveraging our network, we provide logistics service to independent customers such as raw material suppliers, energy companies and express courier service providers. In order to further expand our industry advantages in third party logistics service, we continued to diversify our customer base while exploring and developing cooperation with more independent customers through the expansion and development of our third party logistics service in relation to raw materials (such as coal and ore), commodities and express couriers. For the six months ended 30 June 2023, the revenue from logistics service to independent customers was approximately RMB695.8 million.

**In terms of automobile sales business**, we realised a sale of 589 commercial automobiles and recorded a revenue of approximately RMB132.7 million in the first half of 2023. We believe that such lowered market demand for commercial automobiles was primarily driven by macro-economic conditions, and it is expected that the market condition will improve over time. We formulated an annual sales plan for our inventories in the first half of 2023 based on the market conditions and the respective sales regions in the PRC to actively reduce such inventories subsequently.

**In terms of aftermarket product business**, we engaged in aftermarket product business that mainly covered the sales of (i) tyres, (ii) lubricants, and (iii) other commercial automobile-related products, such as carbamide and components. For the six months ended 30 June 2023, these businesses achieved a revenue of approximately RMB29.3 million in total.

### Supply Chain Financial Service Sector

Our supply chain financial service sector mainly comprises of financial leasing business and factoring business.

We engage in financial leasing business through our wholly-owned subsidiary Deewin Financial Leasing. We specialise in providing sale and leaseback service to our customers. For the six months ended 30 June 2023, newly invested funds in financial leasing business reached RMB1,789.7 million, the number of newly effective finance lease agreements was 2,109 in total, and the total number of customers we served was 1,971.

We conduct our factoring business through our wholly-owned subsidiary Deewin Factoring. For the six months ended 30 June 2023, newly invested funds in factoring business reached RMB1,672.8 million.

We have further expanded our sources of funding through diversified funding channels. For the six months ended 30 June 2023, Deewin Financial Leasing issued 2 batches of asset-backed securities (ABS), with an aggregate principal amount of RMB800 million.

### IoV and Data Service Sector

We conduct our IoV and data service business through our wholly-owned subsidiary Tianxingjian. As at 30 June 2023, the number of heavy commercial automobiles registered with our IoV platform was approximately 1,031.6 thousand.

Our IoV system has maintained its strong integration and data collection capabilities and broad range of application scenarios. As at 30 June 2023, the intellectual property rights owned by Tianxingjian included 19 patents and 97 copyrights, and Tianxingjian was in the process of applying for 23 patents.

In addition, based on our advantages in the platform scale and data collection, we have developed several application scenarios, including (i) automobile financial leasing IoV solutions, (ii) Beidou System landing access solutions, (iii) big data solutions, (iv) dump truck supervision solutions, (v) environmental protection supervision solutions, and (vi) transportation fleet management solutions. The large number of automobiles covered by the above application scenarios enables us to be one of the top players among IoV applications of the same kind in China.



## Business Review and Outlook

### Business Outlook and Development Strategies

In the first half of 2023, the gross domestic product (GDP) of China increased by 5.5% year on year. Our performance remained solid. With the recovery of the market, we will continue to maintain firm strategic resolve, enhance the core competitiveness, strengthen the integration and synergy of various sectors, expand the external market business, accelerate the effective investment of the funds raised, speed up the presence in new energy industries, create new models and new business forms, and expedite the development of the cloud control platform for automatic driving, thereby forming a new advantage of comprehensive service. In the second half of the year, we will continue to adhere to the working guideline of “pursuing goal-driven, intensifying integration and synergy, seeking change while preserving practicability, and increasing efficiency and effectiveness”, with a focus on the following tasks:

#### (I) Pursuing goal-driven and improving the integrated service capacity of the industry chain

We will take the opportunity of project construction and focus on three major business sectors, namely the logistics and supply chain service sector, the supply chain financial service sector and the IoV and data service sector, to accelerate the CLGG Platform construction, new energy business and other key projects. This will also improve the construction of online platform and offline service network, enhance the quality and intensity of online product research and development, increase the online and offline integration, and shape the core service advantages of the enterprise.

#### (II) Intensifying integration and synergy and tapping fully into the potential of existing and emerging markets

**Logistics and supply chain service sector:** We will accelerate the construction of intelligent logistics, continue to push forward the development of market-oriented warehousing, distribution, and transportation business, expand the shared packaging business, and try to expand the portfolio with the cooperation mode of “trade + logistics”. We will further facilitate the business of the “integrated logistics capacity service model”, target core enterprise customers such as express delivery and trunk transportation, bulk logistics, and urban distribution, and promote the implementation of regionalising logistics business; we will also actively explore business cooperation opportunities in the field of new energy and build comprehensive service capacity in the new energy aftermarket.

**Supply chain financial service sector:** We will strengthen channel deployment and promotion, utilize the high viscosity drive of financial instruments, improve quality and efficiency in supply chain business and logistics capacity building by collaborating with the logistics and supply chain service sector, and carry out business model innovation of new energy vehicles.

**IoV and data service sector:** We will accelerate the exploration and implementation of new external business and expand new scenarios of data application; at the same time, through the restructuring and upgrading of existing businesses such as the Automobile Loan Pass, OTA and dump trucks, we will consolidate and expand the market scale, explore the closed-loop service model for the insurance and financial industries, give full play to the advantages of data assets, and build new business models.

#### (III) Seeking change while preserving practicability and strengthening risk prevention consciousness

We will further promote the integrated application of technological and information measures in business and financial fields, and vigorously carry out business innovation, scene innovation, model innovation, technology innovation and service innovation in the commercial vehicle aftermarket, so as to gradually realize the transformation of the enterprise from scale-benefited to quality-benefited. We will further enhance the risk prevention consciousness, continue to improve the compliance risk control system, and enhance the ability of systemic risk resolution.

#### (IV) Focusing on operation control and continuously increasing efficiency and effectiveness

We will further strengthen inter-departmental coordination and information sharing and increase industry policy research and situation study to develop effective response strategies. We will pay attention to the ratio of account receivables and inventories as well as the debt-to-asset ratio to ensure that the scale of financial liabilities matches the production and operation situation. We will improve the regularity and effectiveness of the Company's operation to strengthen foundational management. We will establish a talent selection and employment mechanism that adapts to high-intensity market competition and continue to build a market-based incentive and restraint mechanism to realize the organic unification of responsibilities and rights.

# Management Discussion and Analysis



## REVENUE

The Group's business operations can be categorised into the following sectors: (i) logistics and supply chain service sector, (ii) supply chain financial service sector, and (iii) loV and data service sector.

The revenue of the Group increased by 6.2% to RMB1,518.1 million for the six months ended 30 June 2023 from RMB1,429.8 million for the corresponding period of 2022.

The following table sets forth a breakdown of revenue of the Group by business sectors in absolute amounts and as percentages to the total revenue for the periods indicated:

	Unaudited			
	For the six months ended 30 June			
	2023		2022	
	Amount	%	Amount	%
	(RMB'000, except for percentages)			
<b>Logistics and Supply Chain Service Sector</b>	<b>1,179,742</b>	<b>77.7</b>	1,023,797	71.6
– Logistics and warehousing service	<b>1,014,357</b>	<b>66.8</b>	879,503	61.5
– Sales of goods	<b>161,875</b>	<b>10.7</b>	141,766	9.9
– Others <sup>Note (1)</sup>	<b>3,510</b>	<b>0.2</b>	2,528	0.2
<b>Supply Chain Financial Service Sector</b>	<b>235,662</b>	<b>15.5</b>	311,227	21.8
– Interest income from financial leasing business	<b>192,689</b>	<b>12.7</b>	283,507	19.8
– Interest income from factoring services	<b>42,614</b>	<b>2.8</b>	27,451	1.9
– Others <sup>Note (2)</sup>	<b>359</b>	<b>0.0</b>	269	0.1
<b>loV and Data Service Sector</b>	<b>102,678</b>	<b>6.8</b>	94,761	6.6
– Sales of goods	<b>63,741</b>	<b>4.2</b>	41,322	2.9
– loV and data service	<b>38,937</b>	<b>2.6</b>	53,439	3.7
<b>Revenue</b>	<b>1,518,082</b>	<b>100.0</b>	1,429,785	100.0

### Notes:

- (1) Other revenue from logistics and supply chain service sector was mainly (i) financial leasing assistance service for customers of automobile sales business, and (ii) provisional automobile plate service.
- (2) Other revenue from supply chain financial service sector was mainly generated from satellite positioning device and the related installation service provided for commercial automobiles other than brands from Shaanxi Holding Group in order to facilitate provision of our financial leasing service.





## Management Discussion and Analysis

### Logistics and supply chain service sector

Revenue generated from logistics and supply chain service sector accounted for a majority of the total revenue of the Group for the six months ended 30 June 2023. Such revenue was primarily derived from (i) our logistics and warehousing services including automobile manufacturing supply chain service, automobile logistics service and third party logistics service, (ii) sales of commercial automobiles and components, including tyres, lubricants and other automobile-related products, and (iii) other services, such as financial leasing assistance service. The revenue derived from logistics and supply chain service sector increased by approximately 15.2% from RMB1,023.8 million for the six months ended 30 June 2022 to RMB1,179.7 million for the six months ended 30 June 2023, primarily due to the increase in revenue from this sector as compared with the corresponding period of previous year as a result of our strong efforts in expansion of external supply chain projects along with the proactive consumption of automobile inventories during the Reporting Period.

### Supply chain financial service sector

Supply chain financial service sector was our second largest source of revenue for the six months ended 30 June 2023. Revenue was mainly generated from (i) interest income from financial leasing business operated under a sales and leaseback model, (ii) interest income from factoring service, and (iii) other financial services, such as provision of satellite positioning device and the related installation service under our financial leasing service. The revenue derived from supply chain financial service sector decreased by approximately 24.3% from RMB311.2 million for the six months ended 30 June 2022 to RMB235.7 million for the six months ended 30 June 2023, primarily due to the decrease in existing revenue from financial leasing business during the Reporting Period resulting from the decrease in rental volume since 2022.

### IoV and data service sector

The revenue of IoV and data services was generated from (i) sales of intelligent IoV products, and (ii) provision of IoV solutions and data services. The revenue derived from IoV and data service sector increased by approximately 8.4% from RMB94.8 million for the six months ended 30 June 2022 to RMB102.7 million for the six months ended 30 June 2023, primarily due to the increase in revenue from sales of IoV products as compared with the corresponding period of previous year resulting from the increase in production and sales volume from commercial vehicle manufacturers in the first half of 2023.

### COST OF REVENUE

Cost of revenue of the Group increased by approximately 10.9% to RMB1,262.9 million for the six months ended 30 June 2023 from RMB1,138.3 million for the corresponding period of 2022.

The cost of our logistics and supply chain service sector increased by 18.1% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the increase in revenue of this sector by 15.2% during the same period, primarily due to the increase in the proportion of revenue from, but decrease in gross profit margin of logistics and warehousing services as a result of the adjustment of business structure during the year.

Cost of our supply chain financial service sector decreased by 45.0% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the decrease in revenue of this sector by 24.3% during the same period, primarily due to the decrease in funding cost during the Reporting Period, resulting in the decrease in the cost for business investments as compared with the corresponding period.

The cost of our IoV and data service sector increased by 32.7% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the increase in revenue of this sector by 8.4% during the same period, primarily due to large increase in revenue from sales of commodity and large increase in associated cost resulting from changes in revenue structure during the year and the proportion of revenue from IoV and data service decreased which had lower cost element.

### GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit of the Group decreased by approximately 12.5% from approximately RMB291.5 million for the six months ended 30 June 2022 to approximately RMB255.2 million for the six months ended 30 June 2023, and gross profit margin of the Group decreased to approximately 16.8% during the Reporting Period from approximately 20.4% during the corresponding period of 2022. The decrease in gross profit margin was mainly due to the increase in proportion of revenue from, but decrease in gross profit of logistics and supply chain service sector.

### SELLING EXPENSES

Selling expenses increased by approximately 7.3% from RMB20.6 million for the six months ended 30 June 2022 to RMB22.1 million for the six months ended 30 June 2023. The increase was mainly due to the increase in employee benefit expenses as a result of the increase in sales personnel as compared with the corresponding period of 2022, as well as the increase in travelling costs and business entertainment expenses for the purpose of market expansion as compared with the corresponding period of previous year.



## Management Discussion and Analysis

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 10.2% from RMB50.2 million for the six months ended 30 June 2022 to RMB55.3 million for the six months ended 30 June 2023. The increase was mainly due to the increase in staff compensation, travelling costs, business entertainment expenses and rental fees as compared with the corresponding period of previous year.

### RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses was RMB15.1 million for the six months ended 30 June 2023, which was basically flat as compared with the corresponding period of previous year.

### NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Net impairment losses on financial assets decreased by approximately 53.6% from RMB56.0 million for the six months ended 30 June 2022 to RMB26.0 million for the six months ended 30 June 2023. The decrease was mainly due to the increase in the amount of provision for impairment losses caused by the increase in overdue situation under the impact of the industry in the first half of 2022, and the Company's strengthened prevention of credit risk and improved measures for risk control and management, leading the decrease in the expected credit loss in 2023.

### OTHER INCOME

Other income decreased by approximately 19.3% from RMB14.5 million for the six months ended 30 June 2022 to RMB11.7 million for the six months ended 30 June 2023. The decrease was mainly due to the fact that the supply chain financial service sector received a lower immediate refund of value-added tax during the Reporting Period.

### NET OTHER (LOSSES) GAINS

Net other (losses) gains increased by approximately 133.3% from RMB-0.9 million for the six months ended 30 June 2022 to RMB0.3 million for the six months ended 30 June 2023. The increase was mainly due to the increase in the amount of business penalty on suppliers charged by us in logistics and supply chain service business.

### NET FINANCE INCOME/FINANCE COSTS

The net finance costs decreased by approximately 34.2% from RMB15.0 million for the six months ended 30 June 2022 to RMB9.8 million for the six months ended 30 June 2023. The decrease was mainly due to the increase of approximately RMB7.7 million in interest income from bank deposits during the Reporting Period as compared with that of for the corresponding period of previous year.

### PROFIT BEFORE INCOME TAX

Profit before income tax decreased by 6.1% from RMB150.3 million for the six months ended 30 June 2022 to RMB141.2 million for the six months ended 30 June 2023. The decrease was mainly due to the increase in the proportion of revenue from logistics and supply chain service sector and the large decrease in the revenue from the supply chain financial service sector as a result of the adjustment of business structure during the Reporting Period, resulting in a decrease in overall gross profit margin of the Company.

### INCOME TAX EXPENSE

We recorded an income tax expense of approximately RMB31.3 million for the six months ended 30 June 2023 as compared to RMB32.6 million for the corresponding period of previous year. The decrease was mainly due to the decrease in profit before tax.

