The following is the text of a report on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DEEWIN TIANXIA CO., LTD AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Deewin Tianxia Co., Ltd (德銀天下股份有限公司, the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-97, which comprises the consolidated statements of financial position as at 31 December 2019, 2020 and 2021, the Company's statements of financial position as at 31 December 2019, 2020 and 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2019, 2020 and 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-97 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 30 June 2022 (the "Document") in connection with the initial [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2019, 2020 and 2021 and the consolidated financial position of the Group as at 31 December 2019, 2020 and 2021 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "HONG KONG LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to Note 38 to the Historical Financial Information which contains information about the dividends paid by Deewin Tianxia Co., Ltd in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
30 June 2022

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand of RMB (RMB'000), except when otherwise indicated.

(a) Consolidated statements of comprehensive income

	Note	Year ended 31 December 2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	2,892,031	3,261,673	3,126,850
Cost of revenue	*7*	(2,417,721)	(2,608,258)	(2,394,441)
Gross profit		474,310	653,415	732,409
Selling expenses	*7*	(45,600)	(48,135)	(38,232)
Administrative expenses	*7*	(117,586)	(129,374)	(127,744)
Research and development expenses	*7*	(20,199)	(25,841)	(30,533)
Net impairment losses on financial assets	*7*	(24,566)	(101,868)	(146,157)
Other income	*5*	21,321	26,187	45,028
Other gains/(losses) – net	*6*	1,617	659	(829)
Operating profit		289,297	375,043	433,942
Finance income	*10*	22,795	22,799	12,293
Finance costs	*10*	(7,983)	(3,266)	(6,764)
Finance income – net	*10*	14,812	19,533	5,529
Share of net profit of associate accounted for using the equity method	*17*	3,756	5,251	5,123
Profit before income tax		307,865	399,827	444,594
Income tax expense	*11*	(66,719)	(81,790)	(75,857)
Profit for the year		241,146	318,037	368,737
Profit attributable to:				
– The equity holders of the Company		207,493	273,994	362,719
– Non-controlling interests		33,653	44,043	6,018
		241,146	318,037	368,737
Other comprehensive income		–	–	–
Total comprehensive income for the year		241,146	318,037	368,737

		Year ended 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Total comprehensive income attributable to:				
– The equity holders of the Company		207,493	273,994	362,719
– Non-controlling interests		33,653	44,043	6,018
		241,146	318,037	368,737
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)				
– Basic or diluted earnings per share	*12*	0.21	0.23	0.22

(b) Consolidated statements of financial position

	Note	As at 31 December 2019	2020	2021
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	94,275	99,613	93,178
Intangible assets	15	10,511	14,385	22,856
Investment in an associate	17	7,791	9,660	9,623
Right-of-use assets	13	38,746	34,057	62,147
Other receivables	24	36,160	16,903	111,145
Loan receivables	23	2,217,026	3,183,318	2,104,188
Deferred income tax assets	16	63,033	86,884	135,698
		2,467,542	3,444,820	2,538,835
Current assets				
Inventories	19	89,773	81,596	183,468
Trade receivables	21	476,527	494,156	467,505
Prepayments	25	38,190	49,363	86,924
Other receivables	24	62,704	66,495	165,493
Financial assets at fair value through other comprehensive income ("FVOCI")	22	274,328	520,314	367,020
Loan receivables	23	4,356,247	6,045,995	6,080,627
Restricted cash at banks	27	536,312	467,452	84,816
Cash and cash equivalents	28	730,143	196,915	213,339
		6,564,224	7,922,286	7,649,192
Total assets		9,031,766	11,367,106	10,188,027

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Paid in capital/share capital	*29*	1,000,000	1,629,000	1,629,000
Other reserves	*30*	63,781	488,119	515,628
Retained earnings	*31*	572,772	30,736	299,747
Total equity attributable to equity holders of the Company		1,636,553	2,147,855	2,444,375
Non-controlling interests		55,745	1,146	5,372
Total equity		1,692,298	2,149,001	2,449,747
LIABILITIES				
Non-current liabilities				
Lease liabilities	*32*	9,734	12,172	23,409
Bond payables	*33*	–	74,544	103,785
Provisions for warranty	*34*	9,235	8,573	2,558
Other payables	*36*	628,928	1,405,097	1,026,190
Contract liabilities	*5*	34,465	41,531	28,064
Borrowings	*37*	190,598	124,068	395,019
Deferred government grants	*35*	16,501	16,088	14,043
		889,461	1,682,073	1,593,068
Current liabilities				
Trade and other payables	*36*	3,291,473	5,533,884	1,403,839
Lease liabilities	*32*	17,257	10,288	24,730
Bond payables	*33*	85,332	248,459	836,072
Contract liabilities	*5*	62,898	99,797	128,267
Current income tax liabilities		36,703	29,788	46,894
Borrowings	*37*	2,956,344	1,613,816	3,705,410
		6,450,007	7,536,032	6,145,212
Total liabilities		7,339,468	9,218,105	7,738,280
Total equity and liabilities		9,031,766	11,367,106	10,188,027

(c) Statements of financial position of the Company

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment		2,402	5,003	5,115
Investment properties	*14*	7,509	7,047	6,586
Financial assets at fair value through profit or loss ("FVTPL")	*26*	–	43,000	–
Investment in an associate	*17*	7,791	9,660	9,623
Investments in subsidiaries	*18*	1,407,798	2,302,053	2,302,053
		1,425,500	2,366,763	2,323,377
Current assets				
Prepayments		1,076	5,511	23,404
Other receivables from third parties	*24*	257	–	272
Other receivables from subsidiaries	*24*	315,705	309,172	991,563
Financial assets at fair value through profit or loss ("FVTPL")	*26*	44,500	–	43,000
Restricted cash at banks	*27*	16,366	152,480	49,389
Cash and cash equivalents	*28*	57,588	16,650	48,645
		435,492	483,813	1,156,273
Total assets		1,860,992	2,850,576	3,479,650
EQUITY				
Paid-in capital/share capital	*29*	1,000,000	1,629,000	1,629,000
Other reserves		117,675	787,873	811,270
Retained earnings		363,611	103,573	247,944
Total equity		1,481,286	2,520,446	2,688,214

		As at 31 December		
	Note	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Deferred government grants		3,074	2,977	2,879
		3,074	2,977	2,879
Current liabilities				
Other payables to third parties	*36*	195,203	327,056	143,456
Other payables to subsidiaries	*36*	7	49	76,604
Contract liabilities		4	–	–
Current income tax liabilities		18	48	59
Borrowings	*37*	181,400	–	568,438
		376,632	327,153	788,557
Total liabilities		379,706	330,130	791,436
Total equity and liabilities		1,860,992	2,850,576	3,479,650

(d) Consolidated Statements of Changes in Equity

	Note	Attributable to equity holders of the Company					
		Paid-in capital/ share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019							
Comprehensive income		1,000,000	51,374	435,060	1,486,434	35,986	1,522,420
Profit for the year		–	–	207,493	207,493	33,653	241,146
Transaction with owners:							
Dividends declared	*38*	–	–	(57,374)	(57,374)	(5,590)	(62,964)
Appropriation of statutory reserves		–	11,552	(11,552)	–	–	–
Appropriation of safety fund		–	1,595	(1,595)	–	1,472	1,472
Utilisation of safety fund		–	(740)	740	–	(680)	(680)
Disposal of a subsidiary		–	–	–	–	(9,096)	(9,096)
Subtotal		–	12,407	(69,781)	(57,374)	(13,894)	(71,268)
At 31 December 2019		1,000,000	63,781	572,772	1,636,553	55,745	1,692,298

	Note	Attributable to equity holders of the Company					
		Paid-in capital/ share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020							
Comprehensive income		1,000,000	63,781	572,772	1,636,553	55,745	1,692,298
Profit for the year		–	–	273,994	273,994	44,043	318,037
Transaction with owners:							
Business combination under common control	*30(a)(i)*	–	(13,054)	(36,559)	(49,613)	–	(49,613)
Capital injection and contribution from equity holders of the Company	*29*	628,764	202,056	–	830,820	–	830,820
Transaction with non-controlling interests	*30(a)(ii)*	–	(202,056)	(22,083)	(224,139)	(82,899)	(307,038)
Conversion to share capital	*30(a)(iii)*	236	389,697	(389,933)	–	–	–
Dividends declared	*38*	–	–	(319,760)	(319,760)	(16,646)	(336,406)
Appropriation of statutory reserves		–	47,223	(47,223)	–	–	–
Appropriation of safety fund		–	3,012	(3,012)	–	2,038	2,038
Utilisation of safety fund		–	(2,540)	2,540	–	(1,135)	(1,135)
Subtotal		629,000	424,338	(816,030)	237,308	(98,642)	138,666
At 31 December 2020		1,629,000	488,119	30,736	2,147,855	1,146	2,149,001
At 1 January 2021							
Comprehensive income		1,629,000	488,119	30,736	2,147,855	1,146	2,149,001
Profit for the year		–	–	362,719	362,719	6,018	368,737
Transaction with owners:							
Dividends declared	*38*	–	–	(66,199)	(66,199)	(1,792)	(67,991)
Appropriation of statutory reserves		–	23,397	(23,397)	–	–	–
Appropriation of safety fund		–	5,348	(5,348)	–	–	–
Utilisation of safety fund		–	(1,236)	1,236	–	–	–
Subtotal		–	27,509	(93,708)	(66,199)	(1,792)	(67,991)
At 31 December 2021		1,629,000	515,628	299,747	2,444,375	5,372	2,449,747

(e) Consolidated statements of cash flows

	Note	Year ended 31 December		
		2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
Cash flow from operating activities				
Cash from/(used in) operations	*39(a)*	87,693	(615,858)	(375,482)
Interests received	*10*	22,795	22,799	12,293
Income tax paid		(88,255)	(112,811)	(107,565)
Net cash from/(used in) operating activities		22,233	(705,870)	(470,754)
Cash flow from investing activities				
Proceeds from disposal of a subsidiary		4,746	–	–
Proceeds from disposal of property, plant and equipment		2,080	2,108	359
Proceeds from disposal of wealth management products		12,450	–	–
Dividends received from an associate		–	3,382	5,160
Purchases of property, plant and equipment and intangible assets		(18,846)	(19,990)	(24,866)
Net cash from/(used in) investing activities		430	(14,500)	(19,347)

	Note	Year ended 31 December 2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
Cash flow from financing activities				
Capital contributions from the Company's equity holders	*29*	–	530,000	–
Proceeds from borrowings		181,400	–	242,000
Proceeds from bond issuance		249,000	417,000	1,495,198
Refund deposits for bond payables		24,925	15,839	–
Repayments of borrowings		(100,000)	(181,400)	(230,000)
Interests paid		(5,272)	(1,584)	(3,656)
Dividends paid to the Company's equity holders	*38*	(57,374)	(319,760)	(66,199)
Dividends paid to non-controlling interests of the subsidiaries	*38*	(5,590)	(16,646)	(1,792)
Repayments of bond payables		(197,079)	(180,772)	(878,344)
Payments for [**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Payments for leases liabilities – principal		(12,992)	(18,576)	(31,846)
Payments for leases liabilities – interest		(1,473)	(1,128)	(2,695)
Net cash outflow arising from consideration paid to the controlling shareholder of the Company for acquisition of entities under common control	*30(a)(i)*	–	(49,613)	–
Acquisition of non-controlling interests of a subsidiary		–	(6,218)	–
Net cash generated from financing activities		75,545	187,142	506,525
Net increase/(decrease) in cash and cash equivalents		98,208	(533,228)	16,424
Cash and cash equivalents at beginning of the year		631,935	730,143	196,915
Cash and cash equivalents at end of the year	*28*	730,143	196,915	213,339

II NOTES TO THE FINANCIAL INFORMATION

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 with registered capital of RMB1,629,000,000 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. During the Track Record Period, the parent company of the Company is Shaanxi Automobile Group Co., Ltd. ("陝西汽車集團股份有限公司", formerly known as "陝西汽車集團有限責任公司" "SXAG") which is operating under the supervision and regulation of the State-Owned Assets Supervision and Administration Commission of the People's Government of Shaanxi Province ("Shaanxi SASAC").

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, factoring business and insurance brokerage business), and internet of vehicle (IoV) and data service (the "[**REDACTED**] Business") in the PRC.

1.2 Reorganisation

Prior to the Reorganisation (as defined below), the principal activities of the [**REDACTED**] Business were carried out by the Company, its subsidiaries and Shaanxi Tonghui Automobile Logistics Co., Ltd. (陝西通匯汽車物流有限公司, "SXTH"), a fellow subsidiary controlled by SXAG. Prior to the Reorganisation, 52%, 44% and 4% of the equity interests of SXTH were directly held by SXAG, Shaanxi Heavy Duty Automobile Co., Ltd. (陝西重型汽車有限公司, "SXHDA", a company which SXAG holds 49%) and the management of SXTH respectively. During the Track Record Period, 51% equity interests of SXHDA were held by Weichai Power Co., Ltd. (濰柴動力股份有限公司, 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).

In preparation for the [**REDACTED**] of the Company's shares, the following reorganisation steps were undertaken.

(a) On 24 September 2020, pursuant to the share purchase agreement, the Company acquired 52% equity interest of SXTH from SXAG at a consideration of RMB49,613,000. As a result, SXTH became a subsidiary of the Company. This transaction is considered as a business combination under common control using predecessor method as the Company and SXTH are under the common control of SXAG before and upon the completion of the transaction (Note 30(a)(i)).

(b) Transactions with non-controlling interests

(i) On 24 September 2020, pursuant to the share purchase agreement, the management of SXTH transferred 4% equity interests of SXTH to the Company at a consideration of RMB12,600,000.

(ii) On 30 November 2020, pursuant to a resolution of board of directors' meeting and shareholders' meeting, the Company, SXAG and SXHDA entered into an equity interests exchange agreement, under which SXHDA transferred 44% equity interests of SXTH to the Company in exchange of equity interests of 7.19% in the Company with a consideration of RMB300,820,000. As a result, share capital and capital surplus of the Company increased by RMB117,087,000 and RMB183,733,000, respectively (Note 29(d)).

Upon the completion of the above reorganisation step(a) and (b), SXTH became the wholly-owned subsidiary of the Company.

(c) Capital injection

On 30 November 2020, pursuant to a resolution of board of directors' meeting and shareholders' meeting, the Company, SXAG and Shaanxi Automobile Group Commercial Vehicle Co., Ltd. (陝汽集團商用車有限公司, "SAGCV") which is a subsidiary of SXAG entered into a capital injection agreement, SAGCV injected cash of RMB30,000,000 to the Company and obtained 0.72% equity interest in the Company, the Company's share capital and capital surplus increased by RMB11,677,000 and RMB18,323,000, respectively *(Note 29(c))*.

As a result of the Reorganisation, transactions with non-controlling interests and capital injection, SXAG, SXHDA and SAGCV held 92.09%, 7.19% and 0.72% equity interests of the Company, respectively. The Company became the 100% holding company of SXTH.

