

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CAR Inc.**

**神州租車有限公司**

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

**(Stock code: 0699)**

## **2021 FIRST QUARTER RESULTS ANNOUNCEMENT**

The Board of Directors (the “Board”) of CAR Inc. (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2021 (the “Reporting Period”) prepared pursuant to International Financial Reporting Standards (“IFRSs”).

### **2021 FIRST QUARTER RESULTS SUMMARY**

- Car rental revenue was RMB883 million, compared with RMB878 million for the same period last year, a slight year-over-year increase of 0.5%.
- Adjusted EBITDA was RMB489 million, with a margin of 53.4%, compared with RMB547 million and 57.7% for the same period last year, respectively.
- RevPAC was RMB108, an increase of 27.1% over the same period last year.
- Reported net profit was RMB6 million, compared with a reported net loss of RMB188 million for the same period last year.
- Free cash flow was an inflow of RMB807.5 million for the three months ended 31 March 2021.
- In March 2021, self-served transactions accounted for 91% of the total reservations.
- 99% of the car rental reservations were made through the Company’s mobile APP for the three months ended 31 March 2021.
- As at 31 March 2021, the Company’s total cash balance was RMB2,621 million.
- As at 31 March 2021, total debt to adjusted EBITDA was 2.9x, and net debt to adjusted EBITDA was 1.6x.

## I. BUSINESS OVERVIEW

The Company's car rental business experienced a V-shaped movement in the first quarter of 2021. Prior to the Chinese New Year Holidays ("CNY Holidays"), the government of the People's Republic of China (the "PRC") launched a nationwide preventive campaign to limit traffic during the traditional peak travel period in a year, in order to prevent the resurgence of novel coronavirus ("COVID-19"). The protective measures were very successful and the number of travelers during the CNY Holidays decreased significantly. Consequently, car rental demand dropped. The temporary control measures were relaxed after CNY Holidays. In March 2021, different travel industry metrics showed a strong rebound to a level close to the same period in 2019.

In the first quarter of 2021, the Company completed the issuance of convertible bonds in an aggregate principal amount of US\$175 million to Mcqueen SS Ltd., an affiliate of MBK Partners, fully repaid the US\$300 million senior notes due, and completed the issuance of USD senior notes in an aggregate principal amount of US\$250 million. In March 2021, the Company remitted a principal amount of RMB750 million to the trustee bank account of the RMB senior notes, which was subsequently used to fully repay the RMB senior notes due in April, leaving a cash balance of RMB2,620.7 million as at 31 March 2021.

During the Reporting Period, the Company reported a net profit of RMB6 million, compared with a net loss of RMB188 million in the same period last year, mainly due to the revoked share-based expenses of RMB162 million, as a result of cancellation of employee share options when the voluntary conditional cash offers became unconditional in all respects prior to the expiration of the share options, increased RevPAC and decreased direct operating expenses. Adjusted net loss was RMB123 million, mainly due to decreased average daily car rental fleet, the short fall in car rental revenue during the travel restricted CNY Holidays period, and higher unit depreciation costs. During the Reporting Period, the Company recorded an adjusted EBITDA of RMB489 million, with a margin of 53.4%.

During the Reporting Period, car rental revenue increased slightly to RMB883 million, mainly due to the recovery in car rental demand post CNY Holidays, despite a decrease of 19.7% in average daily car rental fleet, year-over-year. RevPAC increased by 27.1% to RMB108, due to a combined increase in ADRR and utilization rate. ADRR increased by 7.4% year-over-year to RMB189, and utilization rate increased by 8.6 percentage points to 57.0% due to a better balance of fleet supply and car rental demand. Fleet rental and other revenue was RMB34 million, compared with RMB69 million for the same period last year, which was mainly due to the decrease in fleet rented to UCAR Inc. ("UCAR").

In March 2021, self-served transactions represented 91% of the total reservations, compared with 88% in the same period last year. During the Reporting Period, 99% of the car rental reservations were made through the Company's mobile APP.