### PROFIT FOR THE PERIOD

We recorded a net profit of approximately RMB109.9 million for the six months ended 30 June 2023 comparing with RMB117.7 million for corresponding period of previous year. Net profit margin for the six months ended 30 June 2023 was 7.2% as compared to 8.2% for the corresponding period of previous year.

### LIQUIDITY AND CAPITAL RESOURCES

#### Current Assets and Current Liabilities

As at 30 June 2023, the Group had net current assets of approximately RMB1,881.7 million, representing a decrease of approximately 18.5% from RMB2,307.9 million as at 31 December 2022. The decrease was primarily because current liabilities increased by approximately RMB441.1 million as compared with the end of 2022.

The Group's current assets increased by RMB14.9 million from approximately RMB6,897.9 million as at 31 December 2022 to approximately RMB6,912.8 million as at 30 June 2023. The increase was primarily due to the expansion of external business during the period which led to the increase in the balance of receivables.

The Group's current liabilities increased by RMB441.1 million from approximately RMB4,590.0 million as at 31 December 2022 to approximately RMB5,031.1 million as at 30 June 2023, which was mainly due to (i) the increase of approximately RMB210.6 million in notes payable, accounts payable and short-term borrowings as compared with that of in the end of 2022 as a result of the increase in business volume of logistics and supply chain services sector in 2023, as well as the increase of approximately RMB828.2 million in long-term borrowings and related party borrowings reclassified under due within one year; (ii) the decrease of approximately RMB678.9 million in financial lease deposits due within one year, long-term payables due within one year, accounts received in advance as compared with that of in the end of 2022; (iii) and increase of RMB97.0 million in dividends.

#### Other Receivables

Other receivables decreased by approximately RMB250.8 million from RMB415.7 million as at 31 December 2022 to RMB164.9 million as at 30 June 2023. The decrease was mainly due to (i) the decrease of approximately RMB124.5 million in the advances to customers as a result of the decrease in the advances to customers of the logistics and supply chain service sector; (ii) the decrease of RMB109.0 million in sub-leasing business deposits in supply chain financial service sector as compared with that of in the end of 2022.

#### Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income increased by approximately RMB43.2 million from RMB90.3 million as at 31 December 2022 to RMB133.5 million as at 30 June 2023. The increase was mainly due to the increase in payment collection from customers by bills as a result of the increase in revenue during the Reporting Period.

#### Loan Receivables

Loan receivables decreased by approximately RMB54.3 million from RMB5,985.4 million as at 31 December 2022 to RMB5,931.1 million as at 30 June 2023. The decrease was mainly due to (i) the increase in the amount of factoring business in the supply chain financial services sector during the Reporting Period, resulting in an increase of approximately RMB356.4 million in receivables as compared with that of in the end of 2022; (ii) the decrease in the amount of financial leasing business in the supply chain financial services sector and the scale-down financial leasing business, resulting in a decrease of RMB410.7 million in long-term receivables as compared with that of in the end of 2022.



## Management Discussion and Analysis

### Inventories

Inventories of the Group decreased by approximately RMB20.4 million from RMB113.2 million as at 31 December 2022 to RMB92.8 million as at 30 June 2023. The decrease was mainly due to the increased effort in sales of inventories which resulted in a speed-up inventory turnover during the Reporting Period.

The following table sets forth the average turnover days of our inventories of the logistics and supply chain service sector and IoV and data service sector for the periods indicated:

	Six months ended 30 June 2023	Year ended 31 December 2022
Average turnover days of inventories of the logistics and supply chain service sector	<b>113.9</b>	187.4
Average turnover days of inventories of the IoV and data service sector	<b>26.1</b>	23.8

Average turnover days of inventories of the logistics and supply chain service sector in 2022 and for the six months ended 30 June 2023 were 187.4 days and 113.9 days, respectively, which was mainly due to the less inventory turnover days as a result of the increased effort in sales of commodities and strict control of the inventory occupation during the Reporting Period

Average turnover days of inventories of the IoV and data service sector in 2022 and for the six months ended 30 June 2023 were 23.8 days and 26.1 days, respectively, mainly due to longer average turnover days of inventories resulting from the increase in the production volume of commercial vehicle manufacturers and the purchase of inventory in the IoV and data services sector during the Reporting Period.

### Trade Receivables

Trade receivables increased by approximately RMB127.4 million from RMB581.6 million as at 31 December 2022 to RMB709.0 million as at 30 June 2023, mainly due to the increase in business volume in logistics and supply chain service sector and IoV and data services sector during the Reporting Period, resulting in the increase in accounts receivable in the Reporting Period.

The following table sets forth the average turnover days of our trade receivables for the periods indicated:

	Six months ended 30 June 2023	Year ended 31 December 2022
Average turnover days of trade receivables	<b>95.1</b>	92.8

For the year ended 31 December 2022 and the six months ended 30 June 2023, the average turnover days of trade receivables were 92.8 days and 95.1 days, respectively, representing longer turnover days, which was mainly due to the slow collection of customers and longer aging of accounts during the Reporting Period..



## Trade and Other Payables

Trade and other payables increased by approximately RMB240.1 million from RMB2,018.4 million as at 31 December 2022 to RMB2,258.5 million as at 30 June 2023. The increase was mainly due to (i) the increase of approximately RMB274.1 million in the portion due within one year, mainly due to the increase of approximately RMB445.0 million in borrowings from related parties, notes payable, dividend payable and accounts payable as compared to the end of 2022, as well as the decrease of approximately RMB135.1 million in financial leasing deposit due within one year as compared to the end of 2022; (ii) the decrease of approximately RMB34.0 million in the long-term portion as compared to the end of 2022, mainly due to the decrease of approximately RMB33.9 million in the financial leasing deposit generated from supply chain financial service sector as compared to the end of 2022.

The following table sets forth the average turnover days of our trade payables for the periods indicated:

	Six months ended 30 June 2023	Year ended 31 December 2022
Average turnover days of trade payables	49.7	60.2

Our average turnover days of trade payables for the year ended 31 December 2022 and the six months ended 30 June 2023 were 60.2 days and 49.7 days, respectively, primarily due to increase in third party logistics revenue of logistics and supply chain service sector, shorter transportation settlement period during the Reporting Period, causing short average turnover days of trade payables.

## Liquidity and Capital Resources

We have financed our operations primarily through cash generated from our operating activities, capital contribution from our Shareholders, bank borrowings, loans from related parties, asset-backed notes/securities and other borrowings obtained from other financial institutions. As at 31 December 2022 and 30 June 2023, the Company had cash and cash equivalents of RMB1,149.0 million and RMB1,119.2 million, respectively.

## Net Cash Generated from Operating Activities

For the six months ended 30 June 2023, net cash generated from operating activities was RMB187.2 million, with a decrease of RMB105.6 million compared with the corresponding period of 2022, mainly due to the decrease in the investment in financial leasing business in 2022 plus less rental amount recovered in the first half of 2023, resulting in a decrease in the net amount from operating activities compared with the corresponding period of 2022.

## Net Cash Generated Used in Investing Activities

For the six months ended 30 June 2023, net cash used in investing activities was RMB14.5 million, with a decrease of approximately RMB2.7 million compared with the corresponding period of 2022, mainly due to the decrease in acquisition of fixed assets and intangible assets during the Reporting Period compared with the corresponding period of 2022.



## Management Discussion and Analysis

### Net Cash Generated Used in Financing Activities

For the six months ended 30 June 2023, net cash used in financing activities was RMB202.5 million, with a decrease of RMB394.3 million compared with the corresponding period of 2022, mainly due to increase in repayment amount of borrowings due and payable in 2023.

## INDEBTEDNESS

### Bank Borrowings

Bank borrowings increased by 0.1% from RMB1,857.6 million as at 31 December 2022 to RMB1,859.1 million as at 30 June 2023, representing a relatively stable size of that.

### Loans from Related Parties

Loans from related parties increased by 19.9% from RMB973.0 million as at 31 December 2022 to RMB1,167.0 million as at 30 June 2023, mainly due to the increase of RMB194.0 million in loan due to Shaanxi Automobile at the end of the Reporting Period.

### Asset-Backed Notes/Securities

Asset-backed notes/securities decreased by 3.5% from RMB908.5 million as at 31 December 2022 to RMB876.6 million as at 30 June 2023, primarily due to the fact that the amount due to repayment of the ABS issued in the previous period was greater than the amount of the newly issued ABS in 2023.

### Other Borrowings

Our other borrowings from other financial institutions decreased by 70.3% from RMB835.1 million as at 31 December 2022 to RMB248.2 million as at 30 June 2023, mainly due to the reduction of the proportion of other borrowings from other financial institutions in order to optimize the financial structure and reduce the funding cost during the Reporting Period.

### Notes Payable

Notes payable increased by 312.3% from RMB38.2 million as at 31 December 2022 to RMB157.5 million as at 30 June 2023, primarily due to the increase in business payment made to suppliers during the Reporting Period, resulting in the billing amount of notes payable greater than the amount due to repayment.

The maturity of financial liabilities is as follows:

At 30 June 2023 (unaudited)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years (RMB'000)	Over 5 years	Total
Trade and other payables	2,053,279	151,186	35,853	–	2,240,318
Lease liabilities	17,916	9,579	3,666	1,003	32,164
Borrowings	2,106,673	61,597	2,131	–	2,170,401
Bond payables	807,435	103,120	–	–	910,555
	<u>4,985,303</u>	<u>325,482</u>	<u>41,650</u>	<u>1,003</u>	<u>5,353,438</u>



The following table sets forth the weighted average effective interest rates of bank borrowings, loans from related parties, borrowings from third parties, asset-backed securities and other borrowings obtained from other financial institutions as at the dates indicated:

Items	Weighted average interest rate
Bank borrowings	3.62%
Loans from related parties	3.16%
Loans from third parties	3.00%
Asset-backed securities	3.32%
Borrowings from other financial institutions	4.49%

### Lease Liabilities

Lease liabilities represent the lease of office buildings and facilities for our logistics and warehousing services. Lease liabilities amounted to RMB41.7 million and RMB30.5 million, respectively, as at 31 December 2022 and 30 June 2023. The lease term of our lease of buildings and facilities ranges from one year to ten years.

### Contingent Liabilities

As at 30 June 2023, our Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

As at 30 June 2023, save as disclosed above, our Group did not have any other outstanding borrowings, mortgage, charges, debentures or other loan capital (issued or agreed to issue), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, financial leasing commitments, hire purchase commitment.

Save as disclosed above, our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 June 2023 and up to the Latest Practicable Date.

### Gearing Ratio

The Group's gearing ratio decreased from 51.2% as at 31 December 2022 to 48.1% as at 30 June 2023, which is mainly due to the decrease of RMB585.5 million in borrowings as compared with that of in the end of 2022 resulted from lower demands in borrowing in the first half of 2023.





## Management Discussion and Analysis

### QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

Our Group's activities and operations are exposed to a variety of market risk, credit risk, liquidity risk and capital risk. Our overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. We currently do not use any derivative financial instruments to hedge certain risk exposures. Please refer to note 5 to the interim condensed consolidated financial information included in this report for further details.

### PLEDGE OF ASSETS

As at 30 June 2023 and 31 December 2022, the Group's loan receivables of RMB461.3 million and RMB1,433.8 million were pledged as security for other borrowings of RMB248.2 million and RMB835.1 million, respectively. Please refer to note 16 to the interim condensed consolidated financial information included in this report for further details.

### EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 30 June 2023, the Group had a total of 1,657 employees. Employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. The remuneration of the Group's employees includes salaries and allowances. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance.

The Group also emphasises employee trainings and career development, and invests in the education and training programs for its employees with the purpose of upgrading their knowledge on the latest trends and developments of the industry.

### SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

### FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this report, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any existing plan to acquire other material investments or capital assets.

# Corporate Governance and Other Information



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at the date of this report, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following persons and entities (other than the Directors, Supervisors or chief executives of the Company) have interests or short positions in the Shares and underlying Shares which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares or Underlying Shares Held	Approximate Percentage of Shareholding in the total share capital of the Company as at the date of this report
Shaanxi Automobile <sup>(1)</sup>	Beneficial owner	1,500,146,100	67.09%
	Interest in a controlled corporation	117,125,100	5.24%
	Interest in a controlled corporation	11,728,800	0.52%
Shaanxi Heavy Duty Automobile <sup>(1)(2)</sup> Weichai Power Co., Ltd. (濰柴動力股份有限公司) <sup>(2)</sup>	Beneficial owner	117,125,100	5.24%
	Interest in a controlled corporation	117,125,100	5.24%
Shaanxi Commercial Automobile <sup>(1)</sup> Shaanxi Automobile Holding <sup>(1)</sup>	Beneficial owner	11,728,800	0.52%
	Interest in a controlled corporation	1,629,000,000	72.85%

### Notes:

- (1) As at the date of this report, Shaanxi Automobile was owned as to 67.06% by Shaanxi Automobile Holding. By virtue of the SFO, Shaanxi Automobile Holding is deemed to be interested in all the Shares in which Shaanxi Automobile is interested. As at the date of this report, Shaanxi Heavy Duty Automobile was owned as to 49.00% by Shaanxi Automobile and Shaanxi Commercial Automobile was owned as to 68.51% by Shaanxi Automobile. By virtue of the SFO, Shaanxi Automobile is deemed to be interested in all the Shares in which Shaanxi Heavy Duty Automobile and Shaanxi Commercial Automobile are interested.
- (2) As at the date of this report, Shaanxi Heavy Duty Automobile was owned as to 51.00% by Weichai Power Co., Ltd., a company listed on the Stock Exchange (stock code: 2338) and the Shenzhen Stock Exchange (stock code: 000338). By virtue of the SFO, Weichai Power Co., Ltd. is deemed to be interested in all the Shares in which Shaanxi Heavy Duty Automobile is interested.

Save as disclosed above, as of 30 June 2023, the Company had not been notified by any persons (other than Directors, Supervisors or chief executives of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## Corporate Governance and Other Information

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the Reporting Period and up to the date of this interim report is the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### SHARE SCHEME

As at the date of this report, the Company did not have any share option incentive scheme, employee share scheme or other employee incentives of the Company.

### FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and most of its transactions are settled in Renminbi. The Directors are of the opinion that the exchange rate risks to the Group are not significant and will not have any material adverse impact on the Group's financial positions.