The Company had direct and indirect interests in the following subsidiaries during the Track Record Period:

Directly held *(Note (a))*	Place and date of incorporation/ establishment	Registered capital	Percentage of equity attributable to the Company: As of 31 December 2019	As of 31 December 2020	As of 31 December 2021	Date of this report	Principle activities
Deewin Financing Leasing Co., Ltd. (德銀融資租賃有限公司) *(Note (b))*	PRC, 24 November 2011	RMB1,550,000,000	100%	100%	100%	100%	Financial leasing business
Shanghai Deewin Commercial Factoring Co., Ltd. (上海德銀商業保理有限公司) *(Note (b))*	PRC, 17 September 2013	RMB200,000,000	100%	100%	100%	100%	Factoring service
Shanghai Fargo Supply-chain Management (Group) Co., Ltd. (上海遠行供應鏈管理(集團)有限公司) *(Note (b))*	PRC, 13 June 2012	RMB50,000,000	100%	100%	100%	100%	Logistics and supply chain business
Shaanxi Tianxingjian IoV Information Technology Co., Ltd. (陝西天行健車聯網信息技術有限公司) *(Note (b))*	PRC, 18 June 2013	RMB10,000,000	100%	100%	100%	100%	Internet of Vehicle ("IoV") and data service
Shaanxi Tonghui Automobile Logistics Co., Ltd (陝西通匯汽車物流有限公司) *(Note (b))*	PRC, 20 October 2005	RMB20,000,000	52%	100%	100%	100%	Logistics and supply chain business

Indirectly held *(Note (a))*	Place and date of incorporation/ establishment	Registered capital	Percentage of equity attributable to the Company: As of 31 December 2019	As of 31 December 2020	As of 31 December 2021	Date of this report	Principle activities
Shanghai Fargo Logistics Service Co., Ltd. (上海遠行物流服務有限公司) *(Note (b))*	PRC, 18 May 2015	RMB10,000,000	100%	100%	100%	100%	Logistics and supply chain business
Shaanxi Zhongfu Wulian Technology Service Co., Ltd. (陝西中富物聯科技服務有限公司) *(Note (b))*	PRC, 12 June 2012	RMB16,000,000	100%	100%	100%	100%	Logistics and supply chain business
Xinjiang Fargo Supply Chain Management Co., Ltd. (新疆遠行供應鏈管理有限公司) *(Note (b))*	PRC, 28 January 2013	RMB20,000,000	51%	51%	51%	51%	Logistics and supply chain business
Shaanxi Fargo Supply Chain Management Co., Ltd. (陝西遠行供應鏈管理有限公司) *(Note (b))*	PRC, 12 December 2013	RMB3,000,000	100%	100%	100%	100%	Logistics and supply chain business
Henan Deewin Supply Chain Management Co., Ltd. (河南德銀供應鏈管理有限公司) *(Note (b))*	PRC, 28 February 2014	RMB30,000,000	51%	51%	51%	51%	Logistics and supply chain business
Shanxi Deewin Fargo Supply Chain Management Co., Ltd. (山西德銀遠行供應鏈管理有限公司) *(Note (b))*	PRC, 13 March 2014	RMB3,000,000	100%	100%	100%	100%	Logistics and supply chain business
Inner Mongolia Fargo Supply Chain Management Co., Ltd. (內蒙古遠行供應鏈管理有限公司) *(Note (b))*	PRC, 14 March 2014	RMB3,000,000	100%	100%	100%	100%	Logistics and supply chain business
Beijing Deewin Fargo Supply Chain Management Co., Ltd. (北京德銀遠行供應鏈管理有限公司) *(Note (b))*	PRC, 10 June 2015	RMB3,000,000	100%	100%	100%	100%	Logistics and supply chain business
Shaanxi Huazhen Logistics Co., Ltd. (陝西華臻物流有限公司) *(Note (b)(e))*	PRC, 24 January 2011	RMB6,000,000	52%	100%	100%	100%	Logistics and supply chain business
Guangzhou Fargo Logistics Co., Ltd. (廣州遠行物流有限公司) *(Note (c))*	PRC, 10 June 2015	RMB3,000,000	100%	N/A	N/A	N/A	Logistics and supply chain business
Jiaozuo Fargo Logistics Service Co., Ltd. (焦作遠行物流服務有限公司) *(Note (d))*	PRC, 27 March 2014	RMB300,000	100%	N/A	N/A	N/A	Logistics and supply chain business

Notes:

(a) All of the companies comprising the Group are incorporated/established with limited liability in the PRC and adopted 31 December as their financial year end date.

(b) The audited financial statements of these subsidiaries of the Group for the years ended 31 December 2019 have been audited by Ernst Young Hua Ming LLP Xi'an Branch. The audited financial statements of these subsidiaries of the Group for the years ended 31 December 2020 and 2021 have been audited by PricewaterhouseCoopers Zhong Tian LLP.

(c) Guangzhou Fargo Logistics Co., Ltd. has not carried out any business since its establishment and officially deregistered on 15 May 2020.

(d) Jiaozuo Fargo Logistics Service Co., Ltd. has ceased its operation on 2 February 2019 and then officially deregistered on 5 April 2020.

(e) Shaanxi Huazhen Logistics Co., Ltd is a subsidiary of SXTH, Which became a 100% holding subsidiary of the Company from 2020 due to reorganisation. The relevant reorganisation steps set out in Notes 1.2.

1.3 Basis of presentation

The companies now comprising the Group, which are engaging in the [**REDACTED**] Business, were under common control of SXAG, the controlling shareholder, immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as a business combination under common control.

For the purpose of this report, the Historical Financial Information has been prepared by including the historical financial information of the companies engaging in the [**REDACTED**] Business, under the common control of SXAG immediately before and after the Reorganisation and now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the date when the combining companies first came under the control of SXAG, whichever is a shorter period.

The net assets of the combining companies were combined using the existing book values from SXAG's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied during the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention, except for Financial assets at fair value through other comprehensive income (FVOCI) and Financial assets at fair value through profit or loss (FVTPL), Which are carried out at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

The following new standards and amendments to existing standards have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Annual Improvements to IFRS Standards 2018–2020	The improvements of IFRS 9, IFRS 16, IFRS 1 and IAS 41	1 January 2022
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual improvements to IFRS 9	Financial Instruments	1 January 2022
IAS 37 (Amendments)	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice statements 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

2.2 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

iii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

iv. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations under common control

The Historical Financial Information incorporates the financial statements of the consolidating entities or business in which the common control combination occurs as if they had been consolidated from the date when the consolidating entities or business first came under the control of the controlling party.

The net assets of the consolidating entities or business are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the consolidating entities or business from the earliest date presented or since the date when the consolidating entities or business first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between consolidating entities or business are eliminated on consolidation.

2.4 Separate financial information

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in Renminbi ("RMB") throughout the Track Record Period, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within "finance income — net". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other gains/(losses)—net".

2.7 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

	Years
Buildings and facilities	20 to 45 years
Machinery and equipment	12 years
Motor vehicles	8 years
Electronic equipment	3 to 5 years
Leasehold improvement	2 to 8 years

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as interest expenses during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains — net" in the consolidated statements of comprehensive income.

2.8 Intangible assets

Intangible assets represented the purchased computer softwares which are capitalised on the basis of the costs incurred to acquire the specific software. Based on the current functionalities equipped by these softwares and the daily operation needs, the Group considers a useful life of 5 to 10 years is the best estimation under current business needs. These costs are amortised over periods ranging from 5 to 10 years.

2.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment property.

The Company's investment properties comprise buildings located in the PRC, which is measured initially at their costs, including the related transaction costs and borrowing costs, where applicable.

After initial recognition, investment property is measured at cost less accumulated depreciation and any provision for impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the properties. The building portion of investment properties is depreciated over their estimate useful lives of 20 to 45 years.

Subsequent expenditure is capitalized to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are expensed in the consolidated statements of comprehensive income during the financial period in which they are incurred.

An investment property shall be derecognised on disposal or when investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the consolidated statements of comprehensive income in the period of the retirement or disposal.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

i. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

iv. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains — net". Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses generated from borrowings are presented in "financial income" and impairment losses on financial assets are presented in "net impairment losses on financial assets".

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive income within "other gains-net" in the period in which it arises.

v. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at financial assets at FVTPL are recognised in "other gains — net" in the consolidated statements of comprehensive income, where applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

vi. Impairment

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and financial assets measured at FVOCI, the Group applies the simplified approach permitted by IFRS 9, which requires to recognise the lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss.

For the loan receivables, the Group assesses on a forward-looking basis the expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers various reasonable and supportable information to judge if there is significant increase in credit risk, including the forward-looking information, when determining the expected credit losses staging for loan receivables. Major factors being considered include regulatory and operating environment, internal and external credit ratings, solvency, and operational capabilities.

For other receivables, the impairment is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

While cash and cash equivalents and restricted cash at banks are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables, loan receivables, other receivables, fair value through other comprehensive income (FVOCI), cash and cash equivalents and restricted cash at banks are written off (either partially or in full) when there is no reasonable expectation of recovery.

The description of inputs, assumption and estimation techniques used in measuring the ECL is presented in Note 3.1.

2.12 Financial liabilities

(a) Recognition and measurement

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the profit or loss over the period of the other financial liabilities using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

See Note 20 for details of each type of financial liabilities.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.11 for further information about the Group's accounting policies for trade and other receivables.

2.16 Loan receivables

The Group provides financial services including sales-and-lease back financing business and factoring service. For the financial leasing business, the Group provides heavy-duty trucks and commercial automobiles financial leasing service to individual customers and commercial automobiles dealers through model of sales and leaseback.

Loan receivables are amounts due from customers in relation to financial service performed. If collection of loan receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loan receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.11 for further information about the Group's accounting policies for loan receivables.

2.17 Cash and cash equivalents

In the consolidated cash flows statements, cash and cash equivalents includes cash in hand, deposits held at call with banks and financial institutions and readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Paid in capital/share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade payables are obligations to pay for goods, construction or service that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. See Note 2.12 for further information about the Group's accounting policies for trade and other payables.

2.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity service and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowings cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, which will be capitalized, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of balance sheet date in the areas where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.23 Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

ii. Pension obligation

The employees of the Group in the PRC are covered by the government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made and contributions to these plans are included in profit or loss as incurred.

iii. Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing fund, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

iv. Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of service rendered by employees and a reliable estimation of the obligation can be made.

v. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when the Group can no longer withdraw the offer of those benefits.

2.24 Leases

i. The Group as a lessee

The Group leases buildings, facilities and related land use right. Rental contracts of buildings and facilities are typically made for fixed periods of 1 to 3 years with no extension options. Land use right is made for fixed period of 40 years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Buildings, facilities and related land use right leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-parties financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third parties financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-parties financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and commercial automobiles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise commercial automobiles and small items of equipment.

ii The Group acts as a buyer-lessor

Individual customers (the seller-lessee) transfer commercial automobiles (transferred assets) to the Group (the buyer lessor) and lease back from the buyer-lessor. The Group does not recognise the transferred assets as such transfer does not satisfy the requirements of IFRS 15 as a sale and recognise loan receivables (Note 2.16) equal to transfer proceeds. Sale and leaseback transactions in which the relevant seller-lessees have an obligation or a right to repurchase the relevant assets were accounted as financing arrangements under IFRS 9.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.26 Provision and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and its existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.27 Revenue recognition

Revenue is recognised when or as the control of the goods or service is rendered to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and service may be transferred overtime or at a point in time.

Revenue is recognised when a performance obligation is satisfied by transferring control of the promised products or services to a customer in an amount that reflects the consideration expected to be collected in exchange for those products or services. The revenue recognition of the Group is determined through the following five steps:

(i) Identification of the contract, or contracts, with a customer;

(ii) Identification of the performance obligations in the contract;

(iii) Determination of the transaction price;

(iv) Allocation of the transaction price to the performance obligations in the contract;

(v) Recognition of revenue when, or as, a performance obligation is satisfied.

At contract inception, it is performed that the assessment and the identification of a performance obligation for each promise to transfer to the customer a product or a service (or bundle of products or services) that is distinct. To identify the performance obligations, the Group consider all the goods and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

The Group determines whether control of a product or a service is transferred to a customer over time or at a point in time based on the analysis of the following three criteria. Revenue is recognised over time if any of such criteria are met that the Group:

- Provides all of the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group perform; or
- Does not create an asset with an alternative use of the Group and the Group has an enforceable right to request payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the above criteria for satisfying a performance obligation over time are met.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for a product or a service that the Group has transferred to a customer. Incremental costs incurred to obtain a contact, if recoverable, are capitalized and presented as assets and subsequently amortized when the related revenue is recognised.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a product or a service to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer a product or a service to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The application of the Group's revenue recognition policies and a description of the principal activities, organized by segment, from which the Group generate its revenue, are presented below.

i. Logistics and warehousing service

The Group generated logistics and warehousing service revenue from the provision of logistics and warehousing service to customers. The Group recognises logistics and warehousing service revenue over time in the period in which its customers simultaneously receive and consume the benefits provided by the logistics and warehousing service as specified in logistics service contract.

ii. Sales of goods

The Group sells commercial automobiles and components to customers. Customers include distributors, transport companies and individual users. Revenue from sales of goods is recognised when control of the products are transferred at a point in time to its customers, that is when the products are delivered and accepted by the customers. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

All of the revenue is recognised at the point in time when the control of goods is transferred to the customers.

iii. Financial leasing business

The Group provides financial leasing service to end customers and commercial automobiles dealers through model of sales and leaseback. The transaction is in substance a collateral financing and revenue is recognised over the lease period using the effective interest rate method.

iv. Interest income from factoring business

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

v. Internet of Vehicle (IoV) and data service

The Group provides Internet of vehicle (IoV) and data service to customers based on the data of commercial vehicles generated from intelligent internet of vehicle (IoV) terminal products pre-installed in commercial vehicles. The Group use sensing and tracking technology to collect IoV data of commercial vehicles, in particular the data of commercial vehicles operation, driving behavior of drivers, location and other types of tracking information, and provide relevant services to various customers. The Group recognizes commercial vehicles operating data service revenue over time when its customers simultaneously receive and consume the benefits as specified in the service contract.

2.28 Research and development

Research and development cost comprise all costs that are directly attributable to research and development activities (relating to the application platform related to vehicle operation data) or that can be allocated on a reasonable basis to such activities. Research and development costs are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the application platform so that it will be available for use or sale;
- management intends to complete the application platforms, and use or sell it;
- the ability to use or sell the application platform;
- it can be demonstrated how the application platform will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the application platforms; and
- the expenditure attributable to the application platforms during its development phase can be reliably measured.

Other development expenditures that do not meet these criteria are charged to expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.29 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Company and the Group's Historical Financial Information in the period in which the dividends are approved by the Company's equity holders.

2.30 Earnings per share

Basic earnings per share

- the profit attributable to the equity holders of the Company;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not use any derivative financial instruments to hedge certain risk exposures.

(a) Market risk

Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash and cash equivalents, restricted cash at banks, loan receivables, borrowings, bond payables, trade and other payables and lease liabilities. Financial assets and liabilities at variable rates expose the Group to cash flow interest rate risk. Financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents, restricted cash at banks, loan receivables, borrowings, bond payables, trade and other payables and lease liabilities have been disclosed in Notes 28, 27, 23, 37, 33, 36 and 32 to the Historical Financial Information, respectively.

As at 31 December 2019, 2020 and 2021, if interest rates on cash and cash equivalents, restricted cash at banks, trade and other payables and bank borrowings had been 10% higher/lower with all other variables held constant, profit after income tax for the year would have been approximately RMB1,931,000 higher/lower and RMB1,369,000 higher/lower and RMB412,000 higher/lower respectively, mainly as a result of higher/lower net interest income/expense being recognised/incurred.

(b) 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.

i. Credit risk management

Management has credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group has policies to monitor the credit exposure, trade receivables, loan receivables and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group's loan receivables are mainly receivables generated from the sale and leaseback business. For such receivables, the Group performs standard credit management procedures, which include project due diligence and proposal submission, credit underwriting review and approval, disbursement, post-lending monitoring and management of non-performing finance lease receivables etc. The Group enhances its credit risk management by strictly complying with its credit management procedures; strengthening customer investigation, lending approval and post-lending monitoring measures; enhancing risk mitigation effect of loan receivables through obtaining collateral, security deposits and corporate or individual credit guarantee.

The Group writes off financial assets when there is no reasonable expectation of recovery with the indicators of bankruptcy, cancellation, revocation or closure of the debtor, and the debtor has no property enforced by the court.

ii. Measurement of ECL

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

– Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1, at which the Group only needs to measure ECL in the next 12 months.

– Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2, at which the Group needs to measure lifetime ECL.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3, at which the Group needs to measure lifetime ECL.

Definition of credit-impaired assets

When financial instruments are credit-impaired, the Group defines them as in default. In general, financial assets that are more than 90 days past due are identified as in default.

The Group considers a financial instrument to be credit-impaired when one or more of the following criteria have been met:

– Principal (including advances, applies to below) or interest is more than 90 days past due;

– Issuer or obligor is in significant financial difficulty, or has already been insolvent;

– It is becoming probable that the borrower will enter bankruptcy;

– An active market for that financial asset has disappeared because of financial difficulties of issuers;

– Other objective evidence indicating impairment of the financial asset.

Judgement criteria for significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

– Principal or interest is more than 30 days past due

– There are litigation or/and other significant adverse issues which have negative impact on obligator's repayment ability

Description of parameters, assumptions and estimation techniques

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios (i.e., optimistic scenario, basic scenario, and pessimistic scenario), which are defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (lifetime PD) of the obligation. The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on the portfolio from the point of initial recognition throughout the lifetime of the financial instruments. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (Lifetime EAD). The 12-month and lifetime EADs are determined based on the contractual repayments owned by the debtor over 12 or lifetime basis.

Forward-looking information

Both the assessment of significant increases in credit risk and the calculation of ECLs involve forward-looking information. Through analysis of historical data, the Group has identified key economic indicators that affect credit risk and ECLs of various business types. When considering forward-looking information, the indicators used in the model include gross domestic products, aggregate finance, industrial add value, producer price index, consumer price index, fixed asset investment. The Group regularly predicts the performance of indicators under three economic scenarios. The forecasts are used in the asset's impairment 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. The Group measures the provision for impairment by weighted 12-month ECL (Stage 1) or weighted lifetime ECL (Stage 2 and Stage 3). The above weighted ECL is calculated by multiplying the ECL in each scenario by the weight of the corresponding scenario.

The impact of these economic indicators on PD and LGD varies from different business types. The Group considers internal and external data, expert forecasts and statistical analysis to determine the relationship between these economic indicators and PD and LGD.

Sensitivity analysis

If the optimistic weightings increase by 10% and the basic scenario decreased by 10%, the impact on the allowance of expected credit loss as of 31 December 2019, 2020 and 2021 would have been less than 1%, respectively. If the pessimistic weightings increase by 10% and the basic scenario decreased by 10%, and the impact on the allowance of expected credit loss as of 31 December 2019, 2020 and 2021 would have been less than 1%, respectively.

If key economic indicator gross domestic products changed by 10%, the impact on the allowance of expected credit as of 31 December 2019, 2020 and 2021 would have been less than 1%, respectively. If key economic indicator producer price index changed by 10%, the impact on the allowance of expected credit loss as of 31 December 2019, 2020 and 2021 would have been less than 1%, respectively.

The Group has several types of financial assets that are subject to the ECL model:

(i) Trade receivables

The Group applies the simplified approach to provide expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the aging dates. The expected loss rates are based on the payment profiles of sales over a period of five years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro economic factors affecting the ability of the debtors to settle the receivables.

The amounts of trade receivables as at 31 December 2019, 2020 and 2021 are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables – related parties and one special customer with similar credit risk *(a)*	237,501	270,539	149,573
Trade receivables – remaining third parties *(b)*	252,427	244,661	334,607
	489,928	515,200	484,180
Less: allowance for impairment-related parties and one special customer with similar credit risk	(160)	(151)	(87)
Less: allowance for impairment-remaining third parties	(13,241)	(20,893)	(16,588)
	(13,401)	(21,044)	(16,675)
Trade receivables – net	476,527	494,156	467,505

(a) Trade receivables – related parties and one special customer with similar credit risk

As at 31 December 2019, 2020 and 2021, the expected loss rate for trade receivables from related parties and one special customer with similar credit risk is around 0.07%, 0.06% and 0.06%, and carrying amount of such receivables are RMB237,501,000, RMB270,539,000 and RMB149,573,000 and the allowance provision of RMB160,000, RMB151,000 and RMB87,000, respectively. The trade receivables from one special customer with similar credit risk with related parties were settled in 2020.

(b) Trade receivables – remaining third parties

The ECL rate for the remaining trade receivables based on aging as at 31 December 2019, 2020 and 2021 is determined as follows:

	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months	Total
Trade receivables						
At 31 December 2019						
Expected loss rate	1.14%	5.61%	6.36%	47.65%	100.00%	5.25%
Gross carrying amount (RMB'000)	214,435	3,384	25,177	810	8,621	252,427
Loss allowance provision (RMB'000)	(2,443)	(190)	(1,601)	(386)	(8,621)	(13,241)
At 31 December 2020						
Expected loss rate	2.18%	4.22%	4.77%	40.97%	100.00%	8.54%
Gross carrying amount (RMB'000)	189,874	32,161	7,280	515	14,831	244,661
Loss allowance provision (RMB'000)	(4,147)	(1,357)	(347)	(211)	(14,831)	(20,893)
At 31 December 2021						
Expected loss rate	1.18%	3.49%	8.23%	39.05%	100.00%	4.96%
Gross carrying amount (RMB'000)	194,796	119,218	10,975	630	8,988	334,607
Loss allowance provision (RMB'000)	(2,292)	(4,159)	(903)	(246)	(8,988)	(16,588)

The provision for trade receivables as at 31 December 2019, 2020 and 2021, and reconciles to the opening loss allowance for that provision as follows:

	Provision for trade receivables
	RMB'000
At 1 January 2019	13,196
Net provision for impairment of trade receivables recognised in profit or loss *(Note 21 (b))*	1,723
Written-off during the year as uncollectible *(Note 21 (b))*	(1,518)
At 31 December 2019	13,401
Net provision for impairment of trade receivables recognised in profit or loss *(Note 21 (b))*	7,643
At 31 December 2020	21,044
Net reversal provision for impairment of trade receivables recognised in profit or loss *(Note 21 (b))*	(3,170)
Written-off during the year as uncollectible *(Note 21 (b))*	(1,199)
At 31 December 2021	16,675

For the years ended 31 December 2019, 2020 and 2021, the provision for loss allowances was recognised in the consolidated statements of comprehensive income in "net impairment losses on financial assets" in relation to impaired trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery with the indicators of bankruptcy, cancellation, revocation or closure of the debtor, and the debtor has no property enforced by the court.

(ii) Fair value through other comprehensive income (FVOCI)

As at 31 December 2019, 2020 and 2021, all the fair value through other comprehensive income (FVOCI) were notes receivable and trade receivables. The Group applies the simplified approach to provide ECL prescribed by IFRS 9, and the impact of expected loss of fair value through other comprehensive income (FVOCI) was assessed to be insignificant.

(iii) Other receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group accounts for its expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates of other receivables and adjusts for forward-looking macroeconomic data.

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other receivables				
At 31 December 2019				
Expected loss rate	2.24%	–	100.00%	6.97%
Gross carrying amount (RMB'000)	101,132	–	5,135	106,267
Loss allowance provision (RMB'000)	(2,268)	–	(5,135)	(7,403)
At 31 December 2020				
Expected loss rate	2.98%	–	100.00%	7.92%
Gross carrying amount (RMB'000)	85,958	–	4,614	90,572
Loss allowance provision (RMB'000)	(2,560)	–	(4,614)	(7,174)
At 31 December 2021				
Expected loss rate	1.51%	–	100.00%	4.27%
Gross carrying amount (RMB'000)	280,885	–	8,088	288,973
Loss allowance provision (RMB'000)	(4,247)	–	(8,088)	(12,335)

The provision for other receivables as at 31 December 2019, 2020 and 2021, and reconciles to the opening loss allowance for that provision as follows:

	Provision for other receivables
	RMB'000
At 1 January 2019	8,271
Reversal of impairment of other receivables recognised in profit or loss *(Note 24 (c))*	(868)
At 31 December 2019	7,403
Reversal of impairment of other receivables recognised in profit or loss *(Note 24 (c))*	(229)
At 31 December 2020	7,174
Provision of impairment of other receivables recognised in profit or loss *(Note 24 (c))*	5,161
At 31 December 2021	12,335

For the years ended 31 December 2019, 2020 and 2021, the provision for loss allowances was recognised in the consolidated statements of comprehensive income in "net impairment losses on financial assets" in relation to impaired other receivables.

(iv) Loan receivables

To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and number of days past due.

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loan receivables				
At 31 December 2019				
Expected loss rate	0.47%	28.84%	53.02%	2.86%
Gross carrying amount (RMB'000)	6,454,898	10,464	301,260	6,766,622
Loss allowance provision (RMB'000)	(30,613)	(3,018)	(159,718)	(193,349)
At 31 December 2020				
Expected loss rate	0.52%	31.78%	51.42%	3.02%
Gross carrying amount (RMB'000)	9,042,459	14,743	459,914	9,517,116
Loss allowance provision (RMB'000)	(46,616)	(4,686)	(236,501)	(287,803)
At 31 December 2021				
Expected loss rate	0.97%	34.61%	66.09%	5.01%
Gross carrying amount (RMB'000)	8,007,311	154,724	454,749	8,616,784
Loss allowance provision (RMB'000)	(77,877)	(53,557)	(300,535)	(431,969)

Loan receivables are written off when there is no reasonable expectation of recovery with the indicators of bankruptcy, cancellation, revocation or closure of the debtor, and the debtor has no property enforced by the court.

Movements of allowances for impairment losses on loan receivables are as follows:

		Stage 1	Stage 2	Stage 3	Total
Amount as at 1 January 2019		25,681	2,536	141,421	169,638
Changes in the loss allowance:					
- Move to stage 1		233	(233)	–	–
- Move to stage 2		(24)	24	–	–
- Move to stage 3		(223)	(382)	605	–
Provision charged during the year	*Note 23*	4,946	1,073	17,692	23,711
Amount as at 31 December 2019		30,613	3,018	159,718	193,349
Amount as at 1 January 2020		30,613	3,018	159,718	193,349
Changes in the loss allowance:					
- Move to stage 1		–	–	–	–
- Move to stage 2		(41)	41	–	–
- Move to stage 3		(148)	(1,168)	1,316	–
Provision charged during the year	*Note 23*	16,192	2,795	75,467	94,454
Amount as at 31 December 2020		46,616	4,686	236,501	287,803
Amount as at 1 January 2021		46,616	4,686	236,501	287,803
Changes in the loss allowance:					
– Move to stage 1		634	–	(634)	–
– Move to stage 2		385	707	(1,092)	–
– Move to stage 3		(1,529)	(685)	2,214	–
– Provision charged during the year	*Note 23*	31,771	48,849	63,546	144,166
Amount as at 31 December 2021		77,877	53,557	300,535	431,969

For the years ended 31 December 2019, 2020 and 2021, the provision for loss allowances was recognised in the consolidated statements of comprehensive income in "net impairment losses on financial assets" in relation to impaired loan receivables.

(v) Maximum exposure to credit risk

The table below shows the maximum credit risk exposure of the Group without consideration of the collateral and pledges:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost			
– Cash and cash equivalents *(Note 28)*	730,143	196,915	213,339
– Restricted bank deposits *(Note 27)*	536,312	467,452	84,816
– Trade receivables *(Note 21)*	476,527	494,156	467,505
– Other receivables *(Note 24)*	98,864	83,398	276,638
– Loan receivables *(Note 23)*	6,573,273	9,229,313	8,184,815
	8,415,119	10,471,234	9,227,113
Financial assets amount at fair value			
– Fair value of comprehensive income (FVOCI) *(Note 22)*	274,328	520,314	367,020
	274,328	520,314	367,020
Total	8,689,447	10,991,548	9,594,133

The amounts of the credit risk exposures set out above are the carrying amounts as at 31 December 2019, 2020 and 2021.

(c) 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 (comprising undrawn banking facilities and facilities provided by SXAG) and cash and cash equivalents based on expected cash flows. As at 31 December 2021, the Group's unutilized bank facilities was RMB1,848,797,000. All the borrowings are in compliance with relevant covenant terms if any and the Group expected to fund the future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019					
Trade and other payables	3,347,464	682,097	–	–	4,029,561
Lease liabilities	18,168	6,069	6,272	–	30,509
Borrowings	3,050,581	197,084	–	–	3,247,665
Bond payables	88,604	–	–	–	88,604
	6,504,817	885,250	6,272	–	7,396,339

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020					
Trade and other payables	5,551,268	582,513	882,331	–	7,016,112
Lease liabilities	11,344	6,630	7,742	–	25,716
Borrowings	1,656,590	126,225	–	–	1,782,815
Bond payable	259,212	75,443	–	–	334,655
	7,478,414	790,811	890,073	–	9,159,298
At 31 December 2021					
Trade and other payables	1,363,036	1,041,984	–	–	2,405,020
Lease liabilities	26,729	14,776	13,941	–	55,446
Borrowings	3,815,043	460,421	–	–	4,275,464
Bond payables	856,959	104,572	–	–	961,531
	6,061,767	1,621,753	13,941	–	7,697,461

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns for equity holders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total of "borrowings", "lease liabilities", "loans from related parties" and "bond payables" as shown in the consolidated statement of financial position less cash and cash equivalents, and restricted cash at banks. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Borrowings *(Note 37)*	3,146,942	1,737,884	4,100,429
Add: Trade and other payables – loans from related parties *(Note 36)*	1,130,000	3,925,000	854,000
Add: Lease liabilities *(Note 32)*	26,991	22,460	48,139
Add: Bond payables *(Note 33)*	85,332	323,003	939,857
Less: Cash and cash equivalents *(Note 28)*	(730,143)	(196,915)	(213,339)
Less: Restricted cash at banks *(Note 27)*	(536,312)	(467,452)	(84,816)
Net debt	3,122,810	5,343,980	5,644,270
Total capital	4,815,108	7,492,981	8,094,017
Gearing ratio	65%	71%	70%

3.3 Fair value estimation

The Group adopts the amendment to IFRS 7 for financial instruments that are measured in the consolidated statement of financial position at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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 31 December 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Notes receivable	–	–	274,328	274,328

	As at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Notes receivable	–	–	520,314	520,314

	As at 31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Notes receivable	–	–	337,178	337,178
Trade receivables	–	–	29,842	29,842
	–	–	367,020	367,020

During the Track Record Period there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

These instruments are not traded in an active market. The fair value of notes receivable and trade receivable were determined, using discounted cash flows. The fair value would be lower if the discount rate was higher. As at 31 December 2019, 2020 and 2021, if the discount rate of the notes receivable had been 100 basis points higher, the Group's notes receivable would have been approximately RMB697,000, RMB1,310,000 and RMB1,107,000 lower, respectively. If the discount rate of the notes receivable had been 100 basis points lower, the Group's notes receivable would have been approximately RMB707,000, RMB1,328,000 and RMB1,116,000 higher, respectively. As at 31 December 2021, if the discount rate of the trade receivable had been 100 basis points higher, the Group's trade receivables would have been approximately RMB100,000 lower. If the discount rate of the trade receivable had been 100 basis points lower, the Group's trade receivables would have been approximately RMB101,000 higher.

Fair value of notes receivable and trade receivables (Note 22) are considered approximate to their carrying amount. The fair value change was insignificant.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for trade receivables, loan receivables, and other receivables, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1 (b) Credit risk.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumption for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and associated ECL; and
- Establishing groups of similar financial assets for the purpose of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 3.1 (b) Credit risk.

(ii) Current and deferred income tax

A deferred income tax asset is recognised for the carry forward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilized. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgement in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred income tax assets.

5 SEGMENT INFORMATION, REVENUE AND OTHER INCOME

5.1 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 (IoV) terminal products sales business and relevant data service business (Note 2.27 (v)).

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.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in this Historical Financial Information.