As at 31 March 2021, the total fleet size was 104,322<sup>(1)</sup>. During the Reporting Period, the Company disposed of 5,321 used vehicles, compared with 6,469 used vehicles for the same period of 2020. The strategic decrease in number of used vehicles being disposed was to maintain supply of fleet for recovering rental demand when new fleet was not yet added. The sales of used vehicles generated a revenue of RMB285 million. The cost-to-sales ratio of used vehicles was 100.3%, as a result of higher selling price of certain car models.

*Note:*

(1) The total fleet size was 104,322, including 5,000 vehicles leased from a financial institution.

## II. MANAGEMENT DISCUSSION AND ANALYSIS

	For the three months ended 31 March		Year-over- year change
	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>	
	<i>(in RMB millions, except otherwise stated)</i>		
Total rental revenue	917	947	(3.2)%
– Car rental	883	878	0.5%
– Fleet rental & others	34	69	(51.5)%
Net profit/(loss)	6	(188)	NA
Adjusted net loss <sup>(1)</sup>	(123)	(156)	(21.2)%
Adjusted net loss margin <sup>(2)</sup>	(13.5)%	(16.5)%	3.0pp
Adjusted EBITDA <sup>(1)</sup>	489	547	(10.6)%
Adjusted EBITDA margin <sup>(2)</sup>	53.4%	57.7%	(4.3)pp
Free cash flow <sup>(1)</sup>	808	1,026	(21.2)%

*Notes:*

- (1) Adjusted EBITDA, adjusted net loss and free cash flow are non-IFRS measures. Please refer to “III. Non-IFRS Financial Reconciliation” for details.
- (2) These margins are presented as a percentage of total rental revenue.

## 1. Revenues and Profitability Analysis

### *Rental revenue*

	For the three months ended 31 March		Year-over- year change
	2021 RMB	2020 RMB	
	<i>(in thousands, except percentages)</i>		
Car rental revenue	883,278	878,454	0.5%
Fleet rental & other revenue	33,355	68,710	(51.5)%
<b>Total rental revenue</b>	<b>916,633</b>	<b>947,164</b>	(3.2)%

### *Car rental metrics*

	1Q' 20	2Q' 20	3Q'20	4Q' 20	FY' 20	1Q' 21
Average daily fleet <sup>(1)</sup>	113,325	108,147	105,382	96,332	105,769	91,020
ADRR <sup>(2)</sup> (RMB)	176	157	195	196	181	189
Utilization rate <sup>(3)</sup> (%)	48.4%	50.0%	56.9%	58.8%	53.3%	57.0%
RevPAC <sup>(4)</sup> (RMB)	85	79	111	115	97	108

#### *Notes:*

- (1) Average daily car rental fleet is calculated by dividing the aggregate days of our car rental vehicles in operation in a given period by the aggregate days of that period. "Car rental vehicles in operation" refers to our entire car rental fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported.
- (2) Average daily rental rate or ADRR is calculated by dividing our car rental revenue in a given period by the rental days in that period. Rental days are the total rental days for all vehicles in our car rental fleet in a given period.
- (3) Car utilization rate is calculated by dividing the aggregate days that our vehicles are rented out for car rentals by the aggregate days that our car rental vehicles are in operation.
- (4) RevPAC refers to average daily rental revenue per car rental vehicle, which is calculated by multiplying the average daily rental rate in a given period by the car utilization rate in that same period.

The Company's total rental revenue decreased by 3.2% year-over-year to RMB916.6 million for the three months ended 31 March 2021.

- **Car rentals.** Revenue from car rentals increased slightly by 0.5% year-over-year to RMB883.3 million for the three months ended 31 March 2021, mainly due to the V-shaped recovery of RevPAC in March 2021 but offset by decreased car rental demand as a result of the strict preventive travel restriction during the CNY Holidays and decrease in rental fleet. During the Reporting Period, the average daily fleet decreased by 19.7% year-over-year to 91,020, which was mainly due to the delayed funding for fleet addition due to refinancing limitation in 2020.
- **Fleet rentals and others.** Revenue from fleet rentals and others was RMB33.4 million, compared with RMB68.7 million for the same period last year. The decrease was mainly due to the decrease in fleet rented to UCAR.