### PURCHASE, SALE AND REDEMPTION OF SHARES

The resolution on granting general mandate to the Board to repurchase H Shares of the Company was considered and approved at the annual general meeting, the H Share Class Meeting and the Domestic Shareholders Class Meeting of the Company held on 30 May 2023. According to such mandate, from the period from 11 July 2023 to 28 July 2023, the Company repurchased a total of 31,845,000 H Shares on the Stock Exchange with a total amount of approximately HK\$62.6 million. As of the date of this report, the Company has not yet completed the cancellation of the repurchased H Shares.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted and formulated a code of conduct on terms no less stringent than the required standards of the Model Code as set out in Appendix 10 to the Listing Rules. After making specific enquiries, the Company confirmed that each Director and each Supervisor have complied with the required standards of the Model Code and the Company's code of conduct throughout the Reporting Period.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders and enhance its value and accountability. The Company has adopted and applied principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Group will continue to review and monitor its corporate governance practices in order to ensure the ongoing compliance with the Corporate Governance Code.



### AUDIT COMMITTEE

The Audit Committee consists of three INEDs, namely Mr. Ip Wing Wai, Mr. Yu Qiang and Mr. Li Gang with terms of reference in compliance with the Listing Rules. The chairperson of the Audit Committee is Mr. Ip Wing Wai.

The condensed consolidated interim financial results have not been audited by the independent auditor of the Company. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2023 and this interim report. The Audit Committee considers that the interim financial results for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

### CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since the date of the annual report of 2022 of the Company, changes in the Directors and Supervisors are as follows:

Names	Details of changes
Mr. Wang Jianbin	Retired as a non-executive director of the Company on 30 May 2023
Mr. Zhou Qi	Retired as a non-executive director of the Company on 30 May 2023
Mr. Tian Qiang	Appointed as a non-executive director of the Company on 30 May 2023
Mr. Zhao Chengjun	Appointed as a non-executive director of the Company on 30 May 2023
Mr. Wang Jingan	Retired as a Supervisor of the Company on 30 May 2023
Mr. Zhang Shaojie	Appointed as a Supervisor of the Company on 30 May 2023

Save from the above, there was no change in the information of the Directors and Supervisors which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### USE OF PROCEEDS

The Company's Shares were successfully listed on the Stock Exchange on 15 July 2022. The net proceeds from the Listing amounted to approximately HK\$1,011.0 million (after deduction of the underwriting commission and other relevant Listing expenses payable by the Company in connection with the Global Offering). For the six months ended 30 June 2023, the Company used RMB37.3 million of the proceeds raised from H Shares. The cumulative total utilized proceeds raised from H Shares amounted to RMB136.0 million, and the balance of the unutilized proceeds raised from H Shares amounted to RMB732.8 million. As at the date of this report, the unutilized net proceeds have been deposited in licensed banks in the PRC and will continue to be used in accordance with the purposes set out in the Prospectus, which is expected to be fully utilized by 31 December 2026.



## Corporate Governance and Other Information

The table below sets out the planned applications and usage of the net proceeds:

	Actual net proceeds received		Utilized amounts accumulated as at	Unutilized amounts as at	Expected timetable for the utilization of net proceeds
	(HK\$/million)	(RMB/million)	30 June 2023 (RMB/million)	30 June 2023 (RMB/million)	
<b>Offline business development</b>					
– establishment of an offline digital warehousing and distribution network, as well as a repair service network targeting at commercial automobile aftermarket	379.1	325.8	22.0	303.8	by the end of 2026
<b>Online business development</b>					
– ongoing establishment of online service platform for commercial automobile aftermarket (being CLGG Online Platform)	227.5	195.5	4.8	190.7	by the end of 2025
<b>Enhancement of the core technology capabilities and data service capabilities of IoV and data service sector</b>	303.3	260.6	22.3	238.3	by the end of 2026
<b>Replenishment of general working capital</b>	101.1	86.9	86.9	–	fully utilized in 2022
<b>Total</b>	<b>1,011.0</b>	<b>868.8</b>	<b>136.0</b>	<b>732.8</b>	

## CORPORATE GOVERNANCE EVENTS DURING THE REPORTING PERIOD

As at the date of this report, the Company has no corporate governance events that need to be disclosed under the Listing Rules.

## EVENT AFTER THE REPORTING PERIOD

There were no significant events occurred in the Company after 30 June 2023.

## NO MATERIAL CHANGES

Save as disclosed in this interim report, as at the date of this report, there were no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.



### SUPPLEMENTARY INFORMATION REGARDING THE 2022 ANNUAL REPORT

Reference is made to the Company's annual report for the year ended 31 December 2022 which was published on 26 April 2023 (the "2022 Annual Report"). To supplement the information contained in the 2022 Annual Report, the Company hereby provides the following further information:

#### (I) Related Party Transactions

Details of the related party transactions of the Company for the year ended 31 December 2022 are set out in Note 41 to the consolidated financial statements of the 2022 Annual Report. Certain related party transactions as referred to in Note 41 to the consolidated financial statements of the 2022 Annual Report also constituted connected transactions as defined under Chapter 14A of the Listing Rules. The Company confirms that such transactions were in compliance with the requirements of Chapter 14A of the Listing Rules.

#### (II) Supply Chain Financial Business

##### (i) Customer profiles:

**Financial leasing:** As at 31 December 2022, our financial leasing business has served customers located in about 31 provinces, municipalities and autonomous regions in the PRC.

**Factoring business:** As at 31 December 2022, our factoring business has served customers located in about 24 provinces, municipalities and autonomous regions in the PRC.

##### (ii) Details of credit approval processes

**Financial leasing:** We have established a comprehensive customer due diligence and credit assessment system. The credit assessment department will conduct a further due diligence investigation against the background of the commercial automobile leasing project and creditworthiness of our customer, and compile due diligence and risk assessment reports. We will also produce credit assessment reports based on the credit assessment results provided by independent third parties in the following manner: (a) for all customers who are natural persons, we will obtain credit assessment data from various big-data platforms managed by independent third parties with a letter of authorisation issued by such customer for conducting information query; and (b) for all customers who are legal persons, we will obtain credit assessment information through open information platforms managed by independent third parties. The customer's application and relevant due diligence materials will then be circulated for internal assessment and approval.

**Factoring business:** We have established a comprehensive customer due diligence and credit assessment system. We will conduct a due diligence and credit assessment on our customer. Further operational and financial information of our customer and the buyer will be collected to assess their operation quality, business authenticity and credit level. We will also obtain credit assessment reports from independent third parties when assessing Logistics Factoring projects. Upon completion of the investigation against our customer and the buyer, the factoring application will then be processed internally for final assessment and approval and a credit limit to be granted to our customer will be determined.



## Corporate Governance and Other Information

### (iii) Number of lessees/borrowers

**Financial leasing:** For the year ended 31 December 2022, we had a total of 3,301 new financial lease agreements cumulatively, and served a total of 2,896 customers.

**Factoring business:** For the year ended 31 December 2022, we had a total of 744 new factoring agreements cumulatively, and served a total of 238 customers.

### (iv) The major terms of the loans

**Financial leasing:** A summary of the key terms of the financial leasing agreement is set out below (demonstrated by those under a core commercial automobile financial leasing transaction):

- Term: the term of our leasing agreements generally varies from two to three years;
- Commercial automobile under lease: a detailed list of commercial automobile for leasing is appended to the financial leasing agreement;
- Ownership of commercial automobile under lease: during the lease term, we have the ownership of leased commercial automobile, whereas our customer enjoys the right to possess, use and generate income from the leased commercial automobile subject to the terms and conditions of the financial leasing agreement. The lessee may not transfer, sub-lease, lend or otherwise dispose of the leased commercial automobile without our consent, and must take appropriate actions to take proper care of the leased commercial automobile;
- Installation: Tianxingjian IoV System or other approved satellite positioning device will be installed in the commercial automobile to be leased;
- Rent, fees and security deposit:
  - regular lease payment by lessee;
  - fees for late repayment and insurance; and
  - security deposit;
- Information on mortgages: The mortgages under the financial leasing agreement are generally leased property, which mainly includes commercial vehicles (such as trucks, tractor-trailers, special purpose vehicles, etc.), as well as other machinery and equipment.
- Default provision: if lessee fails to pay any instalment of rent or fails to perform any of its obligation specified in the financial leasing agreements, we shall have the right to demand prompt payment in full or in part of the loan receivables from the financial leasing business;



- Dispute resolution: the financial leasing agreement shall be interpreted in accordance with the laws of the PRC, and if any dispute arises, it shall be subject to the People's Court of the PRC that has jurisdiction over the region where the financial leasing agreement was signed; and
- Completion: after full settlement of all interest and principal payables or compensation settled.

**Factoring business:** A summary of the key terms of our factoring agreement is set out below:

- Term: one to twelve months in general;
- Major arrangements:
  - the customer transfers the ownership of the trade receivables to us, and we provide the customer with the factoring services;
  - we have the right to demand payment of the trade receivables from the buyer;
  - we have the right to demand the customer to repay the outstanding balance of the financing provided to such customer, together with any unpaid interest and related fees owed to us, according to the conditions set out in the agreement; and
  - for most of our factoring transactions, we have the right to notify the buyer of such factoring arrangement between us and the customer at the outset before we provide the financing to the customer;
- Ownership of the accounts receivable: the ownership of the trade receivables will be transferred from the customer to us upon the commencement of the factoring agreements;
- Factoring financing: we determine (i) a credit limit (which is subject to review periodically) for each customer, which limit is determined by the risk review committee, (ii) whether the credit limit will be fixed or revolving (typically revolving in nature), and (iii) the availability period of the credit limit for each customer;
- Factoring fees: factoring fees comprise interest and administrative fees. The total factoring fee ("**Consolidated Effective Annualized Interest Rate**") is primarily determined based on a project-by-project risk-pricing principle, after taking into account the Company's cost and other related expenses. Such Consolidated Effective Annualized Interest Rate equals to the sum of administrative fee (which needs to be converted into annualized rate according to the financing term, and charged in a lump sum prior to lending) and the annual interest rate (which is charged on a monthly basis)\*:
  - interest is usually paid in installments, but may also be paid upfront, or at the end of the financing period; and
  - administrative fees are usually paid in full by the customer to us before we provide the customer with the financing;

\* For the year ended 31 December 2022, the average Consolidated Effective Annualized Interest Rate of the Company's factoring business was 9.51%.





## Corporate Governance and Other Information

- Default provision: if the customer or the buyer fails to perform certain obligations specified in the agreement, we shall have the right to demand for default interest and/or unconditional repurchase of the outstanding trade receivables by our customer, and/or to terminate the provision of the financing to the customer;
- Dispute resolution: the factoring agreements shall be interpreted in accordance with the laws of the PRC, and if any dispute arises, it shall be subject to the People's Court of the PRC that has jurisdiction over the region where the factoring agreements were signed; and
- Completion: upon the end of the term or the termination of the factoring agreements (whichever is earlier).

### (v) The size and diversity of lessees/borrowers

**Financial leasing:** As at 31 December 2022, in terms of number of customers, more than 90.0% of our customers were individuals who are independent third parties of our Company. The remaining customers of our financial leasing business mainly include (a) various companies providing logistics service in relation to a wide range of goods and products, (b) an independent commercial automobile manufacturer, and (c) licensed companies conducting financial leasing business.

During the year ended 31 December 2022, none of the aforementioned customers contributed (a) more than 5.0% of the total revenue of our financial leasing business, and (b) more than 1.0% of the total revenue of the Group, for one or more relevant year during the year ended 31 December 2022, respectively. As such, the customers of our financial leasing business were dispersed and no single customer was regarded as a major customer of our financial leasing business during the year ended 31 December 2022.

During the year ended 31 December 2022, based on the amount placed, the amount we invested into the provision of the financial leasing services to the top five customers represents approximately 31.35% of the percentage to the total amount invested into the provision of financial leasing services.

**Factoring business:** As of December 31, 2022, the major customers of our factoring business include components suppliers and assembly plants in the supply chain of commercial vehicle manufacturing, as well as customers in the logistics industry (including without limitation, logistics platform companies, small and medium logistics enterprises, enterprises running supply chain projects and contract logistic projects), and further expanding into infrastructure, commerce and trade sectors.

In relation to the customers of our factoring business, for the year ended 31 December 2022, there are 3 single customers contributed (a) more than 5.0% of the total revenue of our factoring business, while not a single customer (b) more than 1.0% of the total revenue of the Group.

During the year ended 31 December 2022, based on the amount placed, the amount we invested into the provision of the factoring services to the top five customers represents approximately 33.45% of the percentage to the total amount invested into the provision of factoring services.



### (vi) Interest and administrative fees

**Finance lease business:** for the year ended 31 December 2022, we charged interest rates ranging from 4.23% to 9.77% per annum; the administrative fees charged ranged from 0.00% to 2.50%.

**Factoring:** for the year ended 31 December 2022 the annual interest rates we charged ranged from 0.00% to 11.00%; the administrative fees charged ranged from 0.00% to 4.45%. In addition, for the year ended 31 December 2022, the average Consolidated Effective Annualized Interest Rate of the Company's factoring business was 9.51%.

### (vii) The ageing analysis of the outstanding loans

**Financial leasing:** The following table sets out the movement in the number of financial leasing agreements and the financial leasing receivables balance during the years and as at the dates indicated:

Period <sup>(1)</sup>	As at 31 December			
	2022	2021		
	Number <sup>(2)</sup>	Financial leasing receivables balance RMB million	Number <sup>(2)</sup>	Financial leasing receivables balance RMB million
Less than 1 year	13,559	1,778.30	16,854	2,408.89
Between 1 and 2 years	4,694	2,955.19	14,453	4,404.41
Over 2 years	888	801.52	2,471	1,087.72
<b>Total</b>	<b>19,141</b>	<b>5,535.01</b>	<b>33,778</b>	<b>7,901.02</b>

*Notes:*

- (1) Period means the length of time remaining until the agreed maturity date of the financial leasing agreements as of 31 December 2022 and 31 December 2021, respectively.
- (2) The number represents the number of financial leasing agreements under performance as of 31 December 2022 and 31 December 2021, respectively.

## Corporate Governance and Other Information

The following table sets out the movement in the financial leasing receivables balance and the percentage during the years and as at the dates indicated, based on the length of time the outstanding loans have been outstanding from the date of grant to year end:

Period <sup>(1)</sup>	As at 31 December			
	2022		2021	
	Financial leasing receivables balance RMB million	Percentage	Financial leasing receivables balance RMB million	Percentage
Less than 1 year	3,049.02	55.09%	4,512.20	57.11%
Between 1 and 2 years	1,711.05	30.91%	3,043.50	38.52%
Over 2 years	774.94	14.00%	345.32	4.37%
<b>Total</b>	<b>5,535.01</b>	<b>100.00%</b>	<b>7,901.02</b>	<b>100.00%</b>

Note:

(1) Period means the length of the outstanding loans granted as of the end of 2022 and 2021, respectively.