The segment results for the years ended 31 December 2019, 2020 and 2021 are as follows:

	Year ended 31 December 2019					
	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						
– Sales of goods	722,770	–	182,101	–	–	904,871
– Logistics and warehousing service	1,438,986	–	–	–	(51,276)	1,387,710
– Interest income from financial leasing business	–	454,556	–	–	(392)	454,164
– Interest income from factoring service	–	64,528	–	–	(5,418)	59,110
– Internet of vehicle (IoV) and data service	–	–	63,266	–	(3,785)	59,481
– Others	22,886	18,945	–	–	(15,136)	26,695
	2,184,642	538,029	245,367	–	(76,007)	2,892,031
Gross profit	145,994	245,624	88,997	–	(6,305)	474,310
Operating profit	78,931	170,675	50,884	112,021	(123,214)	289,297
Financial (costs)/income-net	(7,783)	16,393	4,546	(257)	1,913	14,812
Share of net profit of associate	–	–	–	3,756	–	3,756
Profit before income tax	71,148	187,068	55,430	115,520	(121,301)	307,865
Total assets	1,063,602	7,703,658	269,859	1,860,992	(1,866,345)	9,031,766
Total liabilities	987,960	6,227,257	201,742	379,706	(457,197)	7,339,468

	Year ended 31 December 2020					
	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						
– Sales of goods	755,634	–	254,853	–	(418)	1,010,069
– Logistics and warehousing service	1,563,378	–	–	–	(85,829)	1,477,549
– Interest income from financial leasing business	–	634,585	–	–	–	634,585
– Interest income from factoring service	–	45,356	–	–	(6,767)	38,589
– Internet of vehicle (IoV) and data service	–	–	82,221	–	(629)	81,592
– Others	34,696	3,924	–	–	(19,331)	19,289
	2,353,708	683,865	337,074	–	(112,974)	3,261,673
Gross profit	190,005	335,152	126,142	–	2,116	653,415
Operating profit	110,294	193,329	82,369	352,420	(363,369)	375,043
Financial (costs)/income-net	(176)	17,541	4,998	(553)	(2,277)	19,533
Share of net profit of associate	–	–	–	5,251	–	5,251
Profit before income tax	110,118	210,870	87,367	357,118	(365,646)	399,827
Total assets	1,053,225	10,141,501	332,116	2,850,576	(3,010,312)	11,367,106
Total liabilities	1,037,609	8,271,468	286,633	330,130	(707,735)	9,218,105

	Year ended 31 December 2021					
	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						
– Sales of goods	526,708	–	229,498	–	(554)	755,652
– Logistics and warehousing service	1,512,379	–	–	–	(52,521)	1,459,858
– Interest income from financial leasing business	–	755,755	–	–	(7,962)	747,793
– Interest income from factoring service	–	42,730	–	–	(7,509)	35,221
– Internet of vehicle (IoV) and data service	–	–	109,932	–	(1,118)	108,814
– Others	55,935	2,676	–	–	(39,099)	19,512
	2,095,022	801,161	339,430	–	(108,763)	3,126,850
Gross profit	199,590	386,822	142,125	–	3,872	732,409
Operating profit	146,000	199,684	104,116	232,368	(248,226)	433,942
Financial (costs)/income – net	(11,867)	12,824	6,073	(3,008)	1,507	5,529
Share of net profit of associate	–	–	–	5,123	–	5,123
Profit before income tax	134,133	212,508	110,189	234,483	(246,719)	444,594
Total assets	1,416,259	8,818,948	334,462	3,479,650	(3,861,292)	10,188,027
Total liabilities	1,276,552	7,011,411	220,001	791,436	(1,561,120)	7,738,280

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

5.2 Revenue

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
– Recognised at a point in time			
Sales of goods	904,871	1,010,069	755,652
Others	26,695	19,289	19,512
– Recognised over time			
Logistics and warehousing service	1,387,710	1,477,549	1,459,858
Sales-and-leaseback financing business	454,164	634,585	747,793
Interest income from factoring services	59,110	38,589	35,221
Internet of vehicle (IoV) and data service	59,481	81,592	108,814
	2,892,031	3,261,673	3,126,850

Revenue from major customer for the Track Record Period is set out below:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Customer A	394,474	370,299	277,316

For the years ended 31 December 2019, 2020 and 2021, Customer A (an entity over which the Parent Company has significant influence) was the only customer contributed 10% or above of the Group's revenue.

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Sales of goods	13,549	23,015	27,869
Logistics and warehousing service	618	1,109	6,304
Internet of vehicle (IoV) and data service	83,196	117,204	122,158
	97,363	141,328	156,331
Less: non-current portion	(34,465)	(41,531)	(28,064)
Current portion	62,898	99,797	128,267

Contract liabilities represented advanced payments received from customers for goods or services that have not yet been delivered to the customers, the following table shows the amount of the revenue recognised in the Track Record Periods related to brought-forward contract liabilities.

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year			
Sales of goods	55,625	13,549	23,015
Logistics and warehousing service	825	618	1,109
Internet of vehicle (IoV) and data service	30,070	48,731	75,673
	86,520	62,898	99,797

Transaction price allocated to the unsatisfied long-term performance obligations.

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied			
Internet of vehicle (IoV) and data service	83,196	117,204	122,158

The above remaining performance obligations are mainly related to the contract of internet of vehicle (IoV) and data service. Management expects that the unsatisfied obligations of RMB48,731,000, RMB75,673,000, RMB94,094,000 as of 31 December 2019, 2020 and 2021, respectively will be recognised as revenue within next one year. The remaining will be recognised in one to two year.

5.3 OTHER INCOME

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Government subsidy income			
– Income related	19,427	22,922	38,641
– Assets related *(Note 35)*	1,894	3,265	6,387
	21,321	26,187	45,028

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

6 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Gains on disposal of a subsidiary	2,647	–	–
Gains/(losses) on disposal of property, plant and equipment	(236)	423	36
Others	(794)	236	(865)
	1,617	659	(829)

On 11 June 2019, pursuant to the share purchase agreement, the Company transferred 25% equity interests of MXIB to a third party at a consideration of RMB9,731,000 and the percentage of equity interests in MXIB held by the Company decreased from 55% to 30%. As a result, the Company did not control but was still able to exercise significant influence over MXIB and accounted for the investment in MXIB as an associate since then.

7 EXPENSES BY NATURE

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Transportation expenses	1,096,764	1,060,548	1,077,715
Purchase cost of commercial automobiles	609,277	649,310	423,283
Raw materials and purchased goods consumed	216,440	287,113	264,955
Funding cost	246,367	320,764	351,072
Employee benefit expenses *(Note 8)*	254,083	278,896	246,162
Outsourced labour costs	14,891	51,414	52,890
Lease expenses	32,083	28,082	22,869
Network traffic cost	14,609	18,741	23,104
Amortisation of right-of-use asset *(Note 13)*	13,928	18,733	29,437
Depreciation of property, plant and equipment *(Note 14)*	15,963	15,826	18,172
Office expenses	9,865	12,284	7,313
Travelling expenses	9,223	7,237	8,907
Maintenance expenses	6,985	7,766	5,796
Utilities and electricity	3,262	4,198	3,472
Amortisation of intangible assets *(Note 15)*	2,838	3,206	4,335
Auditor's remuneration	206	800	400
Net impairment losses on financial assets	24,566	101,868	146,157
Provision for impairment of inventory *(Note 19)*	78	–	3,812
Provision for impairment of property, plant and equipment *(Note 14)*	–	14	–
Taxes and levies	11,143	11,300	10,276
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Miscellaneous	43,101	35,376	34,891
Total *(Note)*	2,625,672	2,913,476	2,737,107

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

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonus	179,000	206,273	167,265
Pension costs[(a)]	25,191	19,472	29,803
Housing funds, medical insurances and other social insurances[(b)]	26,450	24,444	30,680
Termination benefits[(c)]	1,667	2,233	–
Other benefits	21,775	26,474	18,414
	254,083	278,896	246,162

(a) As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its employees in the PRC. The Group's employees make monthly contributions to the schemes at 8% of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group contributes 16% to 20% of such relevant expenses, subject to certain ceiling and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

(b) Employees of the Group in the PRC are entitled to participate in various government-supervised housing fund, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on approximately 8% of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds are limited to the contributions paid/payable in each year.

(c) The Group offers early retirement benefits to those employees who apply early retirement before the normal retirement date. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who voluntarily retired before the normal retirement date prescribed by the State, as approved by the Group. The Group pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current year.

(d) The decrease of pension costs, medical insurances and other social insurances in 2020 was mainly due to the exemption of social insurance for the period from March to September 2020, according to security relief policies issued by the Ministry of Human Resources and Social Security and local municipal departments affected by Coronavirus Disease 2019 ("COVID-19").

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and chief executives' emoluments

Directors' and chief executives' emoluments for the Track Record Period are set out as follows:

			Employer's contribution to		
	Fees	**Salaries and bonus**	**Contributions to retirement benefits and other social security costs**	**Employee share schemes – value of employee services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019					
Executive directors					
Mr. Zhou Wei *(i)*	–	–	–	–	–
Mr. Yuan Hongming *(ii)*	–	–	–	–	–
Mr. Wang Yanhong *(iii)*	–	–	–	–	–
Mr. Liu Keqiang *(iv)*	–	–	–	–	–
Mr. Wang Runliang *(ix)*	–	581	100	–	681
Mr. Wang Jianbin *(vi)*	–	–	–	–	–
Mr. Zhou Yinchao *(v)*	–	–	–	–	–
Supervisors					
Mr. Wang Jing'an *(x)*	–	–	–	–	–
Ms. Liu Xiaorong *(xi)*	–	–	–	–	–
Ms. Wang Linlin *(vii)*	–	–	–	–	–
Mr. Qin Xiaohui *(viii)*	–	246	59	–	305
	–	827	159	–	986

Directors' and chief executives' emoluments for the Track Record Period are set out as follows:

			Employer's contribution to		
	Fees	**Salaries and bonus**	**Contributions to retirement benefits and other social security costs**	**Employee share schemes – value of employee services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Executive directors					
Mr. Zhou Wei *(i)*	–	–	–	–	–
Mr. Zhou Yinchao *(v)*	–	–	–	–	–
Mr. Wang Runliang *(ix)*	–	668	51	–	719
Mr. Wang Wenqi *(xiii)*	–	15	6	–	21
Non-executive directors					
Mr. Guo Wancai *(xii)*	–	–	–	–	–
Mr. Wang Jianbin *(vi)*	–	–	–	–	–
Mr. Zhou Qi *(xiv)*	–	–	–	–	–
Mr. Li Gang *(xv)*	–	–	–	–	–
Mr. Yu Qiang *(xvi)*	–	–	–	–	–
Mr. Ip Wing Wai *(xvii)*	–	–	–	–	–
Mr. Yang Weike *(xviii)*	–	246	39	–	285

			Employer's contribution to		
	Fees	Salaries and bonus	Contributions to retirement benefits and other social security costs	Employee share schemes – value of employee services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors					
Mr. Wang Jing'an *(x)*	–	–	–	–	–
Ms. Liu Xiaorong *(xi)*	–	–	–	–	–
Ms. Wang Linlin *(vii)*	–	–	–	–	–
Mr. Qin Xiaohui *(viii)*	–	246	41	–	287
Mr. Zhang Yu'an *(xix)*	–	–	–	–	–
	–	1,175	137	–	1,312

Directors' and chief executives' emoluments for the Track Record Period are set out as follows:

			Employer's contribution to		
	Fees	Salaries and bonus	Contributions to retirement benefits and other social security costs	Employee share schemes – value of employee services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive directors					
Mr. Wang Runliang *(ix)*	–	752	121	–	873
Mr. Wang Wenqi *(xiii)*	–	460	67	–	527
Non-executive directors					
Mr. Guo Wancai *(xii)*	–	–	–	–	–
Mr. Wang Jianbin *(vi)*	–	–	–	–	–
Mr. Zhou Qi *(xiv)*	–	–	–	–	–
Mr. Li Gang *(xv)*	–	80	–	–	80
Mr. Yu Qiang *(xvi)*	–	80	–	–	80
Mr. Ip Wing Wai *(xvii)*	–	120	–	–	120
Mr. Yang Weike *(xviii)*	–	166	37	–	203
Ms. Feng Min *(xx)*	–	167	15	–	182
Supervisors					
Mr. Wang Jing'an *(x)*	–	–	–	–	–
Mr. Qin Xiaohui *(viii)*	–	331	57	–	388
Mr. Zhang Yu'an *(xix)*	–	–	–	–	–
	–	2,156	297	–	2,453

(i) Mr. Zhou Wei was appointed and served as the chairman of the Company from January 2015 to July 2020. Mr. Zhou was also appointed as chief accountant of SXAG on 1 August 2013 and retired on 30 November 2019.

(ii) Mr. Yuan Hongming was a director of the Company from December 2014 to April 2019. Mr. Yuan also served as the chairman of SXAG since 1 June 2015.

(iii) Mr. Wang Yanhong was a director of the Company from August 2015 to April 2019. Mr. Wang was also appointed as the general manager of SXAG on 1 June 2015, and left SXAG on 28 November 2020.

(iv) Mr. Liu Keqiang was a director of the Company from December 2014 to April 2019. Mr. Liu also served as the vice-general manager of SXAG since 1 February 2012.

(v) Mr. Zhou Yinchao was a director of the Company from December 2014 to September 2020. Mr. Zhou also served as the vice-general manager of SXHDA since 1 November 2012.

(vi) Mr. Wang Jianbin served as general manager of the Company from December 2014 to January 2019 and was appointed as a director of the Company on 15 April 2019. From January 2019 to July 2020, Mr. Wang served as general manager of SAGCV and since July 2020, Mr. Wang has served as general manager of SAGCV and deputy general manager of Shaanxi Automobile Industry Co., Ltd. (陝西汽車實業有限公司).

(vii) Mr. Wang Linlin was appointed as supervisors from December 2014 to September 2020.

(viii) Mr. Qin Xiaohui was appointed as a supervisor of the Company on 11 August 2016. Since February 2018, Mr. Qin has been serving as the chairman of the labour union, director of the integrated management department of the Company.

(ix) Mr. Wang Runliang was appointed as a director of the Company on 15 April 2019. Mr. Wang was also appointed as the general manager of the Company since January 2019.

(x) Mr. Wang Jing'an was appointed as a supervisor of the Company on 5 June 2016. Since January 2016 to February 2021, Mr. Wang served as the director of the financial management department of Shaanxi Automobile Holding Group Co., Ltd. (陝西汽車控股集團有限公司, "SAHG").

(xi) Ms. Liu Xiaorong was the chairman of supervisory committee of the Company from 14 April 2019 to 7 September 2020. Ms. Liu also served as minister of audit department of SAHG since 1 January 2016.

(xii) Mr. Guo Wancai was appointed as the chairman of the Company on 17 July 2020. Since August 2019, Mr. Guo has been serving as a chief accountant of Shaanxi Automobile Holding Group Co., Ltd. (陝西汽車控股集團有限公司, "SAHG"). From July 2020 to March 2021, Mr. Guo served as a director of Shaanxi Automobile. From July 2020 to date, he serves as the general accountant of Shaanxi Automobile.

(xiii) Mr. Wang Wenqi was appointed as director and vice general manager of the Company on 25 December 2020. Mr. Wang also served as the general manager of SXTH since January 2017 and chairman of SXTH since April 2019.

(xiv) Mr. Zhou Qi was appointed as a director of the Company on 10 September 2020. From December 2015 to July 2020, Mr. Zhou served as director of the special purpose vehicle sales department of SXAG. Mr. Zhou is currently serving as the general manager of the sales department of the SXHDA.

(xv) Mr. Li Gang was appointed as an independent director of the Company on 25 December 2020.

(xvi) Mr. Yu Qiang was appointed as an independent director of the Company on 25 December 2020.