***Depreciation of rental vehicles and direct operating expenses of rental services***

	<b>For the three months ended 31 March</b>			
	<b>2021</b>	<i>% of</i>	<b>2020</b>	<i>% of</i>
	<i>RMB</i>	<i>rental</i>	<i>RMB</i>	<i>rental</i>
	<i>(in thousands, except percentages)</i>			
		<i>revenue</i>		<i>revenue</i>
Depreciation of rental vehicles	384,679	42.0%	421,545	44.5%
Direct operating expenses				
– Payroll costs	93,751	10.2%	113,177	11.9%
– Store expenses	69,063	7.5%	79,930	8.5%
– Insurance fees	36,885	4.0%	54,150	5.7%
– Repair and maintenance fees	56,456	6.2%	41,469	4.4%
– Fuel and transportation expenses	18,272	2.0%	16,833	1.8%
– Others	24,283	2.7%	62,553	6.6%
<b>Total direct operating expenses</b>	<u>298,710</u>	<u>32.6%</u>	<u>368,112</u>	<u>38.9%</u>
<b>Total costs of rental business</b>	<u><u>683,389</u></u>	<u><u>74.6%</u></u>	<u><u>789,657</u></u>	<u><u>83.4%</u></u>

***Depreciation of rental vehicles.*** Depreciation expenses decreased by 8.7% to RMB384.7 million for the three months ended 31 March 2021, mainly due to increased residual values of certain vehicle models and decreased fleets, offset by increased unit depreciation due to increased percentage of vehicles manufactured by Beijing Borgward Auto Co., Ltd. in the fleet.

**Direct operating expenses of rental services.** Total direct operating expenses decreased by 18.9% year-over-year to RMB298.7 million for the three months ended 31 March 2021. The decrease was mainly due to decreased payroll costs as a result of increased operating efficiency, less insurance fee due to decreased fleet, decreased other expenses due to revoked employee share option expenses due to cancellation of share options as a result of the voluntary conditional cash offers became unconditional in all respects prior to the expiry of employee share options, and other expenses due to decreased fleet size. The options which had not been exercised or tendered before then were written off pursuant to the accounting standards.

***Sales of used vehicles (revenue & cost)***

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands, except percentages)</i>	
Revenue from sales of used vehicles	285,062	378,218
Cost of sales of used vehicles	285,863	389,889
<b>Cost as a % of revenue (sales of used vehicles)</b>	<b>100.3%</b>	<b>103.1%</b>
<b>Total number of used vehicles disposed</b>	<b>5,321</b>	<b>6,469</b>

The Company disposed of 5,321 used vehicles for the three months ended 31 March 2021, compared with 6,469 used vehicles for the three months ended 31 March 2020. The strategic decrease in number of used vehicles being disposed was to maintain supply of fleet for recovering rental demand. The average price for disposed vehicle was lower as a result of (i) fewer higher price vehicles and (ii) older average fleet age at disposal.

Cost of sales of used vehicles was 100.3% of revenue from the sales of used vehicles for the three months ended 31 March 2021, compared with 103.1% for the three months ended 31 March 2020, as a result of higher selling price of certain car models.

## ***Gross profit***

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>
	<i>(in thousands, except percentages)</i>	
Gross profit of rental business	233,244	157,507
<i>Gross profit margin of rental business</i>	25.4%	16.6%
Gross loss of sales of used vehicles	(801)	(11,671)
<i>Gross loss margin of sales of used vehicles</i>	(0.3)%	(3.1)%
<b>Total gross profit</b>	<b>232,443</b>	<b>145,836</b>
<b>Total gross profit margin as a % of rental revenue</b>	<b>25.4%</b>	<b>15.4%</b>

Total gross profit margin as a percentage of rental revenue increased to 25.4% for the three months ended 31 March 2021 from 15.4% for the same period last year, mainly due to the decreased direct operating expenses and decreased depreciation of rental vehicles.