**Factoring business:** The following table sets out the movement in the number of factoring agreements and the factoring receivables balance during the years and as at the dates indicated:

Period <sup>(1)</sup>	As at 31 December			
	2022		2021	
	Number <sup>(2)</sup>	Factoring receivables balance RMB million	Number <sup>(2)</sup>	Factoring receivables balance RMB million
Less than 3 months	171	670.56	159	521.19
Between 3 months and 6 months	67	255.93	39	192.27
Between 6 months and 12 months	1	6.39	1	2.30
Over 12 months	0	0.00	0	0.00
<b>Total</b>	<b>239</b>	<b>932.88</b>	<b>199</b>	<b>715.76</b>

Notes:

(1) Period means the length of time remaining until the agreed maturity date of the factoring agreements as of 31 December 2022 and 31 December 2021, respectively.

(2) The number represents the number of factoring agreements under performance as of 31 December 2022 and 31 December 2021, respectively.



The following table sets out the movement in the factoring receivables balance and the percentage during the years and as at the dates indicated, based on the length of time the outstanding loans have been outstanding from the date of grant to year end:

Period <sup>(1)</sup>	As at 31 December			
	2022		2021	
	Factoring receivables balance RMB million	Percentage	Factoring receivables balance RMB million	Percentage
Less than 3 months	617.53	66.20%	482.40	67.40%
Between 3 months and 6 months	207.64	22.26%	103.84	14.51%
Between 6 months and 12 months	0.26	0.03%	21.06	2.94%
Over 12 months	107.45	11.52%	108.46	15.15%
<b>Total</b>	<b>932.88</b>	<b>100.00%</b>	<b>715.76</b>	<b>100.00%</b>

Note:

(1) Period means the length of the outstanding loans granted as of the end of 2022 and 2021, respectively.

### (viii) Movements of impairments or write-offs of loan receivables and the basis of impairment assessments

**Finance leasing:** The Group assessed whether the credit risk of loan receivables had increased significantly since their initial recognition, and applied a three-stage impairment model to calculate the expected credit loss (“ECL”). For loan receivables classified under stage 1 (there has not been a significant increase in credit risk since initial recognition) and stage 2 (there has been a significant increase in credit risk since initial recognition but is not yet deemed to be credit-impaired), management assessed loss allowances using the risk parameter modelling approach that incorporated relevant key assumptions and parameters, including the probability of default, loss given default, exposure at default, and forward-looking economic factors. For loan receivables classified under stage 3 (there has been identified as credit-impaired since initial recognition), management assessed loss allowances by estimating the expected discounted cash flows.

As at 31 December 2022, the Company’s finance leasing business involved long-term receivables of RMB5,535.01 million (2021: RMB7,901.02 million) and a balance of bad debt provision for long-term receivables of RMB367.96 million (2021: RMB312.64 million). The increase in the balance of bad debt provision in 2022 as compared with 2021 was mainly attributable to the increase in the balance of third stage rentals in 2022 due to the impact of the downturn in sales of commercial vehicles and the impact of epidemics, and the difficulties in the operation of financial leasing customers (downturn in the logistics market).



## Corporate Governance and Other Information

**Factoring business:** The Group assessed whether the credit risk of loan receivables had increased significantly since their initial recognition, and applied a three-stage impairment model to calculate the expected credit loss. For loan receivables classified under stage 1 (there has not been a significant increase in credit risk since initial recognition) and stage 2 (there has been a significant increase in credit risk since initial recognition but is not yet deemed to be credit-impaired), management assessed loss allowances using the risk parameter modelling approach that incorporated relevant key assumptions and parameters, including the probability of default, loss given default, exposure at default, and forward-looking economic factors. For loan receivables classified under stage 3 (there has been identified as credit-impaired since initial recognition), management assessed loss allowances by estimating the expected discounted cash flows.

As at 31 December 2022, the Company's factoring business involved trade receivables of RMB932.88 million (2021: RMB715.76 million) and the balance of bad debt provision for trade receivables was RMB114.53 million (2021: RMB119.33 million). In determining the expected credit loss ratio for the year 2022, the Company has taken into account the Company's current situation, the market situation and forward-looking information to make a judgment on the historical data, and the expected credit loss ratio is determined to be lower than that for the year 2021 due to the better overall operating conditions.

### (III) Non-Competition Undertaking

To avoid any actual or potential competition between the business of the Controlling Shareholders of the Company and the Company, on 23 June 2022, the Controlling Shareholders of the Company, being Shaanxi Automobile, Shaanxi Automobile Holding and Shaanxi Commercial Automobile, had undertaken to the Group (the "**Non-Competition Undertaking**") that, subject to certain exceptions, they shall not, and shall procure that their associates (other than members of our Group) will not engage in any business which directly or indirectly competes with our core business within the Relevant Period (as defined in the Prospectus). For details of the Non-Competition Undertaking, please refer to the Prospectus.

As of 31 December 2022, the Controlling Shareholders of the Company did not hold any interest in any other business which may directly or indirectly compete with the business of the Group.

The Company has received confirmations from the Controlling Shareholders of the Company that they have complied with the Non-Competition Undertaking during the year ended 31 December 2022 for disclosure in this report.

The independent non-executive directors have reviewed the compliance with the Non-Competition Undertaking for the year ended 31 December 2022 based on the information and confirmations provided by or obtained from the Controlling Shareholders of the Company and are satisfied that the Controlling Shareholders of the Company have duly complied with the Non-Competition Undertaking.

The Company will promptly review the signing of the confirmations by the Controlling Shareholders of the Company prior to the publication of the annual report every year, and the independent non-executive directors will review the compliance of the Controlling Shareholders of the Company with the Non-Competition Undertaking for the relevant reporting period. The Company will disclose in its annual report the progress of the Non-Competition Undertaking for the relevant reporting period.

# Interim Condensed Consolidated Statements of Comprehensive Income

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

	Note	Unaudited	
		Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
<b>Revenue</b>	6	1,518,082	1,429,785
Cost of revenue	8	(1,262,891)	(1,138,264)
<b>Gross profit</b>		<u>255,191</u>	<u>291,521</u>
Selling expenses	8	(22,082)	(20,608)
Administrative expenses	8	(55,306)	(50,230)
Research and development expenses	8	(15,120)	(15,146)
Net impairment losses on financial assets	8	(26,044)	(56,005)
Other income	7	11,662	14,452
Other gain/(losses)-net		<u>317</u>	<u>(874)</u>
Operating profit		<u>148,618</u>	<u>163,110</u>
Finance income	9	12,966	5,288
Finance costs	9	(22,787)	(20,240)
Finance (cost)/income-net	9	<u>(9,821)</u>	<u>(14,952)</u>
Share of net profit of associate accounted for using the equity method		<u>2,452</u>	<u>2,100</u>
Profit before income tax		<u>141,249</u>	<u>150,258</u>
Income tax expense	10	(31,330)	(32,598)
Profit for the period		<u>109,919</u>	<u>117,660</u>
Profit attributable to:			
– The equity holders of the Company		109,776	114,926
– Non-controlling interests		<u>143</u>	<u>2,734</u>
		<u>109,919</u>	<u>117,660</u>
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income for the period		<u>109,919</u>	<u>117,660</u>
Total comprehensive income attributable to:			
– The equity holders of the Company		109,776	114,926
– Non-controlling interests		<u>143</u>	<u>2,734</u>
		<u>109,919</u>	<u>117,660</u>
<b>Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)</b>			
– Basic or diluted earnings per share	11	<u>0.05</u>	<u>0.05</u>

The above interim consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.



# Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2023  
(All amounts in RMB unless otherwise stated)

		Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	100,590	99,170
Investment properties	13	7,899	8,033
Intangible assets	14	37,582	32,550
Investment in an associate		6,952	9,157
Right-of-use assets		37,049	47,891
Other receivables	18	–	11,131
Loan receivables	17	1,505,362	1,914,548
Deferred income tax assets		157,420	152,300
		<u>1,852,854</u>	<u>2,274,780</u>
<b>Current assets</b>			
Inventories	15	92,771	113,198
Trade receivables	16	709,039	581,578
Prepayments		101,619	153,221
Other receivables	18	164,856	404,550
Notes receivables		152,436	319,084
Financial assets at fair value through other comprehensive income (FVOCI)		133,542	90,268
Loan receivables	17	4,425,749	4,070,849
Restricted cash at banks		13,604	16,158
Cash and cash equivalents		1,119,173	1,148,967
		<u>6,912,789</u>	<u>6,897,873</u>
<b>Total assets</b>		<u>8,765,643</u>	<u>9,172,653</u>
<b>EQUITY</b>			
Share capital		2,236,043	2,236,043
Other reserves		803,348	802,590
Retained earnings		311,885	299,822
<b>Total equity attributable to equity holders of the Company</b>		<u>3,351,276</u>	<u>3,338,455</u>
<b>Non-controlling interests</b>		<u>(2,763)</u>	<u>(2,906)</u>
<b>Total equity</b>		<u>3,348,513</u>	<u>3,335,549</u>

# Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2023  
(All amounts in RMB unless otherwise stated)



	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		13,179	23,136
Bond payables	19	88,608	124,461
Provisions for warranty		1,043	1,194
Other payables	20	176,970	210,922
Contract liabilities		30,261	18,568
Borrowings	21	61,914	852,116
Deferred government grants		14,042	16,744
		<u>386,017</u>	<u>1,247,141</u>
<b>Current liabilities</b>			
Trade and other payables	20	2,081,513	1,807,430
Lease liabilities		17,285	18,613
Bond payables	19	787,963	784,025
Contract liabilities		79,380	127,278
Current income tax liabilities		19,568	11,965
Borrowings	21	2,045,404	1,840,652
		<u>5,031,113</u>	<u>4,589,963</u>
<b>Total liabilities</b>		<u>5,417,130</u>	<u>5,837,104</u>
<b>Total equity and liabilities</b>		<u>8,765,643</u>	<u>9,172,653</u>

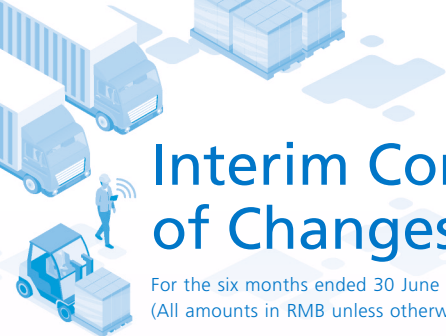
The above interim consolidated statements of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on page 29 to 72 were approved by the board of directors on 30 August 2023 and were signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director





# Interim Condensed Consolidated Statements of Changes In Equity

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

		Unaudited Attributable to equity holders of the Company					
		Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2023</b>		2,236,043	802,590	299,822	3,338,455	(2,906)	3,335,549
<b>Comprehensive income</b>							
Profit for the period		—	—	109,776	109,776	143	109,919
<b>Transaction with owners:</b>							
Dividends declared	22	—	—	(96,955)	(96,955)	—	(96,955)
Appropriation of safety fund		—	1,029	(1,029)	—	—	—
Utilisation of safety fund		—	(271)	271	—	—	—
<b>Subtotal</b>		—	758	(97,713)	(96,955)	—	(96,955)
<b>At 30 June 2023</b>		<u>2,236,043</u>	<u>803,348</u>	<u>311,885</u>	<u>3,351,276</u>	<u>(2,763)</u>	<u>3,348,513</u>
<b>At 1 January 2022</b>		1,629,000	515,628	299,747	2,444,375	5,372	2,449,747
<b>Comprehensive income</b>							
Profit for the period		—	—	114,926	114,926	2,734	117,660
<b>Transaction with owners:</b>							
Dividends declared	22	—	—	(201,126)	(201,126)	(1,945)	(203,071)
Appropriation of safety fund		—	2,848	(2,848)	—	—	—
Utilisation of safety fund		—	(430)	430	—	—	—
<b>Subtotal</b>		—	2,418	(203,544)	(201,126)	(1,945)	(203,071)
<b>At 30 June 2022</b>		<u>1,629,000</u>	<u>518,046</u>	<u>211,129</u>	<u>2,358,175</u>	<u>6,161</u>	<u>2,364,336</u>

# Interim Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Cash flow from operating activities</b>			
Cash generated from operations		198,454	338,260
Interests received	9	12,966	5,288
Income tax paid		(24,245)	(50,791)
<b>Net cash generated from operating activities</b>		<u>187,175</u>	<u>292,757</u>
<b>Cash flow from investing activities</b>			
Proceeds from disposal of property, plant and equipment		185	91
Dividends received from an associate		4,657	5,123
Purchases of property, plant and equipment and intangible assets		(19,310)	(22,409)
<b>Net cash used in investing activities</b>		<u>(14,468)</u>	<u>(17,195)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		264,873	729,280
Proceeds from loans from related parties		500,000	–
Proceeds from bond issuance		713,000	460,000
Repayments of borrowings		(734,415)	(94,260)
Repayments of loans from related parties		(167,008)	–
Repayments of bond payables		(744,915)	(664,407)
Interests paid		(22,496)	(18,778)
Dividends paid to the Company's equity holders	22	–	(201,126)
Dividends paid to non-controlling interests of subsidiaries	22	–	(1,945)
Payments for listing expenses		–	(5,227)
Payments for leases liabilities – principal		(11,285)	(10,737)
Payments for leases liabilities – interest		(255)	(1,004)
<b>Net cash (used in)/generated from financing activities</b>		<u>(202,501)</u>	<u>191,796</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(29,794)	467,358
Cash and cash equivalents at beginning of the period		<u>1,148,967</u>	<u>213,339</u>
<b>Cash and cash equivalents at end of the period</b>		<u>1,119,173</u>	<u>680,697</u>

The above interim consolidated statements of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 1 General information, group reorganisation and basis of presentation

### 1.1 General information

Deewin Tianxia Investment Holding Co., Ltd. (德銀天下投資控股有限公司, the “Company”) was incorporated in Shaanxi Province of the People’s Republic of China (the “PRC”) on 14 August 2014 as a limited liability company under the Company law of the PRC. On 25 December 2020, the Company was converted into a joint stock limited liability company and changed its name to Deewin Tianxia Co., Ltd. (德銀天下股份有限公司, the “Company”). The address of its registered office is Jingwei Center, 29 West Section of Xijin Road, Xi’an Economic and Technological Development Zone, Xi’an, Shaanxi Province, the PRC. The Company and its subsidiaries (together, the “Group”) are principally engaged in the business of logistics and supply chain service (including supply chain business, automobile sales business and aftermarket product business), supply chain financial service (including financial leasing business and factoring business), and internet of vehicle (IoV) and data service in the PRC.

The Company completed its initial public offerings (“IPO”) and listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 July 2022.

The interim condensed consolidated financial information is presented in Renminbi thousand (RMB’000), unless otherwise stated.

The interim condensed consolidated financial information have been approved for issue by the Board of Directors on 30 August 2023.

The interim condensed consolidated financial information has not been audited.

## 2 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the historical financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standard (“IFRS”).