(xvii) Mr. Ip Wing Wai was appointed as an independent director of the Company on 25 December 2020.

(xviii) Mr. Yang Weike was a director of the Company from December 2020 to August 2021. From February 2019 to March 2021, Mr. Yang served as the head of the operations and management department of the Company. Mr. Yang was appointed as the Director of Information Technology Department in March 2021.

(xvix) Mr. Zhang Yu'an was appointed as the chairman of the Board of supervisor of the Company on 25 December 2020. Since January 2016 to date of this Historical Financial Information, Mr. Zhang has been serving as director of investment and capital operations, and director of the investment securities department of SXAG.

(xx) Ms. Feng Min was appointed as a director of the Company on 27 August 2021. Ms. Feng was also appointed as the general manager of the finance department of the Company on 3 February 2017.

In addition to the directors' and chief executives' emoluments as disclosed above, certain directors and supervisors of the Company who are also directors or management of the parent company (i.e. SXAG) and certain fellow subsidiaries received emoluments from the parent company and different related companies during the years ended 31 December 2019, 2020 and 2021, part of which are in respect of their services rendered to the Group in respective years. No apportionment has been made as the directors and supervisors of the Company consider that it is impractical to apportion the emoluments between their service rendered to the Group and their services rendered to the parent company and the respective fellow subsidiaries.

(b) Directors' retirement benefits

There are no director's retirement benefits operated by the Group.

(c) Directors' termination benefits

There are no directors' termination benefits operated by the Group.

(d) During the Track Record Period, no consideration was provided to third parties for making available directors' service.

(e) During the Track Record Period, there was no loan, quasi-loan and other dealing in favour of directors, bodies corporate controlled by or entities connected with directors.

(f) No significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1, 1, 1 director for the years ended 31 December 2019, 2020 and 2021, respectively, whose emoluments are reflected in the analysis shown in Note 9(a). The emoluments payable to the remaining 4, 4, 4 highest paid individuals are as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	1,995	2,219	2,279
Pension and other social benefits	344	218	484
	2,339	2,437	2,763

The emoluments fell within the following bands:

	Year ended 31 December		
	2019	**2020**	**2021**
Emoluments bands (in RMB)			
RMB0-RMB500,000	2	–	–
RMB500,000-RMB1,000,000	2	4	4

10 FINANCE INCOME-NET

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Interest income:			
– Bank deposits	22,795	22,799	12,293
Total finance income	22,795	22,799	12,293
Interest expenses:			
– Bank borrowings	(5,272)	(1,587)	(3,656)
– Lease liabilities	(1,473)	(1,128)	(2,694)
– Foreign exchange losses	(865)	(191)	(179)
– Termination benefits	(373)	(360)	(235)
Total finance costs	(7,983)	(3,266)	(6,764)
Finance income – net	14,812	19,533	5,529

11 INCOME TAX EXPENSE

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

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	75,126	105,641	124,671
Deferred income tax *(Note 16)*	(8,407)	(23,851)	(48,814)
Income tax expense	66,719	81,790	75,857

(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 Track Record Period, except for Shaanxi Tianxingjian IoV Information Technology Co., Ltd. and SXTH which enjoy a preferential income tax rate of 15% according to the polices of Western Area Development for the years ended 31 December 2019, 2020 and 2021.

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	307,865	399,827	444,594
Tax calculated at applicable corporate income tax rate of 25%	76,966	99,957	111,149
Tax effect of:			
Effects of preferential tax rates	(12,439)	(19,097)	(21,756)
Additional deduction of research and development expenses	(2,370)	(2,775)	(3,189)
Additional expenses allowable for tax deduction	–	(883)	(4,171)
Expenses not deductible for taxation purposes	1,352	2,874	2,682
Utilisation of tax loss of previous years	–	–	(2,799)
Recognised deferred tax expense of deductible tax losses of previous years	–	–	(13,551)
Tax losses upon which no deferred tax assets was recognised	3,210	1,714	7,492
Income tax expense	66,719	81,790	75,857

12 EARNINGS PER SHARE

(a) The basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares issued or deemed to be issued during the Track Record Period. The Company was converted to a joint stock company on 25 December 2020, 1,629,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders as at 30 November 2020 (being the reference date for the conversion of the Company into a joint stock limited liability company). This capitalisation of share capital is applied retrospectively during the Track Record Period for the purpose of computation of earnings per share.

	Year ended 31 December		
	2019	2020	2021
Profit attributable to equity holders of the Company (RMB'000)	207,493	273,994	362,719
Weighted average number of ordinary shares in issue in thousands	1,000,145	1,188,282	1,629,000
Basic earnings per share (RMB)	0.21	0.23	0.22

(b) The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential share during the Track Record Period.

13 RIGHT-OF-USE ASSETS

The Group's interests in right-of-use assets represented land use rights and leased buildings located in the PRC, the net book values of which are analysed as follows:

	Land use right	Leased buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019			
Cost	13,865	40,993	54,858
Accumulated amortization	(2,022)	(11,911)	(13,933)
Net book amount	11,843	29,082	40,925
Year ended 31 December 2019			
Opening net book amount	11,843	29,082	40,925
Additions	–	11,749	11,749
Amortization *(Note 7)*	(347)	(13,581)	(13,928)
Closing net book amount	11,496	27,250	38,746
As at 31 December 2019			
Cost	13,865	52,742	66,607
Accumulated amortization	(2,369)	(25,492)	(27,861)
Net book amount	11,496	27,250	38,746
Year ended 31 December 2020			
Opening net book amount	11,496	27,250	38,746
Additions	–	14,044	14,044
Amortization (Note 7)	(346)	(18,387)	(18,733)
Closing net book amount	11,150	22,907	34,057
As at 31 December 2020			
Cost	13,865	66,786	80,651
Accumulated amortization	(2,715)	(43,879)	(46,594)
Net book amount	11,150	22,907	34,057
Year ended 31 December 2021			
Opening net book amount	11,150	22,907	34,057
Additions	–	57,527	57,527
Amortization *(Note 7)*	(347)	(29,090)	(29,437)
Closing net book amount	10,803	51,344	62,147
As at 31 December 2021			
Cost	13,865	124,313	138,178
Accumulated amortization	(3,062)	(72,969)	(76,031)
Net book amount	10,803	51,344	62,147

(a) Amortisation of right-of-use assets has been charged to profit or loss (Note 7) as follows:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	8,674	13,164	23,904
Administrative expenses	5,254	5,569	4,934
Research and development expenses	–	–	599
	13,928	18,733	29,437

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities	Machinery and equipment	Motor vehicles	Electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019							
Cost	64,938	7,433	115,709	15,705	5,282	873	209,940
Accumulated depreciation	(12,463)	(2,126)	(90,557)	(9,596)	(952)	–	(115,694)
Impairment	–	–	(2,352)	–	–	–	(2,352)
Net book value	52,475	5,307	22,800	6,109	4,330	873	91,894
Year ended 31 December 2019							
Opening net book value	52,475	5,307	22,800	6,109	4,330	873	91,894
Additions	143	892	3,918	9,961	1,738	4,436	21,088
Transfer	–	149	4,008	–	–	(4,157)	–
Disposals	(326)	(76)	(2,150)	(192)	–	–	(2,744)
Depreciation *(Note 7)*	(2,990)	(631)	(5,504)	(4,960)	(1,878)	–	(15,963)
Closing net book value	49,302	5,641	23,072	10,918	4,190	1,152	94,275
As at 31 December 2019							
Cost	64,566	8,230	52,890	23,887	7,020	1,152	157,745
Accumulated depreciation	(15,264)	(2,589)	(29,112)	(12,969)	(2,830)	–	(62,764)
Impairment	–	–	(706)	–	–	–	(706)
Net book value	49,302	5,641	23,072	10,918	4,190	1,152	94,275
Year ended 31 December 2020							
Opening net book value	49,302	5,641	23,072	10,918	4,190	1,152	94,275
Additions	–	590	3,597	10,187	5,151	4,106	23,631
Transfer	–	1,257	963	253	–	(3,241)	(768)
Disposals	–	(1,165)	(503)	(17)	–	–	(1,685)
Depreciation *(Note 7)*	(2,671)	(685)	(4,878)	(5,458)	(2,134)	–	(15,826)
Impairment provision *(Note 7)*	–	–	(14)	–	–	–	(14)
Closing net book value	46,631	5,638	22,237	15,883	7,207	2,017	99,613

	Buildings and facilities	Machinery and equipment	Motor vehicles	Electronic equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020							
Cost	64,566	8,183	46,247	33,786	12,171	2,017	166,970
Accumulated depreciation	(17,935)	(2,545)	(23,996)	(17,903)	(4,964)	–	(67,343)
Impairment	–	–	(14)	–	–	–	(14)
Net book value	46,631	5,638	22,237	15,883	7,207	2,017	99,613
Year ended 31 December 2021							
Opening net book value	46,631	5,638	22,237	15,883	7,207	2,017	99,613
Additions	–	399	853	8,294	271	3,329	13,146
Transfer	–	1,404	376	–	1,873	(4,739)	(1,086)
Disposals	–	(9)	(15)	(299)	–	–	(323)
Depreciation *(Note 7)*	(2,670)	(820)	(4,878)	(7,081)	(2,723)	–	(18,172)
Closing net book value	43,961	6,612	18,573	16,797	6,628	607	93,178
As at 31 December 2021							
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	43,961	6,612	18,573	16,797	6,628	607	93,178

Buildings and facilities with a net book value of RMB 6,586,000 in property, plant and equipment are the office leased by the Company to the subsidiaries and are disclosures as Investment properties in the financial statements of the Company.

(a) Depreciation of property, plant and equipment has been charged to profit or loss (Note 7) as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	9,133	8,524	9,456
Administrative expenses	3,482	3,579	3,765
Research and development expenses	3,328	3,712	4,071
Selling expenses	20	11	880
	15,963	15,826	18,172

15 INTANGIBLE ASSETS

	Software
	RMB'000
As at 1 January 2019	
Cost	14,085
Accumulated amortisation	(5,432)
Net book value	8,653
Year ended 31 December 2019	
Opening net book value	8,653
Additions	4,696
Amortisation *(Note 7)*	(2,838)
Closing net book value	10,511
As at 31 December 2019	
Cost	18,781
Accumulated amortisation	(8,270)
Net book value	10,511
Year ended 31 December 2020	
Opening net book value	10,511
Additions	6,312
Transfer	768
Amortisation *(Note 7)*	(3,206)
Closing net book value	14,385
As at 31 December 2020	
Cost	25,861
Accumulated amortisation	(11,476)
Net book value	14,385
Year ended 31 December 2021	
Opening net book value	14,385
Additions	11,720
Transfer	1,086
Amortisation *(Note 7)*	(4,335)
Closing net book value	22,856
As at 31 December 2021	
Cost	38,667
Accumulated amortisation	(15,811)
Net book value	22,856

Amortisation of intangible assets has been charged to profit or loss (Note 7) as follows:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	2,260	2,433	2,396
Research and development expenses	118	534	927
Cost of revenue	460	239	501
Selling expenses	–	–	511
	2,838	3,206	4,335

16 DEFERRED INCOME TAX ASSETS

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
– to be realised within 12 months	32,233	49,785	97,251
– to be realised after more than 12 months	31,264	37,357	38,500
	63,497	87,142	135,751
Deferred income tax liabilities:			
– to be realised within 12 months	94	154	53
– to be realised after more than 12 months	370	104	–
	464	258	53
	63,033	86,884	135,698

Movements in deferred income tax assets during the Track Record Period, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

Deferred income tax assets	Provision for impairment of receivables	Deferred income from government grants	Accrued expenses	Deductible tax loss	Impairment of property, plant and equipment	Impairment of inventory	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	47,059	1,410	2,395	3,038	588	136	54,626
Year ended 31 December 2019							
Credited/(charged) to profit or loss	6,154	83	1	3,163	(411)	(119)	8,871
As at 31 December 2019	53,213	1,493	2,396	6,201	177	17	63,497
Year ended 31 December 2020							
Credited/(charged) to profit or loss	25,356	(111)	(936)	(474)	(173)	(17)	23,645
As at 31 December 2020	78,569	1,382	1,460	5,727	4	–	87,142
Year ended 31 December 2021							
Credited/(charged) to profit or loss	36,674	(356)	(531)	11,869	–	953	48,609
As at 31 December 2021	115,243	1,026	929	17,596	4	953	135,751

Deferred income tax liabilities	Accelerated depreciation	Total
	RMB'000	*RMB'000*
As at 1 January 2019	–	–
Year ended 31 December 2019		
Charged to profit or loss	464	464
As at 31 December 2019	464	464
Year ended 31 December 2020		
Credited to profit or loss	(206)	(206)
As at 31 December 2020	258	258
Year ended 31 December 2021		
Credited to profit or loss	(205)	(205)
As at 31 December 2021	53	53

17 INVESTMENT IN AN ASSOCIATE

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	–	7,791	9,660
Initial recognition resulting from partial disposal of equity interests in a subsidiary	4,035	–	–
Share of profits	3,756	5,251	5,123
Dividends declared	–	(3,382)	(5,160)
End of the year	7,791	9,660	9,623

Set out below are the particulars of the associate as at 31 December 2019, 2020 and 2021.

	Place of incorporation and operation	Principal activities	Equity interest held		
			As at 31 December		
			2019	2020	2021
MXIB	PRC	Insurance brokerage business	30%	30%	30%

(a) The directors of the Company considered that the associate as at 31 December 2019 and 2020 and 2021 was insignificant to the Group and thus a summary of financial information of the associate was not disclosed.

As at 31 December 2019, 2020 and 2021, there was no significant contingent liability and commitment relating to the Group's interest in the associate.

18 INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Investments at cost			
[**REDACTED**] shares	1,407,798	2,302,053	2,302,053

Particulars of the Company's subsidiaries are set out in Note 1.2.

19 INVENTORIES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
Commercial automobiles	79,537	77,380	180,953
Intelligent internet of vehicle (IoV) terminal products	9,246	3,364	4,755
Components	1,068	852	1,572
	89,851	81,596	187,280
Provision for impairment loss:			
Commercial automobiles *(Note 7)*	(78)	–	(3,812)
Inventories – net	89,773	81,596	183,468

The cost of inventories recognised as cost of revenue amounted to approximately RMB825,795,000, RMB936,423,000, and RMB688,238,000 for the years ended 31 December 2019, 2020 and 2021, respectively.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Assets per consolidated statements of financial position			
Financial assets at amortized cost			
– Cash and cash equivalents *(Note 28)*	730,143	196,915	213,339
– Restricted bank deposits *(Note 27)*	536,312	467,452	84,816
– Trade receivables *(Note 21)*	476,527	494,156	467,505
– Other receivables *(Note 24)*	98,864	83,398	276,638
– Loan receivables *(Note 23)*	6,573,273	9,229,313	8,184,815
	8,415,119	10,471,234	9,227,113
Financial assets at fair value			
– Fair value of comprehensive income (FVOCI) *(Note 22)*	274,328	520,314	367,020
	274,328	520,314	367,020
Total	8,689,447	10,991,548	9,594,133

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Liabilities per consolidated statements of financial position			
Financial liabilities carried at amortised cost			
– Lease liabilities *(Note 32)*	26,991	22,460	48,139
– Bond payables *(Note 33)*	85,332	323,003	939,857
– Trade and other payables (not including staff salaries and welfare payables, termination benefits payables, and accrued taxes other than income tax) *(Note 36)*	3,827,083	6,846,316	2,371,559
– Borrowings *(Note 37)*	3,146,942	1,737,884	4,100,429
	7,086,348	8,929,663	7,459,984

21 TRADE RECEIVABLES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables – related parties *(Note 41(c)(i))*	213,942	270,539	149,573
Trade receivables – third parties	275,986	244,661	334,607
	489,928	515,200	484,180
Less: allowance for impairment	(13,401)	(21,044)	(16,675)
Trade receivables – net	476,527	494,156	467,505

As at 31 December 2019, 2020 and 2021, the fair values of trade receivables of the Group approximated their carrying amounts.