## ***Selling and distribution expenses***

	<b>For the three months ended 31 March</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RMB</b>	<b>% of rental revenue</b>	<b>RMB</b>	<b>% of rental revenue</b>
	<i>(in thousands, except percentages)</i>			
Payroll costs	1,517	0.2%	397	0.0%
Advertising expenses	17,281	1.9%	3,103	0.3%
Share-based compensation	(169)	0.0%	46	0.0%
Others	12,434	1.3%	9,702	1.1%
<b>Total</b>	<b>31,063</b>	<b>3.4%</b>	<b>13,248</b>	<b>1.4%</b>

Selling and distribution expenses increased to RMB31.1 million for the three months ended 31 March 2021. As a percentage of rental revenue, selling and distribution expenses were 3.4% for the three months ended 31 March 2021. The increase was mainly due to increased advertising and promotion activities to stimulate rental demand, including marketing on short video sharing platform, search engine marketing, etc.

## *Administrative expenses*

	<b>For the three months ended 31 March</b>			
	<b>2021</b>		<b>2020</b>	
	<i>RMB</i>	<i>% of rental revenue</i>	<i>RMB</i>	<i>% of rental revenue</i>
	<i>(in thousands, except percentages)</i>			
Payroll costs	96,230	10.5%	67,714	7.1%
Office expenses	36,335	4.0%	9,850	1.0%
Rental expenses	6,502	0.7%	6,513	0.7%
Share-based compensation	(155,397)	(17.0)%	26,636	2.8%
Others	33,553	3.7%	22,295	2.4%
<b>Total</b>	<b>17,223</b>	<b>1.9%</b>	<b>133,008</b>	<b>14.0%</b>

Administrative expenses were RMB17.2 million for the three months ended 31 March 2021. The decrease was mainly due to the revoked employee share option expenses due to cancellation of share options as a result of the voluntary conditional cash offers became unconditional in all respects prior to the expiry of employee share options. The options which had not been exercised or tendered before then were written off pursuant to the accounting standards. Office expenses increased to RMB36.3 million due to the charge of the transaction costs related to the issue of the convertible bonds.

## *Other income and expenses, net*

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
Interest income	7,834	23,771
Unrealized exchange (loss)/gain related to USD-denominated liabilities	(36,528)	4,431
Realized exchange gain/(loss)	10,192	(428)
Government grants	12,166	23,146
Fair value changes on derivative instrument-transactions not qualifying as hedges	–	(3,411)
Loss on disposal of items of other property, plant and equipment	(268)	(258)
Others	(170)	3,721
<b>Total</b>	<b>(6,774)</b>	<b>50,972</b>



Net loss was RMB6.8 million for the three months ended 31 March 2021, compared with a net gain of RMB51.0 million for the same period last year. The net loss was mainly due to the unrealized exchange loss related to USD-denominated liabilities due to depreciation of RMB.

**Finance costs.** Finance costs decreased by 36.1% to RMB139.7 million for the three months ended 31 March 2021 mainly due to decreased debt.

**Profit before tax.** Profit before tax was RMB31.4 million for the three months ended 31 March 2021, compared with a loss before tax of RMB172.5 million for the three months ended 31 March 2020. The change was mainly due to the increased RevPAC, decreased direct operating expenses, decreased finance costs and revoked employee share option expenses due to cancellation of share options as a result of the voluntary conditional cash offers became unconditional in all respects prior to the expiry of share options. The options which had not been exercised or tendered before then were written off pursuant to the accounting standards.

**Income tax expenses.** Income tax expenses increased by 70.0% year-over-year to RMB25.8 million for the three months ended 31 March 2021 due to the increase in profit.

**Net profit.** As a result of the aforementioned factors, the net profit was RMB5.7 million for the three months ended 31 March 2021, compared with a net loss of RMB187.7 million for the same period last year.

**Adjusted net loss.** Adjusted net loss was RMB123.5 million for the three months ended 31 March 2021, compared with an adjusted net loss of RMB156.1 million for the same period last year, mainly due to decreased average daily fleet, the short-fall in car rental revenue during the travel restricted CNY Holidays period, and higher unit depreciation costs.