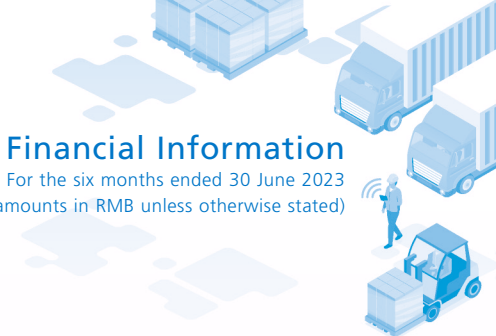
## 3 Significant accounting policies

The accounting policies applied are consistent with those in the preparation of the Group’s historical financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards as set out below.

Income tax expense in the interim financial statements was recognized based on management’s estimate of the annual income tax rate expected for the full financial year.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 3 Significant accounting policies (Continued)

### 3.1 New and amended standards adopted by the Group

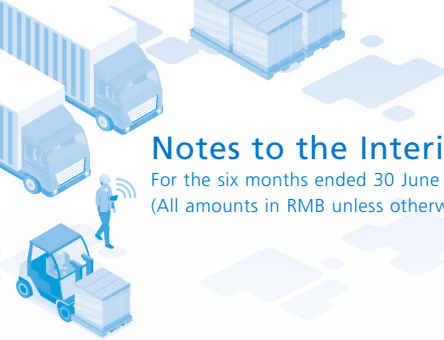
The Group has applied the following standards and amendments for the first time for the Reporting Period commencing 1 January 2023. The adoption of these standards and amendments does not have significant impact to the Interim Financial Information of the Group.

		Effective for accounting periods beginning on or after
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

### 3.2 New standards and amendments of IFRS issued effective for the financial periods beginning on and after 1 January 2024 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with Covenants	1 January 2024
Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Int 5 (2020))	Interpretation 5 (2020) Presentation of Financial Statements	1 January 2024
Amendment to IAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of assessing the impact of the new standards, amendments to standards and annual improvements on its results of operations and financial position. The Group expects to adopt the relevant new standards, amendments to standards and annual improvements when they become effective.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 4 Critical accounting estimates and judgements

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the historical financial statements of the Group for the years ended 31 December 2022.

## 5 Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the historical financial statements of the Group for the year ended 31 December 2022.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2022.

#### (a) Credit risk

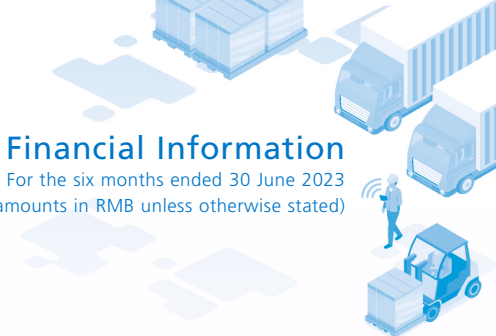
Credit risk is the risk of loss that a counterparty fails to or is unwilling to meet its obligations. Credit risk for the Group mainly arises from cash and cash equivalents, restricted cash at banks, fair value through other comprehensive income (FVOCI), loan receivables, trade and other receivables etc.

The Group expects that there is no significant credit risk associated with cash at bank and restricted cash at bank, since they are deposited at state-owned banks and other medium or large size listed banks.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macro economic data including the gross domestic product, aggregate finance, industrial add value, producer price index, consumer price index, fixed asset investment, RMB Loan, M2 and purchasing manager's index. The Group regularly predicts the macro economic data under three economic scenarios (i.e., optimistic scenario, basic scenario, and pessimistic scenario). The predictions are used in the expected credit losses model. Basic scenario is defined as the most probable situation, which will become benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better or worse than basic scenario respectively and can also become a source of sensitivity test. The Group comprehensively considers statistical analysis and expert judgement results to determine economic forecasts and weights under various scenarios.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 5 Financial risk management (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Liquidity risk

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Group's financial liabilities that will be settled on a gross basis into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2023 (unaudited)</b>					
Trade and other payables	2,053,279	151,186	35,853	–	2,240,318
Lease liabilities	17,916	9,579	3,666	1,003	32,164
Borrowings	2,106,673	61,597	2,131	–	2,170,401
Bond payables	807,435	103,120	–	–	910,555
	<u>4,985,303</u>	<u>325,482</u>	<u>41,650</u>	<u>1,003</u>	<u>5,353,438</u>
<b>At 31 December 2022 (audited)</b>					
Trade and other payables	1,771,982	153,556	61,359	–	1,986,897
Lease liabilities	20,275	16,520	6,201	1,434	44,430
Borrowings	1,918,422	868,021	–	–	2,786,443
Bond payables	797,734	125,939	–	–	923,673
	<u>4,508,413</u>	<u>1,164,036</u>	<u>67,560</u>	<u>1,434</u>	<u>5,741,443</u>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 5 Financial risk management (Continued)

### 5.2 Fair value estimation

Financial instruments that are measured in the consolidated statement of financial position at fair value, and the fair value measurements by level of the following fair value measurement hierarchy is as following:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

An explanation of each level follows underneath the table.

	As at 30 June 2023 (unaudited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets at FVOCI</b>				
Notes receivables	–	–	86,816	86,816
Trade receivables	–	–	46,726	46,726
	–	–	133,542	133,542

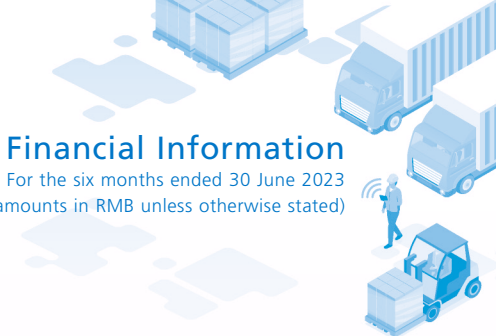
	As at 31 December 2022 (audited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets at FVOCI</b>				
Notes receivables	–	–	43,740	43,740
Trade receivables	–	–	46,528	46,528
	–	–	90,268	90,268

During the six months ended 30 June 2023 and the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Fair value of notes receivable and trade receivables are considered approximate to their carrying amount. The fair value change was insignificant.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 6 Segment information and revenue

### 6.1 Segment information

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company, who only review the Group’s consolidated results when making decisions about allocating resources and assessing performance. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Logistics and supply chain service sector, which includes supply chain business, automobile sales business and after-market product business;
- Supply chain financial service sector, which includes financial leasing business and factoring business;
- Internet of Vehicle (IoV) and data service sector, which includes sale of intelligent internet of vehicle terminal products sales business and relevant data service business.

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment gross profit and segment operating profit. The revenues from external customers reported to CODM are measured as segment revenues, which is the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenues minus segment cost of revenues. The segment operating profit is calculated as segment gross profit minus selling expenses, administrative expenses, research and development expenses, net impairment losses on financial assets, other income and other gains/(losses)-net associated with the respective segment.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 6 Segment information and revenue (Continued)

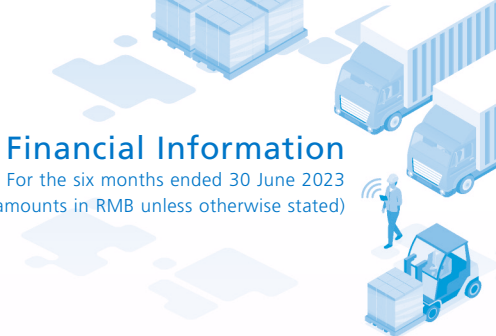
### 6.1 Segment information (Continued)

The segment results for the six months ended 30 June 2023 and 2022 are as follows:

	Unaudited					
	Six months ended 30 June 2023					
	Logistics and supply chain service	Supply chain financial service	Internet of Vehicle (IoV) and data service	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,187,827	238,719	102,981	–	(11,445)	1,518,082
– Sales of goods	164,674	–	63,772	–	(2,830)	225,616
– Logistics and warehousing service	1,015,264	–	–	–	(907)	1,014,357
– Interest income from financial leasing business	–	193,582	–	–	(893)	192,689
– Interest income from factoring service	–	43,924	–	–	(1,310)	42,614
– Internet of Vehicle (IoV) and data service	–	–	39,209	–	(272)	38,937
– Others	7,889	1,213	–	–	(5,233)	3,869
Gross profit	47,887	147,528	48,973	–	10,803	255,191
Operating profit	18,856	105,381	25,672	175,808	(177,099)	148,618
Financial (costs)/income-net	(15,007)	1,872	595	13,233	(10,514)	(9,821)
Share of net profit of associate	–	–	–	2,452	–	2,452
Profit before income tax	3,849	107,253	26,267	191,493	(187,613)	141,249
Total assets	1,418,209	6,337,607	226,762	6,033,906	(5,250,841)	8,765,643
Total liabilities	1,399,376	4,417,088	184,442	2,368,077	(2,951,853)	5,417,130

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 6 Segment information and revenue (Continued)

### 6.1 Segment information (Continued)

	Unaudited					
	Six months ended 30 June 2022					
	Logistics and supply chain service	Supply chain financial service	Internet of Vehicle (IoV) and data service	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,037,986	316,460	94,860	–	(19,521)	1,429,785
– Sales of goods	141,766	–	41,322	–	–	183,088
– Logistics and warehousing service	882,080	–	–	–	(2,577)	879,503
– Interest income from financial leasing business	–	285,008	–	–	(1,501)	283,507
– Interest income from factoring service	–	30,613	–	–	(3,162)	27,451
– Internet of Vehicle (IoV) and data service	–	–	53,538	–	(99)	53,439
– Others	14,140	839	–	–	(12,182)	2,797
Gross profit	73,198	151,875	54,171	–	12,277	291,521
Operating profit	51,799	78,951	32,407	167,783	(167,830)	163,110
Financial (costs)/income-net	(14,904)	3,907	3,059	4,928	(11,942)	(14,952)
Share of net profit of associate	–	–	–	2,100	–	2,100
Profit before income tax	<u>36,895</u>	<u>82,858</u>	<u>35,466</u>	<u>174,811</u>	<u>(179,772)</u>	<u>150,258</u>
Total assets	1,585,390	7,703,884	259,010	4,399,413	(4,447,355)	9,500,342
Total liabilities	1,502,834	5,834,203	209,937	1,737,513	(2,148,481)	7,136,006

The Group mainly operates its businesses in the PRC and earns all of the revenues from external customers attributed to the PRC.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 6 Segment information and revenue (Continued)

#### 6.2 Revenue

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Recognised at a point in time</b>		
– Sales of goods	225,616	183,088
– Others	3,869	2,797
<b>Recognised over time</b>		
– Logistics and warehousing service	1,014,357	879,503
– Sales-and-leaseback financing business	192,689	283,507
– Interest income from factoring services	42,614	27,451
– Internet of vehicle (IoV) and data service	38,937	53,439
	<u>1,518,082</u>	<u>1,429,785</u>

Revenue from major customer for the six months ended 30 June 2023 and 2022 is set out below:

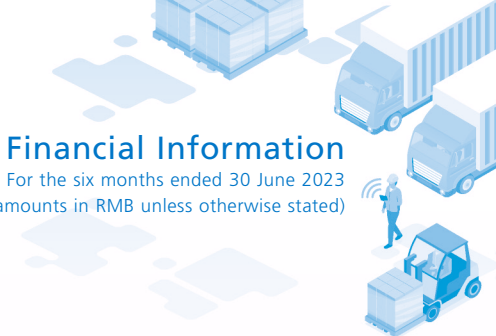
	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Customer A	<u>221,397</u>	<u>—</u>

For the six months ended 30 June 2023, Customer A (the third party) was the only customer contributed 10% or above of the Group's revenue.

For the six months ended 30 June 2022, none of the Group's customers contributed 10% or more of the Group's revenue.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 7 Other income

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Government subsidy income		
– Income related	8,960	12,991
– Assets related	2,702	1,461
	<u>11,662</u>	<u>14,452</u>

Government grants mainly represented grants received from the PRC government authorities for subsidising the Group's general operation, research and development activities.

## 8 Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Transportation expenses	862,901	727,670
Purchase cost of commercial automobiles	126,208	99,907
Employee benefit expenses	118,527	101,620
Raw materials and purchased goods consumed	78,969	70,141
Funding costs	71,234	133,565
Net impairment losses on financial assets	26,044	56,005
Outsourced labour costs	21,986	11,257
Lease expenses	12,877	4,578
Amortisation of right-of-use asset	10,842	13,019
Depreciation of property, plant and equipment (Note 12)	8,937	9,101
Network traffic costs	8,403	10,231
Travelling expenses	4,297	2,305
Office expenses	4,239	4,927
Amortisation of intangible assets (Note 14)	3,690	1,748
Utilities and electricity	3,650	2,317
Taxes and levies	3,546	3,419
Auditor's remuneration	2,058	2,250
Maintenance expenses	982	959
Amortisation of investment properties (Note 13)	134	–
Listing expenses	–	3,668
Miscellaneous	11,919	21,566
	<u>1,381,443</u>	<u>1,280,253</u>
Total (Note)		

Note: This represents total of cost of revenue, selling expenses, administrative expenses, research and development expenses and net impairment losses on financial assets.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 9 Finance (cost)/income - net

	Unaudited	
	Six months ended 30 June 2023	2022
	RMB'000	RMB'000
Interest income:		
– bank deposits	12,966	5,288
Total finance income	12,966	5,288
Interest expenses:		
– bank borrowings	(22,496)	(18,778)
– lease liabilities	(254)	(1,004)
– termination benefits	(37)	(74)
– foreign exchange losses	–	(384)
Total finance costs	(22,787)	(20,240)
Finance (cost)/income – net	(9,821)	(14,952)

### 10 Income tax expense

The amounts of income tax expense charged to profit or loss represented:

	Unaudited	
	Six months ended 30 June 2023	2022
	RMB'000	RMB'000
Current income tax	36,450	46,567
Deferred income tax	(5,120)	(13,969)
Income tax expense	31,330	32,598

- (a) Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and implementation regulations of the CIT Law, the statutory corporate income tax rate in the PRC is 25% from 1 January 2008. The income tax rate of 25% is applicable to all of the Group's subsidiaries during the six months ended 30 June 2023 and 2022, except for Shaanxi Tianxingjian IoV Information Technology Co., Ltd., Xinjiang Fargo Supply Chain Management Co., Ltd. and Tonghui which enjoy a preferential income tax rate of 15% according to the policies of Western Area Development for the six months ended 30 June 2023 and 2022.
- (b) Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 11 Earnings per share

	Unaudited	
	Six months ended 30 June 2023	2022
Profit attributable to equity holders of the Company (RMB'000)	109,776	114,926
Weighted average number of ordinary shares in issue (in thousand)	2,236,042.5	2,236,042.5
Basic earnings per share (RMB)	0.05	0.05

- (a) The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential share during the six months ended 30 June 2023 and 2022.