As at 31 December 2019, 2020 and 2021, 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 transaction date, are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within one year	457,748	500,368	475,192
One year to two years	3,345	5,203	1,510
Two years to three years	3,838	1,380	1,375
Over three years	24,997	8,249	6,103
	489,928	515,200	484,180

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

(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 incorporate forward-looking information.

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	13,196	13,401	21,044
Provision for/(reversal of) impairment	1,723	7,643	(3,170)
Written-off of impairment	(1,518)	–	(1,199)
End of the year	13,401	21,044	16,675

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivable	274,328	520,314	337,178
Trade receivable	–	–	29,842
	274,328	520,314	367,020

As at 31 December 2019, 2020 and 2021, all the financial assets at fair value through other comprehensive income (FVOCI) were notes receivable and trade receivable, the impact of expected loss of fair value through other comprehensive income (FVOCI) was assessed to be insignificant.

As at 31 December 2021, trade receivables recognised as fair value through other comprehensive income ("FVOCI") were receivables from SXHDA which the Group intends to either held to maturity for cash collection or transferred to suppliers as settlement of its purchases of goods. Considering these financial assets are held by the Group for both collection of contractual cash flows and selling of the related financial assets, the Group has accounted for such trade receivables as financial assets at FVOCI.

23 LOAN RECEIVABLES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Loan receivables			
– Financial leasing business	6,224,090	9,044,808	7,901,021
– Factoring service	542,532	472,308	715,763
	6,766,622	9,517,116	8,616,784
Less: Provision for impairment			
– Financial leasing business	(123,155)	(190,989)	(312,636)
– Factoring service	(70,194)	(96,814)	(119,333)
	(193,349)	(287,803)	(431,969)
Loan receivables – net	6,573,273	9,229,313	8,184,815
Less: non-current portion			
– Financial leasing business	(2,217,026)	(3,183,318)	(2,104,188)
Current portion	4,356,247	6,045,995	6,080,627

As at 31 December 2019, 2020 and 2021, the fair values of loan receivables of the Group approximated their carrying amount.

As at 31 December 2019, 2020 and 2021, the carrying amounts of loan receivables were all denominated in RMB.

Loan receivables of approximately RMB5,148,900,000, RMB8,034,747,000 and RMB6,791,022,000 were secured by the leased vehicles owned by lessees with original cost of approximately RMB9,527,387,000, RMB15,769,769,000 and RMB15,530,814,000 as of 31 December 2019, 2020 and 2021, respectively.

As at 31 December 2019, 2020 and 2021, loan receivables of RMB1,177,958,000, RMB852,561,000 and RMB2,816,032,000 were pledged for other borrowings of RMB1,128,321,000, RMB749,979,000 and RMB2,498,429,000, respectively (Note 37).

As at 31 December 2019 and 2021, loan receivables of RMB157,924,000 and RMB1,119,557,000 were transferred out but not derecognised under the Group's asset-backed security program, respectively (Note 33).

As at 31 December 2020 and 31 December 2021, loan receivables of RMB392,645,000 and RMB125,979,000 were transferred out but not derecognised under the Group's asset-backed notes program, respectively (Note 33).

The Group assesses on the expected credit losses associated with its loan receivables with forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and number of days past due. The expected credit losses also incorporate forward-looking information.

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

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	169,638	193,349	287,803
Provision for impairment	23,711	94,454	144,166
Written-off of impairment	–	–	–
End of the year	193,349	287,803	431,969

24 OTHER RECEIVABLES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Other receivables – related parties *(Note 41(c)(ii))*	7,823	13,932	13,547
Other receivables – third parties	98,444	76,640	275,426
	106,267	90,572	288,973
Less: Provision for impairment	(7,403)	(7,174)	(12,335)
Other receivables-net	98,864	83,398	276,638
Less: Non-current portion	(36,160)	(16,903)	(111,145)
Current portion	62,704	66,495	165,493

As at 31 December 2019, 2020 and 2021, the fair values of other receivables of the Group approximated their carrying amounts and the nature of these other receivables have been disclosed at Note 24(b) .

As at 31 December 2019, 2020 and 2021, 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 date, are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within one year	49,579	46,168	253,409
One year to two years	40,789	29,311	26,903
Two years to three years	433,803	2,239	2,897
Three years to four years	12,096	12,854	5,764
	106,267	90,572	288,973

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

(b) As at 31 December 2019 and 2020 and 2021, details of other receivables are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Lease deposits *(i)*	37,470	18,518	112,760
Non-current subtotal	37,470	18,518	112,760

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current			
Receivables from related parties *(Note 41(c)(ii))*	7,823	13,932	13,547
Advances *(ii)*	8,410	10,574	104,471
Lease deposits *(i)*	39,507	35,309	36,601
Other deposits	4,157	4,315	13,460
Interest receivable	2,022	1,476	205
Others	6,878	6,448	7,929
Current subtotal	68,797	72,054	176,213
Total	106,267	90,572	288,973

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

(ii) As at 31 December 2020 and 2021, advances were mainly the advances for coal purchase price on behalf of customers.

(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 incorporate forward-looking information.

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

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	8,271	7,403	7,174
(Reversal of)/provision for impairment of other receivables	(868)	(229)	5,161
End of the year	7,403	7,174	12,335

Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables from subsidiaries			
– Loan to subsidiaries *(a)*	181,400	–	790,775
– Payment of purchase price of commercial vehicles on behalf of subsidiaries *(b)*	134,305	169,120	91,230
– Dividends receivable	–	140,000	109,543
– Others	–	52	15
	315,705	309,172	991,563
Other receivables from third parties			
– Others	257	–	272
	315,962	309,172	991,835
Less: Provision for impairment	–	–	–
Other receivables – net	315,962	309,172	991,835
Less: Non-current portion	–	–	–
Current portion	315,962	309,172	991,835

(a) During the Track Record Period, loan to subsidiaries were interest bearing ranging from 4.4% to 5.5%, maturity of all the loan to subsidiaries were within one year.

(b) The repayments of these other receivables purchasing vehicles can be called on demand without interest.

25 PREPAYMENTS

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for goods and service	38,190	45,832	66,708
Prepayments for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

As at 31 December 2019, 2020 and 2021, all the carrying amounts of prepayments were denominated in RMB.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Asset-backed notes	–	43,000	–
Current assets			
Asset-backed securities	44,500	–	–
Asset-backed notes	–	–	43,000
Current subtotal	44,500	–	43,000
Total	44,500	43,000	43,000

The asset-backed notes were issued by Deewin Financing Leasing Co., Ltd., a subsidiary of the Company. They were classified as financial assets at fair value through profit or loss (FVTPL) as their contractual cash flows are not solely payments of principal and interest.

27 RESTRICTED CASH AT BANKS

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash at banks	536,312	467,452	84,816

As at 31 December 2019, 2020 and 2021, the breakdown of restricted cash at banks are as follow:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Deposits for the issuance of notes payables	520,473	467,452	84,816
Deposits for the insurance of asset-backed securities	15,839	–	–
	536,312	467,452	84,816

Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash at banks	16,366	152,480	49,389

Restricted cash at banks of the Company represented deposits for the issuance of notes payable.

28 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks and on hand	730,143	196,915	213,339

Company

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks and on hand	57,588	16,650	48,645

All cash and cash equivalents were denominated in RMB.

29 PAID-IN CAPITAL/SHARE CAPITAL

	As at 31 December		
	2019	2020	2021
Registered, issued and fully paid			
Number of shares (in thousand)	N/A	1,629,000	1,629,000
Paid-in capital/share capital (in RMB'000) *(Note 30(iii))*	1,000,000	1,629,000	1,629,000

Movements on the paid-in capital/share capital are as follow:

	RMB'000
As at 31 December 2019	1,000,000
As at 1 January 2020	1,000,000
Capital injection and contribution from SXAG *(b)*	500,000
Capital injection and contribution from SAGCV *(c)*	11,677
Capital injection and contribution from SXHDA *(d)*	117,087
Conversion to share capital *(e) (Note 30(a)(iii))*	236
As at 31 December 2020	1,629,000
As at 31 December 2021	1,629,000

(a) On 14 August 2014, the Company was established by SXAG with an initial registered and paid-in capital of RMB1,000,000,000.

(b) On 11 September 2020, the Company increased its registered capital by RMB500,000,000, all of which has paid in full of monetary capital on 21 September 2020 by SXAG.

(c) On 30 November 2020, pursuant to a resolution of board of directors' meeting and shareholders' meeting, the Company, SXAG and SAGCV which is a subsidiary of SAHG entered into a capital injection agreement, SAGCV injected cash of RMB30,000,000 into the Company, and paid-in capital and capital surplus increased by RMB11,677,000 and RMB18,323,000, respectively (Note 1.2).

(d) On 30 November 2020, pursuant to a resolution of board of directors' meeting and shareholders' meeting, the Company, SXAG and SXHDA entered into an equity interests exchange agreement, SXHDA transferred 44% equity interests of SXTH to the Company in exchange of equity interests of 7.19% in the Company with the consideration of RMB300,820,000. As a result, paid-in capital and capital surplus increased by RMB117,087,000 and RMB183,733,000, respectively (Note 1.2).

(e) On 25 December 2020 the Company was converted from a limited liability company into a joint stock limited liability company with a share capital of RMB1,629,000,000. The Company issued and allotted 1,629,000,000 ordinary shares with par value of RMB1 each to the respective then shareholders of the Company in accordance with the proportion of their paid-in capital to the Company as at 25 December 2020 (Note 30(a)(iii)).

30 OTHER RESERVES

	Capital surplus (a)	Statutory reserves (b)	Safety fund (c)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	13,054	38,144	176	51,374
Appropriation to statutory reserves	–	11,552	–	11,552
Appropriation of safety fund	–	–	1,595	1,595
Utilisation of safety fund	–	–	(740)	(740)
As at 31 December 2019	13,054	49,696	1,031	63,781
As at 1 January 2020	13,054	49,696	1,031	63,781
Business combination under common control *(a(i))*	(13,054)	–	–	(13,054)
Capital injection and contribution from equity holders of the Company *(Notes 29(c) and (d))*	202,056	–	–	202,056
Transaction with non-controlling interests *(a(ii))*	(202,056)	–	–	(202,056)
Conversion to share capital *(a(iii))*	475,108	(85,411)	–	389,697
Appropriation of statutory reserves	–	47,223	–	47,223
Appropriation of safety fund	–	–	3,012	3,012
Utilisation of safety fund	–	–	(2,540)	(2,540)
As at 31 December 2020	475,108	11,508	1,503	488,119
As at 1 January 2021	475,108	11,508	1,503	488,119
Appropriation of statutory reserves	–	23,397	–	23,397
Appropriation of safety fund	–	–	5,348	5,348
Utilisation of safety fund	–	–	(1,236)	(1,236)
As at 31 December 2021	475,108	34,905	5,615	515,628

(a) Capital surplus

(i) On 24 September 2020, pursuant to the share purchase agreement, the Company acquired 52% equity interest of SXTH from SXAG at a consideration of RMB49,613,000. This transaction was accounted as a business combination under common control using predecessor method and the capital surplus and retained earnings of RMB13,054,000 and RMB36,559,000, respectively are reversed accordingly. As Such, the Historical Financial Information includes the financial information of SXTH as if it had been considered from the date when the consolidating entities or business first came under the control of SXGA.

(ii) On 30 November 2020, the Company acquired 44% equity interests of SXTH from SXHDA, which is considered as a transaction with non-controlling interests. The consideration was based on net assets of SXTH as at 30 September 2020 and the difference between the consideration and the book value of such portion of equity interest amount to RMB202,056,000 and RMB22,083,000, respectively were debited to the capital surplus and retained earnings (Note 31).

(iii) On 25 December 2020, the Company was converted from a limited liability company into a joint stock limited liability company with share capital of RMB1,629,000,000. The Company issued and allotted 1,629,000,000 ordinary shares with par value of RMB 1 each to the respective shareholders of the Company in accordance with the proportion of their paid-in capital to the Company as at 30 November 2020. The Company has transferred retained earnings of RMB389,933,000 and statutory reserve of RMB85,411,000 into capital surplus and share capital. As a result, share capital and capital surplus of the Company increased by RMB236,000 and RMB475,108,000, respectively (Note 29(e)).

(b) Statutory reserves

In accordance with the PRC Company Law and the articles of association of the PRC companies of the Group(the "PRC Companies"), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners of the PRC Companies as set out in their statutory financial statements, to the statutory reserve until such reserve reaches 50% of the registered capital of the respective PRC Companies. The appropriation to the reserve must be made before any distribution of dividends to the respective owners of the PRC Companies.

The statutory surplus reserve can be used to offset previous year's losses, if any, and part of the statutory reserve can be capitalised as the share capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the respective PRC Companies.

(c) Safety fund

Pursuant to certain regulations issued by the Ministry of Finance and Ministry of Emergency Management of the People's Republic of China (the previous name as Safety Production General Bureau), the Group is required to set aside an amount to safety fund based on the revenue generated from transportation service provided. The fund can be used for improvements of safety and are not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount is transferred from safety fund to retained earnings.

31 RETAINED EARNINGS

	RMB'000
As at 1 January 2019	435,060
Profit for the year	207,493
Dividends declared *(Note 38)*	(57,374)
Appropriation of statutory reserves *(Note 30)*	(11,552)
Appropriation of safety fund	(1,595)
Utilisation of safety fund	740
As at 31 December 2019	572,772

	RMB'000
As at 1 January 2020	572,772
Profit for the year	273,994
Business combination under common control *(Note 30(a)(i))*	(36,559)
Transaction with non-controlling interests *(Note 30(a)(ii))*	(22,083)
Conversion to share capital *(Note 30(a)(iii))*	(389,933)
Dividends declared *(Note 38)*	(319,760)
Appropriation of statutory reserves *(Note 30)*	(47,223)
Appropriation of safety fund *(Note 30(c))*	(3,012)
Utilisation of safety fund *(Note 30(c))*	2,540
As at 31 December 2020	30,736
As at 1 January 2021	30,736
Profit for the year	362,719
Dividends declared *(Note 38)*	(66,199)
Appropriation of statutory reserves *(Note 30)*	(23,397)
Appropriation of safety fund *(Note 30(c))*	(5,348)
Utilisation of safety fund *(Note 30(c))*	1,236
As at 31 December 2021	299,747

32 LEASE LIABILITIES

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Minimum lease payments due			
– Within one year	18,168	11,344	26,729
– Between one and two years	6,069	6,630	14,776
– Between two and five years	6,272	7,742	13,941
	30,509	25,716	55,446
Less: future finance charges	(3,518)	(3,256)	(7,307)
	26,991	22,460	48,139

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Present value of lease liabilities			
– Within one year	17,257	10,288	24,730
– Between one and two years	4,619	5,882	13,054
– Between two and five years	5,115	6,290	10,355
	26,991	22,460	48,139

The Group leases various buildings and facilities and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

The total cash outflows for leases including payments of lease liabilities, payments of interest expenses on leases for the years ended 31 December 2019, 2020 and 2021 was RMB14,465,000, RMB19,704,000, and RMB32,027,000, respectively.

33 BOND PAYABLES

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Asset-backed securities *(a)*	85,332	–	897,104
Asset-backed notes *(a)*	–	323,003	42,753
	85,332	323,003	939,857
Less: maturing within 1 year	(85,332)	(248,459)	(836,072)
Non-current portion of bond payables	–	74,544	103,785

(a) As at 31 December 2019 and 2020 and 2021, bond payables of RMB85,332,000, RMB323,003,000 and RMB42,753,000 were guaranteed by SXAG respectively.