**Adjusted EBITDA.** Adjusted EBITDA decreased by 10.6% year-over-year to RMB489.0 million for the three months ended 31 March 2021. Adjusted EBITDA margin decreased by 4.3 percentage points year-over-year to 53.4% for the three months ended 31 March 2021.

## 2. Financial Position

	As at	
	31 March 2021	31 December 2020
	<i>(RMB in millions)</i>	
Total assets	11,680.7	12,103.9
Total liabilities	7,827.0	8,097.4
Total equity	3,853.7	4,006.5
Cash and cash equivalents	2,609.6	2,179.7
Restricted cash	11.1	11.9
<b>Total cash</b>	<b>2,620.7</b>	<b>2,191.6</b>
Interest bearing bank and other borrowings – current	637.8	871.3
Interest bearing bank and other borrowings – non-current	620.8	665.7
Senior notes – current	–	2,699.2
Senior notes – non-current	4,041.9	2,424.7
Convertible bonds – debt component <sup>(2)</sup>	472.8	–
<b>Total debt</b>	<b>5,773.3</b>	<b>6,660.9</b>
<b>Net debt (total debt less total cash)</b>	<b>3,152.6</b>	<b>4,469.3</b>
<b>Total debt/adjusted EBITDA (times)<sup>(1)</sup></b>	<b>2.9x</b>	<b>3.3x</b>
<b>Net debt/adjusted EBITDA (times)<sup>(1)</sup></b>	<b>1.6x</b>	<b>2.2x</b>

*Notes:*

- (1) Adjusted EBITDA is calculated based on the total of the most recent four quarters.
- (2) Total debt includes the debt component of the convertible bonds but not the embedded derivative component. Please refer to page 17 for the breakdown.

### ***Cash***

As at 31 March 2021, the Company's total cash balance was RMB2,620.7 million.

### ***Trade receivables***

Trade receivables were RMB198.6 million and RMB57.4 million as at 31 March 2021 and 31 December 2020, respectively. The change was mainly due to the reclassification of trade receivables from UCAR and its affiliates from due from a related party to trade receivables as a result of the change in Company's ownership and control.

### ***Capital expenditures***

The majority of the Company's capital expenditures was RMB18.3 million on purchases of other property, plant and equipment, and other intangible assets during the Reporting Period. For the three months ended 31 March 2021, the Company purchased rental vehicles valued at RMB0.18 million.

### ***Borrowings***

As at 31 March 2021, the Company had total debt of RMB5,773.3 million and net debt of RMB3,152.6 million, compared with RMB6,660.9 million and RMB4,469.3 million as at 31 December 2020, respectively. As at 31 March 2021, the current debt portion was RMB637.8 million, representing 11.0% of total debt.

### ***Free cash flow***

The Company generated an inflow of RMB807.5 million free cash flow for the three months ended 31 March 2021, compared with an inflow of RMB1,025.7 million for the same period of 2020, which was mainly due to the decrease in finance lease receivables due to the continue downsize of the finance lease business and less used car disposal to maintain fleet supply.

### III. NON-IFRS FINANCIAL RECONCILIATION

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands, except percentages)</i>	
<b><i>A. Adjusted net loss</i></b>		
<b><i>Net profit/(loss)</i></b>	5,668	(187,667)
Adjusted for:		
Share-based compensation	(161,730)	27,664
Fair value changes on derivative instrument-transaction not qualifying as hedges	–	3,411
Share of loss of associates	6,273	4,504
Foreign exchange loss/(gain)	26,336	(4,003)
	<u>          </u>	<u>          </u>
<b>Adjusted net loss</b>	<b><u>(123,453)</u></b>	<b><u>(156,091)</u></b>
<b>Adjusted net loss margin</b> (as a percentage of rental revenue)	(13.5)%	(16.5)%
<b><i>B. Adjusted EBITDA</i></b>		
<b><i>Reported EBITDA calculation</i></b>		
Profit/(loss) before tax	31,437	(172,512)
Adjusted for:		
Finance costs	139,673	218,560
Interest income from bank deposit	(4,413)	(17,606)
Depreciation of rental vehicles	384,679	421,545
Depreciation of other property, plant and equipment	11,586	14,871
Depreciation of right-of-use assets/amortization of prepaid land lease payment	29,364	49,560
Amortization of other intangible assets	533	683
Impairment of trade receivables	8,497	310
Impairment of prepayments, deposits and other receivables	1,593	–
Impairment of finance lease receivables	13,662	–
Impairment of rental vehicle	1,541	–
	<u>          </u>	<u>          </u>
<b>Reported EBITDA</b>	<b><u>618,152</u></b>	<b><u>515,411</u></b>