## 12 Property, plant and equipment

	Buildings and facilities RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2023</b>							
Cost	64,566	9,849	44,749	40,866	25,152	12,517	197,699
Accumulated depreciation	(22,800)	(4,120)	(29,968)	(30,459)	(11,168)	-	(98,515)
Impairment	-	-	(14)	-	-	-	(14)
Net book value	41,766	5,729	14,767	10,407	13,984	12,517	99,170
<b>Six months ended 30 June 2023 (unaudited)</b>							
Opening net book value	41,766	5,729	14,767	10,407	13,984	12,517	99,170
Additions	-	-	2,492	1,295	3,636	3,295	10,718
Transfer	-	432	-	-	530	(962)	-
Disposals	-	(42)	(127)	(192)	-	-	(361)
Depreciation (Note 8)	(804)	(422)	(1,946)	(3,231)	(2,534)	-	(8,937)
Closing net book value	40,962	5,697	15,186	8,279	15,616	14,850	100,590
<b>As at 30 June 2023 (unaudited)</b>							
Cost	64,566	10,153	44,815	42,147	29,318	14,850	205,849
Accumulated depreciation	(23,604)	(4,456)	(29,615)	(33,868)	(13,702)	-	(105,245)
Impairment	-	-	(14)	-	-	-	(14)
Net book value	40,962	5,697	15,186	8,279	15,616	14,850	100,590

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 12 Property, plant and equipment (Continued)

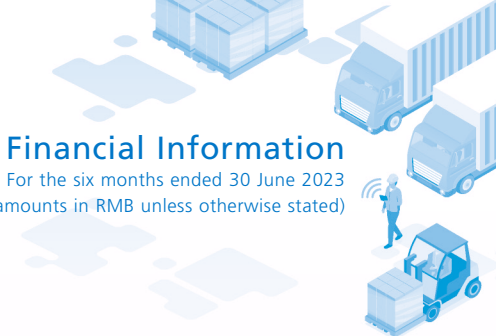
	Buildings and facilities RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2022</b>							
Cost	64,566	9,916	47,097	41,117	14,315	607	177,618
Accumulated depreciation	(20,605)	(3,304)	(28,510)	(24,320)	(7,687)	-	(84,426)
Impairment	-	-	(14)	-	-	-	(14)
Net book value	<u>43,961</u>	<u>6,612</u>	<u>18,573</u>	<u>16,797</u>	<u>6,628</u>	<u>607</u>	<u>93,178</u>
<b>Six months ended 30 June 2022 (unaudited)</b>							
Opening net book value	43,961	6,612	18,573	16,797	6,628	607	93,178
Additions	-	8	51	768	4,627	8,234	13,688
Transfer	-	-	291	-	-	(291)	-
Disposals	-	-	(118)	(34)	-	-	(152)
Depreciation (Note 8)	<u>(1,335)</u>	<u>(438)</u>	<u>(2,272)</u>	<u>(4,064)</u>	<u>(1,054)</u>	<u>-</u>	<u>(9,163)</u>
Closing net book value	<u>42,626</u>	<u>6,182</u>	<u>16,525</u>	<u>13,467</u>	<u>10,201</u>	<u>8,550</u>	<u>97,551</u>
<b>As at 30 June 2022 (unaudited)</b>							
Cost	64,566	9,924	44,735	40,923	11,255	8,550	179,953
Accumulated depreciation	(21,940)	(3,742)	(28,196)	(27,456)	(1,054)	-	(82,388)
Impairment	-	-	(14)	-	-	-	(14)
Net book value	<u>42,626</u>	<u>6,182</u>	<u>16,525</u>	<u>13,467</u>	<u>10,201</u>	<u>8,550</u>	<u>97,551</u>

(a) Depreciation of property, plant and equipment has been charged to profit or loss as follows:

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of revenue	5,097	4,328
Administrative expenses	1,831	1,981
Research and development expenses	1,564	2,348
Selling expenses	<u>445</u>	<u>444</u>
	<u>8,937</u>	<u>9,101</u>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 13 Investment properties

	Land use right RMB'000
<b>As at 1 January 2023</b>	
Cost	8,299
Accumulated amortisation	<u>(266)</u>
Net book value	<u>8,033</u>
<b>Six months ended 30 June 2023 (unaudited)</b>	
Opening net book value	8,033
Amortisation (Note 8)	<u>(134)</u>
Closing net book value	<u>7,899</u>
<b>As at 30 June 2023 (unaudited)</b>	
Cost	8,299
Accumulated amortisation	<u>(400)</u>
Net book value	<u>7,899</u>



# Notes to the Interim Condensed Consolidated Financial Information

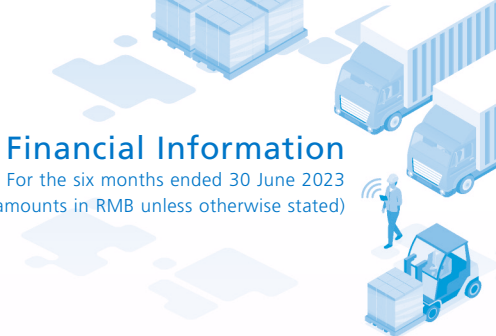
For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 14 Intangible assets

	Software RMB'000
<b>As at 1 January 2023</b>	
Cost	53,990
Accumulated amortisation	<u>(21,440)</u>
Net book value	<u>32,550</u>
<b>Six months ended 30 June 2023 (unaudited)</b>	
Opening net book value	32,550
Additions	8,722
Amortisation (Note 8)	<u>(3,690)</u>
Closing net book value	<u>37,582</u>
<b>As at 30 June 2023 (unaudited)</b>	
Cost	62,712
Accumulated amortisation	<u>(25,130)</u>
Net book value	<u>37,582</u>
<b>As at 1 January 2022</b>	
Cost	38,667
Accumulated amortisation	<u>(15,811)</u>
Net book value	<u>22,856</u>
<b>Six months ended 30 June 2022 (unaudited)</b>	
Opening net book value	22,856
Additions	8,610
Amortisation (Note 8)	<u>(2,416)</u>
Closing net book value	<u>29,050</u>
<b>As at 30 June 2022 (unaudited)</b>	
Cost	47,277
Accumulated amortisation	<u>(18,227)</u>
Net book value	<u>29,050</u>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



### 14 Intangible assets (Continued)

Amortisation of intangible assets has been charged to profit or loss as follows:

	Unaudited	
	Six months ended	
	2023	2022
	RMB'000	RMB'000
Administrative expenses	1,119	660
Research and development expenses	1,347	903
Cost of revenue	965	185
Selling expenses	259	–
	<u>3,690</u>	<u>1,748</u>

### 15 Inventories

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
<b>Cost:</b>		
Commercial vehicles	81,718	113,945
Intelligent internet of vehicle (IoV) terminal products	10,427	2,520
Components	3,843	928
	<u>95,988</u>	<u>117,393</u>
<b>Provision for impairment loss:</b>		
Commercial vehicles	(3,217)	(4,195)
	<u>92,771</u>	<u>113,198</u>
<b>Inventories-net</b>		

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 16 Trade receivables

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Trade receivables – related parties (Note 24(c))	277,339	212,869
Trade receivables – individually assessed third parties	47,236	48,434
Trade receivables – third parties	<u>418,646</u>	<u>351,128</u>
	743,221	612,431
Less: allowance for impairment	<u>(34,182)</u>	<u>(30,853)</u>
<b>Trade receivables – net</b>	<u><b>709,039</b></u>	<u><b>581,578</b></u>

As at 30 June 2023 and 31 December 2022, the fair values of trade receivables of the Group approximate their carrying amounts.

As at 30 June 2023 and 31 December 2022, all the carrying amounts of trade receivables were denominated in RMB.

(a) Aging analysis of trade receivables at the respective balance sheet dates, based on the invoice dates, are as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	678,158	572,182
One year to two years	56,248	32,658
Two years to three years	1,568	508
Over three years	<u>7,247</u>	<u>7,083</u>
	<u><b>743,221</b></u>	<u><b>612,431</b></u>

The Group did not hold any collateral as security over these debtors.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 16 Trade receivables (Continued)

- (b) The Group applies the simplified approach to provide for expected credit losses 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 past due. The expected credit losses also incorporated forward-looking information.

Movements on the provision for impairment of trade receivables are as follow:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Beginning of the period	30,853	16,675
Provision for/(Reversal of) impairment	3,350	(315)
Written-off of impairment	(21)	–
End of the period	<u>34,182</u>	<u>16,360</u>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 17 Loan receivables

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Loan receivables		
– Financial leasing business	5,142,759	5,535,008
– Factoring service	<u>1,292,824</u>	<u>932,879</u>
	6,435,583	6,467,887
Less: Provision for impairment		
–Financial leasing business	(386,424)	(367,956)
–Factoring service	<u>(118,048)</u>	<u>(114,534)</u>
	(504,472)	(482,490)
<b>Loan receivables – net</b>	5,931,111	5,985,397
Less: non-current portion		
– Financial leasing business	<u>(1,505,362)</u>	<u>(1,914,548)</u>
Current portion	<u>4,425,749</u>	<u>4,070,849</u>

As at 30 June 2023 and 31 December 2022, the fair values of loan receivables of the Group approximate their carrying amounts.

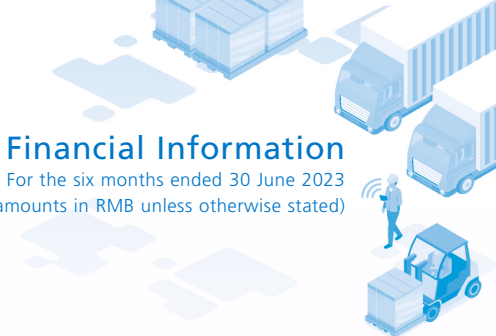
As at 30 June 2023 and 31 December 2022, the carrying amounts of loan receivables were all denominated in RMB.

Loan receivables of approximately RMB2,285,744,000 and RMB3,046,693,000 were secured by the leased vehicles owned by lessees with original cost of approximately RMB5,819,132,000 and RMB9,325,459,000 as of 30 June 2023 and 31 December 2022, respectively.

As at 30 June 2023 and 31 December 2022, loan receivables of RMB461,133,000 and RMB1,433,797,000 were pledged for other borrowings of RMB248,217,000 and RMB835,146,000 respectively (Note 21).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 17 Loan receivables (Continued)

As at 30 June 2023 and 31 December 2022, loan receivables of RMB1,064,178,000 and RMB1,118,846,000, respectively were transferred out but not derecognised under the Group's asset-backed security program (Note 19).

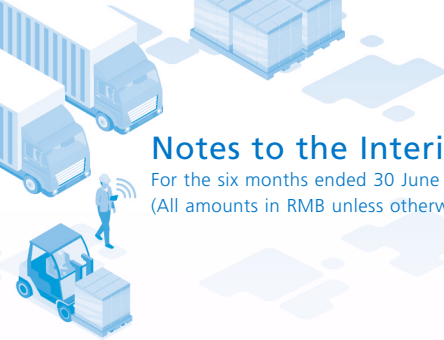
As at 30 June 2023 and 31 December 2022, loan receivables of RMB512,239,000 and RMB228,550,000 were pledged for bank borrowings of RMB349,459,000 and RMB139,166,000 (Note 21).

Movements on the provision for impairment of Loan receivables are as follow:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Beginning of the period	482,490	431,969
Provision for impairment	22,965	57,633
Written-off of impairment	(983)	–
End of the period	<u>504,472</u>	<u>489,602</u>

## 18 Other receivables

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Other receivables – related parties (Note 24(c))	13,311	125,300
Other receivables – third parties	<u>177,746</u>	<u>316,853</u>
	191,057	442,153
Less: Provision for impairment	<u>(26,201)</u>	<u>(26,472)</u>
Other receivables-net	164,856	415,681
Less: Non-current portion	<u>–</u>	<u>(11,131)</u>
<b>Current portion</b>	<u>164,856</u>	<u>404,550</u>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 18 Other receivables (Continued)

As at 30 June 2023 and 31 December 2022, the fair values of other receivables of the Group approximate their carrying amounts and the nature of these other receivables have been disclosed in Note 18(b).

As at 30 June 2023 and 31 December 2022, all the carrying amounts of other receivables were denominated in RMB.

- (a) Aging analysis of other receivables at the respective balance sheet dates, based on the transaction dates, are as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	123,739	276,455
One year to two years	54,889	154,974
Two years to three years	4,844	4,034
Three years to four years	7,585	6,690
	<u>191,057</u>	<u>442,153</u>

The Group did not hold any collateral as security over these debtors.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 18 Other receivables (Continued)

(b) As at 30 June 2023 and 31 December 2022, details of other receivables are as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
<b>Non-current</b>		
Lease deposits (i)	—	12,747
<b>Non-current subtotal</b>	—	12,747
<b>Current</b>		
Receivables from related parties (Note 24(c))	13,311	125,300
Advances	110,413	122,889
Lease deposits (i)	31,634	140,938
Other deposits	18,632	13,932
Interest receivable	—	2,305
Others	17,067	24,042
<b>Current subtotal</b>	191,057	429,406
<b>Total</b>	191,057	442,153

(i) Lease deposits were the deposits placed to third parties to obtain loans in the form of sub-lease arrangement.

(c) To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the aging days. The expected credit losses also incorporated forward looking information.