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

Asset-backed securities

	As at 31 December 2019
Issue date	12 September 2019
Outstanding principal amount (RMB'000)	85,332
Coupon rate (%)	4.90%
Maturity date	25 July 2020
Payment terms of principal and interests	Quarterly

	As at 31 December 2021	
Issue date	16 September 2021	9 June 2021
Outstanding principal amount (senior A1 tranches) (RMB'000)	256,926	125,178
Coupon rate (senior A1 tranches) (%)	3.50%	4.00%
Maturity date (senior A1 tranches)	29 July 2022	29 April 2022
Payment terms of principal and interests	Monthly	Monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	236,000	127,000
Coupon rate (senior A2 tranches) (%)	3.90%	4.20%
Maturity date (senior A2 tranches)	28 February 2023	31 August 2022
Payment terms of principal and interests	Monthly	Monthly
Outstanding principal amount (senior B tranches) (RMB'000)	70,000	82,000
Coupon rate (senior B tranches) (%)	4.70%	4.90%
Maturity date (senior B tranches)	28 April 2023	30 November 2022
Payment terms of principal and interests	Monthly	Monthly

Asset-backed notes

	As at 31 December 2020	As at 31 December 2021
Issue date	3 November 2020	3 November 2020
Outstanding principal amount (senior A tranches) (RMB'000)	293,003	12,753
Coupon rate(senior A tranches) (%)	4.35%	4.35%
Maturity date(senior A tranches)	28 February 2022	28 February 2022
Payment terms of principal and interests	Quarterly	Quarterly
Outstanding principal amount (senior B tranches) (RMB'000)	30,000	30,000
Coupon rate(senior B tranches) (%)	4.78%	4.78%
Maturity date(senior B tranches)	28 May 2022	28 May 2022
Payment terms of principal and interests	Quarterly	Quarterly

Deewin Financing Leasing Co., Ltd. the 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 this Historical Financial Information.

34 PROVISIONS FOR WARRANTY

The analysis of provisions for warranty is as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Provisions for warranty	9,235	8,573	2,558

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	11,178	9,235	8,573
– Additions for the year	–	–	–
– Utilisation and reversal for the year	(1,943)	(662)	(6,015)
End of the year	9,235	8,573	2,558

Provision for warranty represents warranty program provided by the Group in terms of the sales of intelligent internet of vehicle (IoV) terminal products.

35 DEFERRED GOVERNMENT GRANTS

The analysis of deferred government grants is as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grants	16,501	16,088	14,043

Movements in deferred government grants for the years ended 31 December 2019, 2020 and 2021 are as follows:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Beginning of the year	15,617	16,501	16,088
Additions for the year	2,778	2,852	4,342
Credited to profit or loss *(Note 5.3)*	(1,894)	(3,265)	(6,387)
End of the year	16,501	16,088	14,043

36 TRADE AND OTHER PAYABLES

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Notes payables *(a)*	1,362,175	1,352,574	238,103
Trade payables – related parties *(Note 41 (c)(i))*	133,783	68,979	74,175
Trade payables – third parties	570,161	645,646	331,611
Other payables – loans from related parties *(Note 41 (c)(ii))*	1,130,000	3,925,000	854,000
Other payables – advances from related parties and interest payable to related party *(Note 41 (c)(ii))*	1,678	3,991	2,355
Other payables – deposits collected from lessee of commercial automobiles	510,617	802,579	792,962
Other payables – other deposits	11,759	13,513	21,846
Other payables – down payment collected from lessee on behalf of dealers of commercial automobiles	79,467	18,926	493
Other payables – others	27,017	13,847	53,730
Staff salaries and welfare payables	67,911	73,675	47,768
Termination benefits payable	6,710	6,172	3,634
Interest payable	426	1,261	2,284
Accrued taxes other than income tax	18,697	12,818	7,068
Trade and other payables	3,920,401	6,938,981	2,430,029
Less: non-current portion:			
– Other payables – deposits collected from lessee of commercial automobiles	(335,077)	(548,052)	(381,893)
– Termination benefits payable	(3,851)	(3,045)	(1,297)
– Other payables – loans from related parties	(290,000)	(854,000)	(643,000)
Total non-current portion	(628,928)	(1,405,097)	(1,026,190)
Current portion	3,291,473	5,533,884	1,403,839

As at 31 December 2019, 2020 and 2021, all trade and other payables (except for loan from related 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, approximated to their carrying amounts.

(a) As at 31 December 2019, 2020 and 2021, notes payable of RMB821,025,000, RMB849,862,000 and Nil were guaranteed by SXAG respectively.

As at 31 December 2019, 2020 and 2021, notes payable of RMB50,000,000, RMB46,780,000 and RMB50,000,000 were guaranteed by SAHG respectively.

(b) The weighted average effective interest rates for loans from related parties at each balance sheet date are as follows:

	As at 31 December		
	2019	**2020**	**2021**
Loans from related parties	4.78%	3.78%	3.40%

The exposure of loans from related parties at variable interest rates at each balance sheet date are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Loans from related parties	–	865,000	854,000

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

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	840,000	3,071,000	211,000
One year to two years	290,000	211,000	643,000
Two years to three years	–	643,000	–
	1,130,000	3,925,000	854,000

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

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	692,407	711,425	401,699
One year to two years	11,479	467	3,845
Two years to three years	36	2,675	24
Over Three years	22	58	218
	703,944	714,625	405,786

Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Notes payable *(a)*	191,864	321,600	130,329
Other payables to subsidiaries	7	49	76,604
Staff salaries and welfare payables	1,781	2,983	8,732
Others	1,558	2,473	4,395
Trade and other payables	195,210	327,105	220,060

As at 31 December 2019, 2020 and 2021, all trade and other payables of the Company were non-interest bearing and their fair values approximated to their carrying amounts.

(a) As at 31 December 2019, 2020 and 2021, notes payable of approximately RMB141,864,000, RMB274,820,000 and Nil were guaranteed by SXAG respectively.

As at 31 December 2019, 2020 and 2021, notes payable of approximately RMB50,000,000, RMB46,780,000 and Nil were guaranteed by SAHG respectively.

37 BORROWINGS

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Long term bank borrowings guaranteed by SXAG *(b)*	93,404	252,905	67,187
Long term other borrowings *(c)*	1,128,321	749,979	2,498,429
Subtotal	1,221,725	1,002,884	2,565,616
Less:			
– current portion of long term bank borrowings due within one year *(b)*	(76,436)	(185,718)	(67,187)
– current portion of long term other borrowings due within one year *(c)*	(954,691)	(693,098)	(2,103,410)
Total non-current portion:	190,598	124,068	395,019

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Short term bank borrowings guaranteed by SXAG *(b)*	1,760,217	725,000	560,000
Short term unsecured bank borrowings	165,000	10,000	974,813
Current portion of long term bank borrowings due within one year *(b)*	76,436	185,718	67,187
Current portion of long term other borrowings due within one year	954,691	693,098	2,103,410
Total current portion:	2,956,344	1,613,816	3,705,410
Total borrowings	3,146,942	1,737,884	4,100,429

(a) All the borrowings were denominated in RMB.

(b) As at 31 December 2019, 2020 and 2021, analysis of guaranteed borrowings are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowing guaranteed by SXAG	1,853,621	977,905	627,187

(c) Other borrowings were the loans obtained from third parties in the form of sub-lease arrangement. As at 31 December 2019, 2020 and 2021, loan receivables of RMB1,177,958,000, RMB852,561,000 and RMB2,816,032,000 were pledged for other borrowings of RMB1,128,321,000, RMB749,979,000 and RMB2,498,429,000, respectively (Note 23). As at 31 December 2019, 2020 and 2021, other borrowings of RMB688,493,000, RMB337,961,000 and RMB9,297,000 were guaranteed by SXAG.

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

	As at 31 December		
	2019	2020	2021
Bank borrowings	4.72%	4.44%	4.43%
Other borrowings	5.30%	4.62%	5.18%

(e) At 31 December 2019 and 2020 and 2021, the Group's borrowings were repayable as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,956,344	1,613,816	3,705,410
Between 1 and 2 years	190,598	124,068	395,019
	3,146,942	1,737,884	4,100,429

Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Short term bank borrowings guaranteed by SXAG *(Note (b))*	181,400	–	100,000
Short term unsecured bank borrowings	–	–	468,438
Total	181,400	–	568,438

(a) All the borrowings were denominated in RMB.

(b) As at 31 December 2019, 2020 and 2021, analysis of guaranteed borrowings of the Company are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Guaranteed by SXAG	181,400	–	100,000

(c) The maturity of borrowings of the Company is as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	181,400	–	568,438

38 DIVIDENDS

For the year ended 31 December 2019

	Dividends declared to equity holders of the Company	Dividends declared to the non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*
Company			
Dividend declared	50,614	–	50,614
Subsidiaries			
Dividend declared	6,760	5,590	12,350
Group total dividends	57,374	5,590	62,964

During the year ended 31 December 2019, the Group settled dividends of RMB62,964,000 in cash which was declared in 2019.

For the year ended 31 December 2020

	Dividends declared to equity holders of the Company	Dividends declared to the non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*
Company			
Dividend declared	300,000	–	300,000
Subsidiary			
Dividend declared	19,760	16,646	36,406
Group total dividends	319,760	16,646	336,406

During the year ended 31 December 2020, the Group settled dividends of RMB336,406,000 in cash which was declared in 2020.

For the year ended 31 December 2021

	Dividends declared to equity holders of the Company	Dividends declared to the non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*
Company			
Dividend declared	66,199	–	66,199
Subsidiary			
Dividend declared	–	1,792	1,792
Group total dividends	66,199	1,792	67,991

During the year ended 31 December 2021, the Group settled dividends of RMB67,991,000 in cash which was declared in 2021.

39 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	307,865	399,827	444,594
Adjustments for:			
– Net impairment losses on financial assets *(Note 7)*	24,566	101,868	146,157
– Provision for impairment of inventory *(Note 7)*	78	–	3,812
– Provision for impairment of property, plant and equipment *(Note 7)*	–	14	–
– Depreciation of property, plant and equipment *(Note 14)*	15,963	15,826	18,172
– Amortisation of right-of-use assets *(Note 13)*	13,928	18,733	29,437
– Amortisation of intangible assets *(Note 15)*	2,838	3,206	4,335
– (Gains)/losses on disposal of property, plant and equipment *(Note 6)*	236	(423)	(36)
– Finance income – net	(15,677)	(19,724)	(5,708)
– Share of net profit of associate accounted for using the equity method *(Note 17)*	(3,756)	(5,251)	(5,123)
– Gains on disposal of a subsidiary *(Note 6)*	(2,647)	–	–
– Increase/(decrease) of deferred government grants *(Note 35)*	884	(413)	(2,046)
– Increase/(decrease) of provisions for warranty *(Note 34)*	(1,943)	(662)	(5,172)

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Changes in working capital:			
– Restricted cash at banks *(Note 27)*	(168,805)	53,021	382,636
– Financial assets at fair value through other comprehensive income (FVOCI) *(Note 22)*	(100,828)	(255,040)	153,294
– Trade receivables	(105,850)	(25,271)	29,821
– Loan receivables	(1,517,547)	(2,750,494)	900,332
– Other receivables	(9,388)	15,695	(198,401)
– Prepayments	(10,095)	(8,667)	(21,420)
– Inventories	(27,959)	8,178	(105,684)
– Trade and other payables	1,055,561	3,017,413	(4,509,187)
– Contract liabilities	(16,855)	43,965	15,003
– Borrowings	647,124	(1,227,659)	2,350,545
– Provisions for warranty	–	–	(843)
Cash generated from/(used in) operations	87,693	(615,858)	(375,482)

(b) Major non-cash transactions

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
– Payment for inventories and services by endorsement of notes receivable	565,100	757,845	1,133,285
– Acquisition of long term assets from the endorsement of notes receivable	6,174	9,053	–
– Issue of Company shares for 44% equity interests in SXTH *(Note 29(d))*	–	300,820	–
– Acquisition of right-of-use asset *(Note 13)*	11,749	14,044	57,527
	583,023	1,081,762	1,190,812

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents *(Note 28)*	730,143	196,915	213,339
Restricted cash at banks *(Note 27)*	536,312	467,452	84,816
Borrowings *(Note 37)*	(3,146,942)	(1,737,884)	(4,100,429)
Trade and other payables – loans from related parties *(Note 36)*	(1,130,000)	(3,925,000)	(854,000)
Bond payables *(Note 33)*	(85,332)	(323,003)	(939,857)
Lease liabilities *(Note 32)*	(26,991)	(22,460)	(48,139)
Net debt *(Note 3.2)*	(3,122,810)	(5,343,980)	(5,644,270)

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Cash and restricted cash at banks	1,266,455	664,367	298,155
Gross debt – fixed interest rates	(4,389,265)	(5,143,347)	(5,083,425)
Gross debt – variable interest rates	–	(865,000)	(859,000)
Net debt	(3,122,810)	(5,343,980)	(5,644,270)

	Assets		Liabilities								
	Cash and cash equivalents	Restricted cash at banks	Borrowings due within 1 year	Borrowings due after 1 year	Other payables due within 1 year	Other payables due after 1 year	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Bond payables due within 1 year	Bond payables due after 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	631,935	362,432	(2,214,951)	(203,466)	(679,000)	–	(13,607)	(14,628)	(33,411)	–	(2,164,696)
Cash flows	98,208	173,880	(728,525)	–	(451,000)	–	14,465	–	(51,921)	–	(944,893)
Non-cash change											
– Acquisitions of lease incentives	–	–	–	–	–	–	–	(11,748)	–	–	(11,748)
– Interest expenses on lease liabilities	–	–	–	–	–	–	–	(1,473)	–	–	(1,473)
– Reclassification	–	–	(12,868)	12,868	290,000	(290,000)	(18,115)	18,115	–	–	–
At 31 December 2019	730,143	536,312	(2,956,344)	(190,598)	(840,000)	(290,000)	(17,257)	(9,734)	(85,332)	–	(3,122,810)
At 1 January 2020	730,143	536,312	(2,956,344)	(190,598)	(840,000)	(290,000)	(17,257)	(9,734)	(85,332)	–	(3,122,810)
Cash flows	(533,228)	(68,860)	1,409,058	–	(2,795,000)	–	19,703	–	(236,228)	–	(2,204,555)
Non-cash change											
– Acquisitions of lease incentives	–	–	–	–	–	–	–	(14,044)	–	–	(14,044)
– Interest expenses on lease liabilities	–	–	–	–	–	–	–	(1,128)	–	–	(1,128)
– Interest expenses on bond payables	–	–	–	–	–	–	–	–	(1,443)	–	(1,443)
– Reclassification	–	–	(66,530)	66,530	564,000	(564,000)	(12,734)	12,734	74,544	(74,544)	–
At 31 December 2020	196,915	467,452	(1,613,816)	(124,068)	(3,071,000)	(854,000)	(10,288)	(12,172)	(248,459)	(74,544)	(5,343,980)
At 1 January 2021	196,915	467,452	(1,613,816)	(124,068)	(3,071,000)	(854,000)	(10,288)	(12,172)	(248,459)	(74,544)	(5,343,980)
Cash flows	16,424	(382,636)	(2,362,545)	–	3,071,000	–	34,541	–	(616,854)	–	(240,070)
Non-cash change											
– Acquisitions of lease incentives	–	–	–	–	–	–	–	(57,526)	–	–	(57,526)
– Interest expenses on lease liabilities	–	–	–	–	–	–	–	(2,694)	–	–	(2,694)
– Reclassification	–	–	270,951	(270,951)	(211,000)	211,000	(48,983)	48,983	29,241	(29,241)	–
At 31 December 2021	213,339	84,816	(3,705,410)	(395,019)	(211,000)	(643,000)	(24,730)	(23,409)	(836,072)	(103,785)	(5,644,270)

40 CONTINGENT LIABILITIES

As at 31 December 2019, 2020, and 2021, the Group did not have any material contingent liabilities.