Movements on the provision for impairment of other receivables are as follow:

	Unaudited Six months ended 30 June 2023 RMB'000	2022 RMB'000
Beginning of the period	26,472	12,335
Reversal of provision for impairment of other receivables	(271)	(1,313)
End of the period	26,201	11,022



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 19 Bond payables

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Asset-backed securities	876,571	908,486
Less: within 1 year	<u>(787,963)</u>	<u>(784,025)</u>
Non-current portion of bond payables	<u>88,608</u>	<u>124,461</u>

Major terms of the asset-backed securities are summarised as below:

### Asset-backed securities ("ABS")

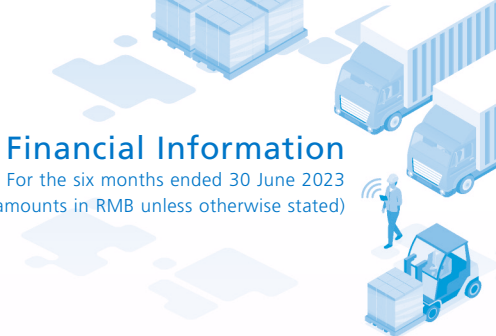
ABS 1	Unaudited As at 30 June 2023
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#### Issue date: 14 April 2023

Outstanding principal amount (senior A1 tranches) (RMB'000)	131,814
Coupon rate (senior A1 tranches) (%)	3.00%
Maturity date (senior A1 tranches)	28 February 2024
Payment terms of principal and interests	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	75,000
Coupon rate (senior A2 tranches) (%)	3.30%
Maturity date (senior A2 tranches)	30 September 2024
Payment terms of principal and interests	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	14,000
Coupon rate (senior B tranches) (%)	4.40%
Maturity date (senior B tranches)	31 October 2024
Payment terms of principal and interests	monthly

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 19 Bond payables (Continued)

### Asset-backed securities ("ABS") (Continued)

	Unaudited As at 30 June 2023
<b>ABS 2</b>	

#### Issue date: 06 June 2023

Outstanding principal amount (senior A1 tranches) (RMB'000)	269,000
Coupon rate (senior A1 tranches) (%)	3.20%
Maturity date (senior A1 tranches)	30 April 2024
Payment terms of principal and interests	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	81,000
Coupon rate (senior A2 tranches) (%)	3.40%
Maturity date (senior A2 tranches)	31 December 2024
Payment terms of principal and interests	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	6,000
Coupon rate (senior B tranches) (%)	4.40%
Maturity date (senior B tranches)	27 January 2025
Payment terms of principal and interests	monthly

	Unaudited As at 30 June 2023	Audited As at 31 December 2022
<b>ABS 3</b>		

#### Issue date: 30 March 2022

Outstanding principal amount (senior A1 tranches) (RMB'000)	–	37,708
Coupon rate (senior A1 tranches) (%)	3.15%	3.15%
Maturity date (senior A1 tranches)	28 February 2023	28 February 2023
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	–	90,000
Coupon rate (senior A2 tranches) (%)	3.40%	3.40%
Maturity date (senior A2 tranches)	30 June 2023	30 June 2023
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	27,118	35,000
Coupon rate (senior B tranches) (%)	4.00%	4.00%
Maturity date (senior B tranches)	31 August 2023	31 August 2023
Payment terms of principal and interests	monthly	monthly

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 19 Bond payables (Continued)

### Asset-backed securities ("ABS") (Continued)

	Unaudited As at 30 June 2023	Audited As at 31 December 2022
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#### ABS 4

##### Issue date: 27 July 2022

Outstanding principal amount (senior A1 tranches) (RMB'000)	–	150,340
Coupon rate (senior A1 tranches) (%)	3.00%	3.00%
Maturity date (senior A1 tranches)	30 June 2023	30 June 2023
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	44	15,000
Coupon rate (senior A2 tranches) (%)	3.10%	3.10%
Maturity date (senior A2 tranches)	31 July 2023	31 July 2023
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	31,000	31,000
Coupon rate (senior B tranches) (%)	3.8%	3.8%
Maturity date (senior B tranches)	31 October 2023	31 October 2023
Payment terms of principal and interests	monthly	monthly

	Unaudited As at 30 June 2023	Audited As at 31 December 2022
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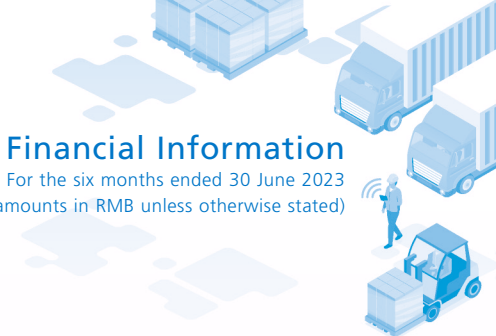
#### ABS 5

##### Issue date: 30 November 2022

Outstanding principal amount (senior A1 tranches) (RMB'000)	73,681	281,632
Coupon rate (senior A1 tranches) (%)	2.99%	2.99%
Maturity date (senior A1 tranches)	31 October 2023	31 October 2023
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	140,000	140,000
Coupon rate (senior A2 tranches) (%)	3.39%	3.39%
Maturity date (senior A2 tranches)	28 June 2024	28 June 2024
Payment terms of principal and interests	monthly	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	27,000	27,000
Coupon rate (senior B tranches) (%)	4.30%	4.30%
Maturity date (senior B tranches)	31 July 2024	31 July 2024
Payment terms of principal and interests	monthly	monthly

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 19 Bond payables (Continued)

### Asset-backed securities ("ABS") (Continued)

	Audited As at 31 December 2022
ABS 6	

#### Issue date: 16 September July 2021

Outstanding principal amount (senior A1 tranches) (RMB'000)	–
Coupon rate (senior A1 tranches) (%)	3.50%
Maturity date (senior A1 tranches)	29 July 2022
Payment terms of principal and interests	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	30,806
Coupon rate (senior A2 tranches) (%)	3.90%
Maturity date (senior A2 tranches)	28 February 2023
Payment terms of principal and interests	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	70,000
Coupon rate (senior B tranches) (%)	4.70%
Maturity date (senior B tranches)	28 April 2023
Payment terms of principal and interests	monthly

Deewin Financing Leasing Co., Ltd., a subsidiary of the Company, transferred its loan receivables to the asset plan administrator which issue asset-backed securities or asset-backed notes to investors.

The Group has subsequently repurchased and held all of the subordinate tranches of the issued asset-backed securities and asset-backed notes and hence the risks and rewards of the aforesaid loan receivables transferred are still substantially retained by the Group. Accordingly, the Group has not de-recognised the related loan receivables in the interim condensed consolidated financial information.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

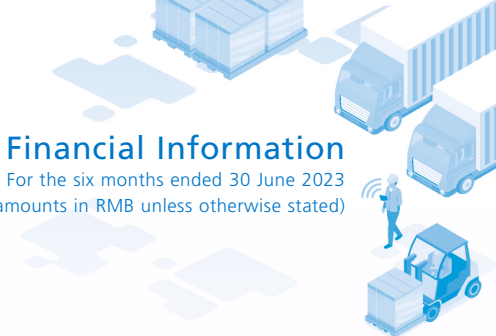
### 20 Trade and other payables

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Notes payables	157,487	38,238
Trade payables – related parties (Note 24 (c))	33,068	56,254
Trade payables – third parties	333,338	275,393
Other payables – loans from related parties (Note 24 (c))	1,167,000	973,000
Other payables – advances from related parties (Note 24 (c))	8,220	8,469
Other payables – interest payable to related party (Note 24 (c))	451	836
Other payables – loan from a third party	50,000	50,000
Other payables – other deposits	27,544	30,434
Other payables – deposits collected from financial leasing service	290,334	459,380
Other payables – others	46,224	65,998
Dividends payable	96,955	–
Staff salaries and welfare payables	42,925	54,298
Termination benefits payable	798	1,301
Accrued taxes other than income tax	4,139	4,751
<b>Trade and other payables</b>	<b>2,258,483</b>	<b>2,018,352</b>
<b>Less: non-current portion :</b>		
– Other payables – deposits collected from financial leasing service	(126,637)	(160,537)
– Termination benefits payable	(333)	(385)
– Other payables – loan from a third party	(50,000)	(50,000)
<b>Total non-current portion</b>	<b>(176,970)</b>	<b>(210,922)</b>
<b>Current portion</b>	<b>2,081,513</b>	<b>1,807,430</b>

As at 30 June 2023 and 31 December 2022, all trade and other payables except for loan from related parties and the third parties of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables, termination benefits payable and accrued taxes other than income tax which are not financial liabilities, approximate to their carrying amounts.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



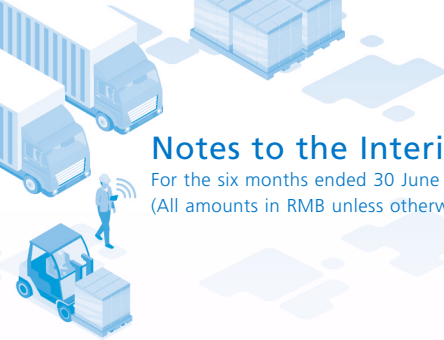
### 20 Trade and other payables (Continued)

- (a) As at 30 June 2023, loan from a third party was the loan provided to the Company through a bank entrusted and guaranteed by third parties.
- (b) The weighted average effective interest rates for loans from related parties each balance sheet date are as follows:

	Unaudited As at 30 June 2023	Audited As at 31 December 2022
Loans from related parties	3.16%	3.21%
Loan from a third party	<u>3.00%</u>	<u>3.00%</u>

The exposure of loans from related parties to interest rate changes each balance sheet date are as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Loans from related parties	<u>347,500</u>	<u>643,000</u>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 20 Trade and other payables (Continued)

(c) Maturity of loan from related parties were as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	<u>1,167,000</u>	<u>973,000</u>

(d) Aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	360,839	312,083
One year to two years	2,749	17,663
Two years to three years	2,096	1,686
Over three years	<u>722</u>	<u>215</u>
	<u>366,406</u>	<u>331,647</u>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 21 Borrowings

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
<b>Non-current:</b>		
Long term bank borrowings, secured (b)	125,058	128,245
Long term bank borrowings, unsecured	696,055	747,949
Other long term borrowings, secured (c)	248,217	835,146
	<u>1,069,330</u>	<u>1,711,340</u>
<b>Subtotal</b>		
	<u>1,069,330</u>	<u>1,711,340</u>
<b>Less:</b>		
– Current portion of long term bank borrowings	(759,199)	(115,173)
– Current portion of other long term borrowings	(248,217)	(744,051)
	<u>61,914</u>	<u>852,116</u>
<b>Total non-current portion:</b>		
	<u>61,914</u>	<u>852,116</u>
<b>Current:</b>		
Short term bank borrowings, secured (b)	224,401	75,906
Short term bank borrowings, unsecured	716,178	890,522
Short term bank borrowings, guaranteed by a third party	97,409	15,000
Current portion of long term bank borrowings	759,199	115,173
Current portion of other long term borrowings (c)	248,217	744,051
	<u>2,045,404</u>	<u>1,840,652</u>
<b>Total current portion:</b>		
	<u>2,045,404</u>	<u>1,840,652</u>
<b>Total borrowings</b>	<u>2,107,318</u>	<u>2,692,768</u>

- (a) All the borrowings were denominated in RMB.
- (b) As at 30 June 2023 and 31 December 2022, loan receivables of RMB512,239,000 and RMB228,550,000 were pledged for bank borrowings of RMB349,459,000 and RMB139,166,000.
- (c) Other borrowings were the loans obtained from third parties in the form of sub-lease arrangement. As at 30 June 2023 and 31 December 2022, loan receivables of RMB461,133,000 and RMB1,433,797,000 were pledged for other borrowings of RMB248,217,000 and RMB835,146,000 respectively (Note 17).



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 21 Borrowings (Continued)

(d) The weighted average effective interest rates for borrowings at each balance sheet date are as follows:

	Unaudited As at 30 June 2023	Audited As at 31 December 2022
Bank borrowings	3.62%	3.80%
Other borrowings	4.49%	4.65%

(e) As at 30 June 2023 and 31 December 2022, the Group's borrowings were repayable as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within 1 year	2,045,404	1,840,652
Between 1 and 2 years	59,797	852,116
Between 2 and 3 years	2,117	–
	<u>2,107,318</u>	<u>2,692,768</u>

### 22 Dividends

Pursuant to a resolution passed in the shareholders' meeting of the Company on 30 May 2023, dividends of RMB96,954,802.80 for the year ended 31 December 2022 were declared to the equity holder of the Company, which were fully paid in August 2023.

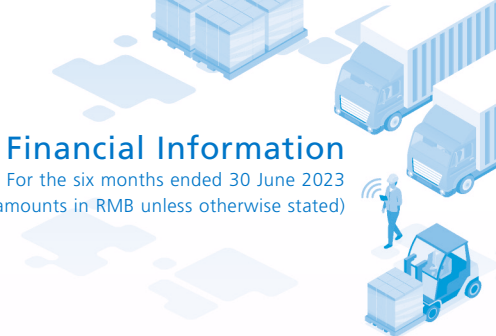
The board of directors of the Company has resolved not to recommend payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### 23 Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2023 and 31 December 2022.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 24 Related party transactions

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions with the Group during the six months ended 30 June 2022 and 2023 or the balances with the Group during the year ended 31 December 2022 and the six months ended 30 June 2023:

### List of related parties

Name of related parties	Relationship with the Group
Shaanxi Automobile Holding	– Ultimate Controlling Shareholder
Shaanxi Automobile	– Parent Company
Shaanxi Heavy Duty Automobile	– Entities over which the Parent Company has significant influence
Shaanxi Heavy Duty Automobile Import and Export Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Jiahe Huaheng Thermal System Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Hande Axle Co., Ltd Xi'an Branch	– Entities over which the Parent Company has significant influence
Shaanxi Automobile Huainan Special Purpose Vehicle Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Automobile Datong Special Purpose Vehicle Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Automobile Xinjiang Automobile Co., Ltd	– Entities over which the Parent Company has significant influence
Xi'an Desen New Energy Equipment Co., Ltd	– Entities over which the Parent Company has significant influence
Xi'an Cummins Engine Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Jinding Casting Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Poly Special Vehicle Manufacturing Co., Ltd	– Entities over which the Parent Company has significant influence
Shaanxi Jianke Fangyuan Auto Parts Co., Ltd	– Entities over which the Ultimate Controlling Shareholder has significant influence
Shaanxi Shaanqi Zhaofeng Technology Co.,Ltd	– Entities over which the Ultimate Controlling Shareholder has significant influence
Shaanxi Dongfeng Vehicle Axle Transmission System Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Huazhen Industry and Trade Service Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Dongming Vehicle System Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Huazhen Modern Agriculture Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Automobile Industry Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Dezhen Parts Technology Co., LTD	– Entities controlled by the Parent Company/Unrelated parties (i)
Shaanxi Commercial Automobile	– Entities controlled by the Parent Company

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

## 24 Related party transactions (Continued)

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions with the Group during the six months ended 30 June 2022 and 2023 or the balances with the Group during the year ended 31 December 2022 and the six months ended 30 June 2023: (continued)

### List of related parties (Continued)

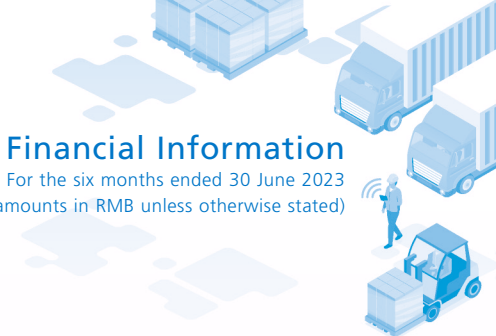
Name of related parties	Relationship with the Group
Shaanxi Wanfang Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Wanfang Tianyun Automobile Electric Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Huazhen Automotive Filtration System Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Sanzhen Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Tongli Special Purpose Automobile Co., Ltd	– Entities controlled by the Parent Company
Shaanxi R Duty Automobile Special Purpose Vehicle Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Deshi Electronic Equipment Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Lantong Drive Shaft Co., Ltd	– Entities controlled by the Parent Company
Xi'an Zhide Automobile Electronic Control System Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Huazhen Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Baoji Tongli Automobile Body Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Deshi Auto Parts (Group) Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Wanfang Xingyuan Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Huazhen Vehicle Parts Co., Ltd	– Entities controlled by the Parent Company
Xi'an Oude Rubber & Plastic Technology Co., Ltd	– Entities controlled by the Parent Company
Xi'an Deshi Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Meixin	– Associates
Shaanxi Tongjia Automobile Co., Ltd	– Unrelated parties/entities over which the Parent Company has significant influence (i)
Grammer Vehicle Seat (Shaanxi) Co., Ltd	– Unrelated parties/entities over which the Parent Company has significant influence (i)
Shaanxi Automobile Wuhai Special Purpose Vehicle Co., Ltd	– Unrelated parties/Entities over which the Parent Company has significant influence (ii)

Same as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties.

- (i) These related parties' relationship with the Group changed during the six months ended 30 June 2022 and 2023 due to the impact of changes in equity relationship.
- (ii) This related party's relationship with the Group changed during the year ended 31 December 2022 and the six months ended 30 June 2023 due to the impact of changes in equity relationship.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



### 24 Related party transactions (Continued)

#### (b) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Sales of goods		
– Entities over which the Parent Company has significant influence	46,738	27,937
– Entities controlled by the Parent Company	15,378	18,604
	<u>62,116</u>	<u>46,541</u>
Rendering of logistics and warehousing service		
– Entities over which the Parent Company has significant influence	133,277	132,370
– Entities controlled by the Parent Company	21,476	22,090
– Entities over which the Ultimate Controlling Shareholder has significant influence	34	212
	<u>154,787</u>	<u>154,672</u>
Rendering of internet of vehicle (IoV) and data service		
– Entities over which the Parent Company has significant influence	5,264	10,464
– Entities controlled by the Parent Company	–	107
	<u>5,264</u>	<u>10,571</u>
Rendering of maintenance and other services		
– Entities controlled by the Parent Company	68	–
– Entities controlled by the Ultimate Controlling Shareholder	4	–
– Entities over which the Parent Company has significant influence	–	25
	<u>72</u>	<u>25</u>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

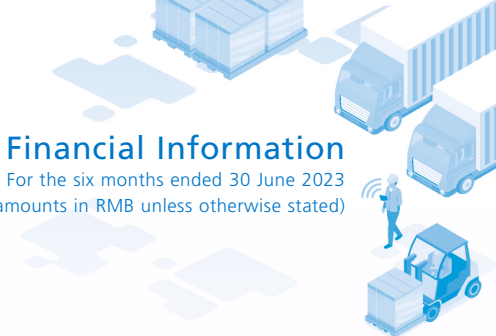
### 24 Related party transactions (Continued)

#### (b) Transactions with related parties (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Purchase of goods and services		
– Entities controlled by the Parent Company	8,969	24,803
– Entities over which the Parent Company has significant influence	2,675	8,108
– Parent Company	–	857
– Associates	–	1,193
– Entities controlled by the Ultimate Controlling Shareholder	–	6
	<u>11,644</u>	<u>34,967</u>
Loans from related parties		
– Parent Company	650,000	–
– Associates	–	10,000
	<u>650,000</u>	<u>10,000</u>
Repayment of loans to related parties		
– Parent Company	456,000	–
– Entities controlled by the Parent Company	–	5,500
	<u>456,000</u>	<u>5,500</u>
Accrued interest on loans from related parties		
– Parent Company	17,459	1,182
– Associates	–	156
	<u>17,459</u>	<u>1,338</u>
Payment of interest on loans from related parties		
– Parent Company	18,323	1,268
	<u>18,323</u>	<u>1,268</u>
Factoring receivables repaid from related parties		
– Entities over which the Parent Company has significant influence	–	10,000
	<u>–</u>	<u>10,000</u>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



### 24 Related party transactions (Continued)

#### (b) Transactions with related parties (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Payment of rental expense		
– Entities over which the Parent Company has significant influence	6,900	4,964
– Parent Company	43	48
– Entities controlled by the Parent Company	–	38
	<u>6,943</u>	<u>5,050</u>
Collection of transportation fee collected by related parties on behalf of the Group		
– Entities over which the Parent Company has significant influence	117,206	50,448
– Entities controlled by the Parent Company	7,782	22,590
	<u>124,988</u>	<u>73,038</u>
Repayment of social benefits expense which was previously paid by related parties on behalf of the Group		
– Ultimate Controlling Shareholder	–	3,333
Factoring receivables repaid by related parties on behalf of third parties		
– Entities over which the Parent Company has significant influence	65,039	7,849
– Entities controlled by the Parent Company	630	38,565
– Entities over which the Ultimate Controlling Shareholder has significant influence	50	–
	<u>65,719</u>	<u>46,414</u>
Lease payment received from related parties on behalf of lessee		
– Entities controlled by the Parent Company	68	20,770
– Entities over which the Parent Company has significant influence	–	52,911
	<u>68</u>	<u>73,681</u>

During the six months ended 30 June 2023 and 2022, for the purpose of promoting the deals of commercial vehicles, the vehicle manufacturers, whom are related parties, had committed and borne certain portion of lease payment to our Group for the lessees.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

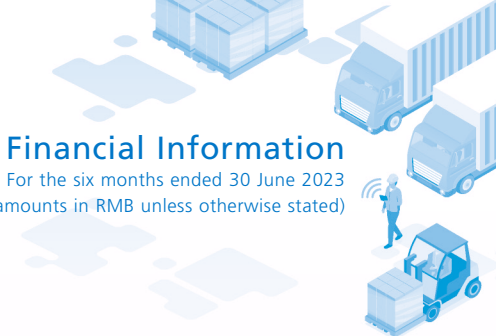
## 24 Related party transactions (Continued)

### (c) Balances with related parties

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
FVOCI -Notes receivable		
– Entities over which the Parent Company has significant influence	25,507	8,923
– Entities controlled by the Parent Company	<u>2,702</u>	<u>15,761</u>
	<u>28,209</u>	<u>24,684</u>
FVOCI – Trade receivables		
– Entities over which the Parent Company has significant influence	27,033	39,378
– Entities controlled by the Parent Company	<u>4,614</u>	<u>403</u>
	<u>31,647</u>	<u>39,781</u>
Notes receivable		
– Entities controlled by the Parent Company	14,936	5,085
– Entities over which the Parent Company has significant influence	<u>11,400</u>	<u>10,310</u>
	<u>26,336</u>	<u>15,395</u>
Trade receivables		
– Entities over which the Parent Company has significant influence	219,919	160,320
– Entities controlled by the Parent Company	57,395	52,075
– Entities over which the Ultimate Controlling Shareholder has significant influence	18	467
– Entities controlled by the Ultimate Controlling Shareholder	<u>7</u>	<u>7</u>
	<u>277,339</u>	<u>212,869</u>
As at 30 June 2023 and 31 December 2022, the carrying amount of trade receivables are RMB277,339,000 and RMB212,869,000, and the allowance provision of RMB497,000 and RMB474,000, respectively.		
Other receivables		
– Entities controlled by the Parent Company	13,161	125,150
– Parent Company	100	100
– Entities over which the Parent Company has significant influence	<u>50</u>	<u>50</u>
	<u>13,311</u>	<u>125,300</u>
As at 30 June 2023 and 31 December 2022, the carrying amount of other receivables were RMB13,311,000 and RMB125,300,000 and the allowance provision were RMB83,482 and RMB141,000, respectively.		

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)



## 24 Related party transactions (Continued)

### (c) Balances with related parties (Continued)

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Loan receivables		
– Entities over which the Parent Company has significant influence	4,407	43,891
– Entities over which the Ultimate Controlling Shareholder has significant influence	–	47,386
	<u>4,407</u>	<u>91,277</u>
<p>As at 30 June 2023 and 31 December 2022, the carrying amount of loan receivables are RMB4,407,000 and RMB91,277,000 with allowance provision of RMB44,000 and RMB47,825,000, respectively.</p>		
Prepayments		
– Entities controlled by the Parent Company	29,164	56,876
– Entities controlled by the Ultimate Controlling Shareholder	780	–
– Parent Company	488	30
– Entities over which the Parent Company has significant influence	–	2,231
	<u>30,432</u>	<u>59,137</u>
Trade payables		
– Entities controlled by the Parent Company	32,367	52,451
– Parent Company	701	3,605
– Entities over which the Parent Company has significant influence	–	198
	<u>33,068</u>	<u>56,254</u>
Contract liabilities		
– Entities controlled by the Parent Company	471	39
Other payables		
– Parent Company	1,167,000	973,836
– Entities controlled by the Parent Company	6,518	6592
– Entities over which the Parent Company has significant influence	2,153	1,877
	<u>1,175,671</u>	<u>982,305</u>





## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2023  
(All amounts in RMB unless otherwise stated)

### 24 Related party transactions (Continued)

#### (d) Key management compensation

	Unaudited	
	Six months ended 30 June 2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	1,633	1,346
Pension costs, housing fund, medical insurances and other social insurances	<u>373</u>	<u>380</u>
	<u>1,994</u>	<u>1,726</u>

#### (e) Use of registered trademark

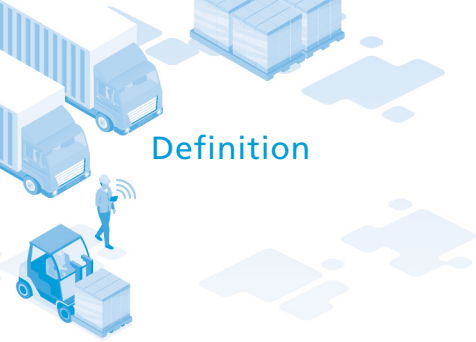
Pursuant to the trademark agreements with SXAG, the Company has the right to use the registered trademark of “Che lun gun gun” at no cost from 28 August 2016 to 27 August 2026, the Company and Deewin Financing Leasing Co., Ltd, has the right to use the registered trademark of “Deyingtianxia” at no cost from 7 August 2012 to 6 August 2022, Shanghai Fargo Supply-chain Management (Group) Co., Ltd. has the right to use the registered trademark of “Che lun gun gun” at no cost from 21 March 2017 to 20 March 2027.



# Definition

In this interim report, unless the context otherwise require, the following expressions shall have the following meaning:

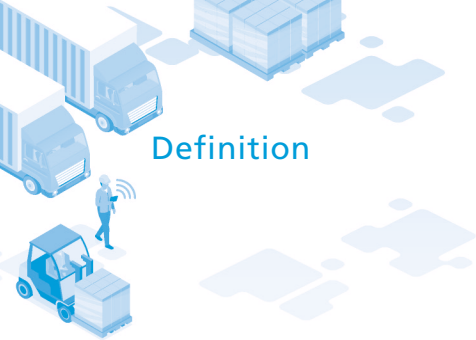
“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “the PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Deewin Tianxia Co., Ltd (德銀天下股份有限公司) (formerly known as Deewin Tianxia Investment Holding Co., Ltd.* (德銀天下投資控股有限公司)), a limited liability company established in the PRC on 14 August 2014 and registered as a joint stock company with limited liability on 25 December 2020
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules
“Deewin Factoring”	Shanghai Deewin Commercial Factoring Co., Ltd.* (上海德銀商業保理有限公司), a limited liability company established in the PRC on 17 September 2013, which is a wholly-owned subsidiary of the Company
“Deewin Financial Leasing”	Deewin Financial Leasing Co., Ltd.* (德銀融資租賃有限公司), a limited liability company established in the PRC on 24 November 2011, which is a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EIT”	enterprise income tax of the PRC
“Global Offering”	the Hong Kong Public Offering and the International Offering, as defined in the Prospectus
“Group”, “our Group”, “the Group”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC



## Definition

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Customers”	including independent logistics supply chain customers, independent factoring customers, independent financial leasing customers and independent IoV customers
“Latest Practicable Date”	30 August 2023, being the latest practicable date for ascertaining certain information in this report before its publication
“Listing”	the listing of the H Shares on the Main Board
“Listing Date”	15 July 2022, being the date on which the H Shares was listed and on which dealings in the H Shares was first permitted to take place on the Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Nomination Committee”	nomination committee of the Board
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Government” or “State”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“Prospectus”	the prospectus being issued by the Company in connection with the Global Offering on 30 June 2022
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended 30 June 2023
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shaanxi Automobile”	Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司) (formerly known as Shaanxi Automobile Group Co., Ltd.* (陝西汽車集團有限責任公司)), a limited liability company established in the PRC on 18 November 1989 and registered as a joint stock company with limited liability on 30 March 2021. It is a Controlling Shareholder, in which 67.06% equity interest is held by Shaanxi Automobile Holding and 32.94% equity interest is held in aggregate by eight independent third parties. The Company was directly held as to 67.09% by Shaanxi Automobile as at the Latest Practicable Date
“Shaanxi Automobile Group”	Shaanxi Automobile and its affiliated companies
“Shaanxi Automobile Holding”	Shaanxi Automobile Holding Group Co., Ltd.* (陝西汽車控股集團有限公司), a limited liability company established in the PRC on 20 August 2012 and a Controlling Shareholder, in which 51.00% equity interest is held by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shaanxi Province and 49.00% equity interest is held by one company that is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shaanxi Province
“Shaanxi Commercial Automobile”	Shaanxi Group Commercial Automobile Co., Ltd.* (陝汽集團商用車有限公司), a limited liability company established in the PRC on 10 April 2002 and a Controlling Shareholder, in which 68.51% equity interest is held by Shaanxi Automobile and 31.49% equity interest is held in aggregate by three independent third parties. The Company was held as to 0.52% by Shaanxi Commercial Automobile as at the Latest Practicable Date
“Shaanxi Heavy Duty Automobile”	Shaanxi Heavy Duty Automobile Co., Ltd.* (陝西重型汽車有限公司), a limited liability company established in the PRC on 18 September 2002, in which 49.00% equity interest is held by Shaanxi Automobile and 51.00% equity interest is held by Weichai Power Co., Ltd. (濰柴動力股份有限公司), which is a company listed on the Main Board of the Stock Exchange (stock code: 2338) and the main board of Shenzhen Stock Exchange (stock code: SZ000338) and an independent third party. The Company was held as to 5.24% by Shaanxi Heavy Duty Automobile as at the Latest Practicable Date
“Shaanxi Holding Group”	Shaanxi Automobile and Shaanxi Automobile Holding and/or their respective associates (excluding the members of our Group)
“Share(s)”	ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares



## Definition

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange” or the “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Tianxingjian”	Shaanxi Tianxingjian Internet of Vehicle Information Technology Co., Ltd.* (陝西天行健車聯網信息技術有限公司), a limited liability company established in the PRC on 18 June 2013, which is a wholly-owned subsidiary of the Company
“Tonghui”	Shaanxi Tonghui Automobile Logistics Co., Ltd.* (陝西通匯汽車物流有限公司), a limited liability company established in the PRC on 20 October 2005, which is a wholly-owned subsidiary of the Company
“%”	per cent