41 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions. SXAG is the Company's controlling shareholder.

The Company is controlled by SXAG, which is a government-related enterprise established in the PRC by Shaanxi SASAC. In accordance with IAS 24 (Revised), "Related Party Disclosures", issued by the IASB, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the government are defined as related parties of the Group. On that basis, related parties include SXAG and its subsidiaries (other than the Group), entities controlled by Shaanxi SASAC, other entities and corporations in which the Group is able to exercise significant influence and key management personnel of the Company and as well as their close family members. The Group's significant transactions and balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government mainly include deposits and borrowings, trade and other receivables, trade and other payables and cash and cash equivalents. The directors of the Company believe that the meaningful information of related party transactions has been adequately disclosed in the consolidated financial statements.

Management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed. Sales of goods to related parties are at market prices or prices that are also available to other customers. The Group considers that these sales are activities in the ordinary course of business. In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following material transactions or balances with related parties.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

List of related parties

Name of related parties	Relationship with the Group
SAHG	– Ultimate Controlling Shareholder
SXAG	– Parent Company
SXHDA	– Entities over which the Parent Company has significant influence
Shaanxi Jinding Casting Co., Ltd.	– 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 Hande Axle Co., Ltd. Xi'an Branch	– 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 poly Special Vehicle Manufacturing Co., Ltd.	– 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 Yulin Dongfang New Energy 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

Name of related parties	Relationship with the Group
Shaanxi Automobile Wuhai Special Purpose Vehicle Co., Ltd.	– Entities over which the Parent Company has significant influence
Xi'an Shanqi Wheel 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
Grammer Vehicle Seat (Shaanxi) 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 Jianke Fangyuan Auto Parts Co., Ltd.	– Entities over which the Parent Company has significant influence/ – Entities over which the Ultimate Controlling Shareholder has significant influence *(i)*
Tongchuan Dongsen Machinery Manufacturing Co., Ltd	– Entities over which the Parent Company has significant influence/ – Entities over which the Ultimate Controlling Shareholder has significant influence *(i)*
Shaanxi Tongjia Automobile Co., Ltd	– Entities over which the Ultimate Controlling Shareholder has significant influence
Shaanxi R Duty Automobile Special Purpose Vehicle Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
Shaanxi Deshi Electronic Equipment Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
Shaanxi Deshi Auto Parts (Group) Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
SAGCV	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company*(i)*
Xi'an Huanyu Car Light Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
Xi'an Oude Rubber & Plastic Technology Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
Xi'an Deshi Auto Parts Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder/ – Entities controlled by the Parent Company *(i)*
Shaanxi Automobile City Hotel Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder

Name of related parties	Relationship with the Group
Shaanxi Automobile Technical School	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Automobile Industry Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Oushute Automobile Co., Ltd.	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Huazhen Modern Agriculture 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 Dongfeng Vehicle Axle Transmission System Co., Ltd	– Entities controlled by the Ultimate Controlling Shareholder
Shaanxi Fangyuan Automobile Standard Parts Co., Ltd.	– Entities controlled by the Parent Company/ – Entities controlled by the Ultimate Controlling Shareholder *(i)*
Shaanxi Dongming Vehicle System Co., Ltd	– Entities controlled by the Parent Company/ – Entities controlled by the Ultimate Controlling Shareholder*(i)*
Shaanxi Tongli Special Purpose Automobile Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Lantong Drive Shaft Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Automobile Group Xunyang Baotong Special Vehicle Parts Co.,Ltd	– Entities controlled by the Parent Company
Shaanxi Huazhen Auto Parts Co., Ltd	– Entities controlled by the Parent Company
Shaanxi Huazhen Vehicle Parts 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 Wanfang Auto Parts Co., Ltd.	– Entities controlled by the Parent Company
Shaanxi Wanfang Tianyun Automobile Electric Co., Ltd.	– Entities controlled by the Parent Company
Xi'an Zhide Automobile Electronic Control System Co., Ltd.	– Entities controlled by the Parent Company
Baoji Tongli Automobile Body Co., Ltd.	– Entities controlled by the Parent Company
MXIB.	– Associates

Save as disclosed elsewhere in this Historical Financial Information, during the Track Record Period, the Group had the following significant transactions with related parties.

(i) These related parties' relationship with the Group changed during the Track Record Period due to the impact of changes in equity relationship.

(b) Transactions with related parties

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods			
– Entities controlled by the Ultimate Controlling Shareholder	936	100,908	–
– Entities over which the Parent Company has significant influence	212,772	155,353	91,174
– Entities controlled by the Parent Company	126	–	113,748
	213,834	256,261	204,922
Rendering of logistics and warehousing service			
– Entities controlled by the Ultimate Controlling Shareholder	48,084	100,062	3
– Entities over which the Parent Company has significant influence	413,155	502,725	365,676
– Entities controlled by the Parent Company	8,240	13,724	115,430
– Entities over which the Ultimate Controlling Shareholder has significant influence	–	–	597
	469,479	616,511	481,706
Interest income from factoring business			
– Entities controlled by the Ultimate Controlling Shareholder	213	–	–
– Entities over which the Parent Company has significant influence	116	–	–
– Entities controlled by the Parent Company	113	–	–
– Entities over which the Ultimate Controlling Shareholder has significant influence	1,887	–	–
	2,329	–	–
Rendering of internet of vehicle (IoV) and data service			
– Entities over which the Parent Company has significant influence	2,447	488	1,757
	2,447	488	1,757
Rendering of maintenance and other services			
– Entities controlled by the Ultimate Controlling Shareholder	78	35	2
– Entities over which the Parent Company has significant influence	–	–	167
– Entities controlled by the Parent Company	–	–	3
	78	35	172

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services			
– Entities controlled by the Ultimate Controlling Shareholder	574,782	582,124	751
– Entities over which the Parent Company has significant influence	945	2,073	1,829
– Ultimate Controlling Shareholder	–	19	–
– Associates	3,749	9,195	7,964
– Parent Company	10,470	–	5,887
– Entities controlled by the Parent Company	9	2	462,756
	589,955	593,413	479,187
Loans advanced from related parties			
– Entities controlled by the Ultimate Controlling Shareholder	35,000	–	–
– Ultimate Controlling Shareholder	400,000	1,095,000	–
– Associates	–	15,000	35,000
– Parent Company	800,000	2,845,000	1,330,000
– Entities controlled by the Parent Company	20,000	–	–
	1,255,000	3,955,000	1,365,000
Repayment of loans to related parties			
– Entities controlled by the Ultimate Controlling Shareholder	29,000	30,000	–
– Parent Company	755,000	810,000	3,211,000
– Ultimate Controlling Shareholder	–	305,000	1,190,000
– Associates	–	15,000	35,000
– Entities controlled by the Parent Company	20,000	–	–
	804,000	1,160,000	4,436,000
Accrued interest on loans from related parties			
– Entities controlled by the Ultimate Controlling Shareholder	1,436	459	–
– Ultimate Controlling Shareholder	9,728	27,942	14,115
– Associates	–	473	746
– Parent Company	31,506	59,512	45,945
– Entities controlled by the Parent Company	374	–	–
	43,044	88,386	60,806

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Payment of interest on loans from related parties			
– Entities controlled by the Ultimate Controlling Shareholder	1,426	507	–
– Entities over which the Parent Company has significant influence	–	–	746
– Ultimate Controlling Shareholder	9,107	27,605	15,072
– Associates	–	473	–
– Parent Company	31,388	57,500	54,727
– Entities controlled by the Parent Company	374	–	–
	42,295	86,085	70,545
Loan to related parties in the form of factoring receivables			
– Entities controlled by the Ultimate Controlling Shareholder	30,000	–	–
– Entities over which the Parent Company has significant influence	–	–	10,000
– Entities controlled by the Parent Company	3,000	–	–
	33,000	–	10,000
Factoring receivables repaid from related parties			
– Entities controlled by the Ultimate Controlling Shareholder	30,000	–	–
– Entities over which the Parent Company has significant influence	10,000	–	–
– Entities controlled by the Parent Company	3,000	–	–
– Entities over which the Ultimate Controlling Shareholder has significant influence	9,547	448	–
	52,547	448	–
Cash advanced to related parties			
– Ultimate Controlling Shareholder	–	25,700	–
– Parent Company	–	436,225	–
	–	461,925	–
Cash repaid from related parties			
– Ultimate Controlling Shareholder	–	25,700	–
– Parent Company	–	436,225	–
	–	461,925	–

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Purchase of right-of-use assets			
– Entities over which the Parent Company has significant influence	–	–	19,732
– Parent Company	–	428	–
	–	428	19,732
Payment of rental expense			
– Entities controlled by the Ultimate Controlling Shareholder	1,415	4,037	–
– Entities over which the Parent Company has significant influence	10,023	9,904	9,812
– Entities controlled by the Parent Company	–	–	6,506
– Parent Company	41	50	86
	11,479	13,991	16,404
Collection of transportation fee collected by related party on behalf of the Group			
– Entities controlled by the Ultimate Controlling Shareholder	–	68,680	–
– Entities over which the Parent Company has significant influence	410,834	383,021	365,286
– Entities controlled by the Parent Company	–	–	79,665
	410,834	451,701	444,951
Repayment of social benefits expense which was previously paid by related parties on behalf of the Group			
– Entities controlled by the Ultimate Controlling Shareholder	9,213	12,336	18
– Ultimate Controlling Shareholder	–	–	7,395
	9,213	12,336	7,413

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Factoring receivables repaid by related parties on behalf of third parties			
– Entities controlled by the Ultimate Controlling Shareholder	549,802	689,790	–
– Entities over which the Parent Company has significant influence	216,892	259,629	93,060
– Entities controlled by the Parent Company	12,572	3,490	162,785
	779,266	952,909	255,845
Lease payment received from related parties on behalf of lessee			
– Entities controlled by the Ultimate Controlling Shareholder	1,842	36,044	–
– Entities over which the Parent Company has significant influence	70,077	97,297	99,539
– Entities controlled by the Parent Company	–	–	68,616
	71,919	133,341	168,155

During the Track Record Period, for the purpose of promoting the deals of commercial automobiles, the automobile manufacturers, whom are related parties, had committed and borne certain portion of lease payment to our Group for the lessee.

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Commercial automobiles purchase price paid to related parties on behalf of automobiles dealers			
– Entities controlled by the Ultimate Controlling Shareholder	14,077	34,987	–
– Entities over which the Parent Company has significant influence	2,345,420	2,633,240	908,791
– Entities controlled by the Parent Company	–	–	36,680
	2,359,497	2,668,227	945,471

According to certain third-party agreements among commercial automobiles dealers, Deewin Financing Leasing Co., Ltd. and SXHDA or SAGCV, the purchase price of commercial automobiles due from commercial automobiles dealers could be paid by Deewin Financing Leasing Co., Ltd. on behalf of the commercial automobiles dealers. The commercial automobiles price paid by the Group to SXHDA in the form of notes receivable was RMB2,345,420,000, RMB2,633,240,000 and RMB908,791,000 for the years ended 31 December 2019, 2020 and 2021, respectively. The amount of commercial automobiles purchase price paid by the Group to the SAGCV in the form of notes receivable was RMB14,077,000, RMB34,987,000 and RMB36,680,000 for the years ended 31 December 2019 and 2020 and 2021, respectively.

(c) Balances with related parties

(i) Trade balances with related parties

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
FVOCI – Notes receivable			
– Entities controlled by the Ultimate Controlling Shareholder	15,100	34,251	–
– Entities over which the Parent Company has significant influence	216,599	183,525	64,553
– Entities controlled by the Parent Company	34	–	64,738
	231,733	217,776	129,291
FVOCI – Trade receivables			
– Entities over which the Parent Company has significant influence	–	–	29,842
	–	–	29,842
Trade receivables			
– Entities controlled by the Ultimate Controlling Shareholder	91,827	98,299	7
– Entities over which the Parent Company has significant influence	118,614	168,549	75,694
– Entities controlled by the Parent Company	3,213	3,403	73,616
– Entities over which the Ultimate Controlling Shareholder has significant influence	288	288	256
	213,942	270,539	149,573

As at 31 December 2019, 2020 and 2021, the carrying amount of trade receivables are RMB213,942,000, RMB270,539,000 and RMB149,573,000, and the allowance provision of RMB145,000, RMB151,000 and RMB87,000, respectively.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Loan receivables			
– Entities over which the Parent Company has significant influence	–	–	10,000
– Entities controlled by the Parent Company	–	–	7,200
– Entities over which the Ultimate Controlling Shareholder has significant influence	50,144	49,696	54,996
	50,144	49,696	72,196

As at 31 December 2019, 2020 and 2021, the carrying amount of loan receivables are RMB50,144,000, RMB49,696,000 and RMB72,196,000 with allowance provision of RMB50,144,000 RMB49,696,000 and RMB72,196,000, respectively.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments			
– Entities controlled by the Ultimate Controlling Shareholder	4,691	13,585	4
– Entities over which the Controlling Shareholder has significant influence	5,403	9	–
– Entities controlled by the Parent Company	–	–	24,542
	10,094	13,594	24,546
Notes payable			
– Entities over which the Ultimate Controlling Shareholder has significant influence	323,737	314,100	–
– Entities over which the Parent Company has significant influence	1,031,200	1,024,840	50,000
– Parent Company	4,000	7,500	–
– Entities controlled by the Parent Company	–	–	357
	1,358,937	1,346,440	50,357
Trade payables			
– Entities controlled by the Ultimate Controlling Shareholder	92,355	43,586	–
– Parent Company	40,628	25,392	7,098
– Entities over which the Parent Company has significant influence	800	–	7,438
– Entities controlled by the Parent Company	–	1	59,639
	133,783	68,979	74,175
Contract liabilities			
– Entities controlled by the Parent Company	–	–	307
– Entities over which the Parent Company has significant influence	–	138	783
	–	138	1,090

(ii) Non-trade balances with related parities

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
– Entities controlled by the Ultimate Controlling Shareholder	852	6,650	–
– Entities over which the Parent Company has significant influence	100	411	470
– Parent Company	6,871	6,871	26
– Entities controlled by the Parent Company	–	–	13,051
	7,823	13,932	13,547

As at 31 December 2019, 2020 and 2021, the carrying amount of other receivables were RMB7,823,000, RMB13,932,000 and RMB13,547,000 and the allowance provision were RMB4,000, RMB7,000 and RMB16,000, respectively. All of these receivables were deposits paid to related parties for the logistics and warehousing service which will not be settled before [**REDACTED**].

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
– Entities controlled by the Ultimate Controlling Shareholder	30,057	26	–
– Entities over which the Parent Company has significant influence	7	–	1,425
– Ultimate Controlling Shareholder	400,624	1,190,958	–
– Parent Company	700,988	2,738,005	854,888
– Entities controlled by the Parent Company	2	2	40
– Entities over which the Ultimate Controlling Shareholder has significant influence	–	–	2
	1,131,678	3,928,991	856,355

The Group expects that the other payables to parent company of RMB854,888,000 which is a loan to be repaid per the agreed agreement, and the other payables will not be settled before [**REDACTED**].

There was no pledge/guarantee provided to the related parties, and the pledge/guarantee provided by the related parties will be partially released upon the [**REDACTED**].

(d) Key management compensation

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other short-term employee benefits	1,371	1,953	2,802
Pension costs, housing fund, medical insurances and other social insurances	255	205	445
	1,626	2,158	3,247

(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, 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, which is a logo, at no cost from 21 March 2017 to 20 March 2027.

42 SUBSEQUENT EVENT

Save as disclosed elsewhere in this report, there are no other material subsequent event undertaken by the Company or by the Group after 31 December 2021.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2021 and up to the date of this report.

No dividend or distribution has been declared or made by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2021.