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands, except percentages)</i>	
<b>Reported EBITDA margin (as a percentage of rental revenue)</b>	67.4%	54.4%
<b>Adjusted EBITDA calculation</b>		
<b>Reported EBITDA</b>	618,152	515,411
Adjusted for:		
Share-based compensation	(161,730)	27,664
Fair value changes on derivative instrument-transaction not qualifying as hedges	–	3,411
Share of loss of associates	6,273	4,504
Foreign exchange loss/(gain)	26,336	(4,003)
<b>Adjusted EBITDA</b>	<u>489,031</u>	<u>546,987</u>
<b>Adjusted EBITDA margin (as a percentage of rental revenue)</b>	<u>53.4%</u>	<u>57.7%</u>
<b><i>C. Free cash flow</i></b>		
<b><i>Net cash flows generated from operating activities</i></b>	<u>825,629</u>	<u>1,059,865</u>
Purchases of other property, plant and equipment	(16,765)	(33,188)
Proceeds/(loss) from disposal of other property, plant and equipment	140	(155)
Purchases of other intangible assets	(1,500)	(801)
<b>Net investment activity</b>	<u>(18,125)</u>	<u>(34,144)</u>
<b>Free cash flow</b>	<u>807,504</u>	<u>1,025,721</u>

The Group employed certain non-IFRS financial measures in measuring the performance of the Group. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and for planning and forecasting future periods. The Group's management believes that adjusted net loss and adjusted EBITDA are useful financial metrics to assess the Group's operating and financial performance. The adjusted net loss is defined as earnings before share-based compensation, foreign exchange (loss)/gain, fair value changes on derivative instrument-transaction not qualifying as hedges and share of loss of associates. The adjusted EBITDA is defined as earnings before interest, income tax expenses, depreciation and amortization, impairment of trade receivables, share-based compensation, foreign exchange (loss)/gain, fair value changes on derivative instrument-transaction not qualifying as hedges and share of loss of associates. In addition, the non-IFRSs financial measures may not be calculated in the same manner by all companies, therefore they may not be comparable to other similar titled measures used by other companies.

Foreign exchange loss, fair value gain from investment in equity shares and redeemable preference shares, gain on disposal of subsidiaries, and share of profit of an associate had been added in the reconciliation in 2016 due to the change in economic situation and the Group's business strategies. Gain on disposal of investments in redeemable preference shares had been added in the reconciliation in 2017. Fair value changes on derivative instrument-transactions not qualifying as hedges has been added in the reconciliation in 2018. Finance costs of senior notes exchange offer has been added in the reconciliation in 2019. Impairment on investment in an associate has been added in the reconciliation in 2020. The management believes that these items do not relate to the Group's business operations. The Group operates mainly in China and its foreign exchange loss/(gain) mainly results from its USD-denominated senior notes. Finance costs of senior notes exchange offer mainly results from the exchange offer for the USD-denominated senior notes due 2020. Fair value loss/(gain) from investment in equity shares and redeemable preferences shares represents the non-cash fair value gain/(loss) on investments which is recognized in accordance with IFRS 9 Financial Instruments. Fair value changes on derivative instrument-transactions not qualifying as hedges are recognized based on the market price of the foreign exchange contract that the Company entered into during the Reporting Period. These accounting recognitions and measurements do not relate to the Group's business operations. Share of loss of associates relates to the share of (profit)/loss from two associates that the Group acquired during the second quarter of 2016 and the first quarter of 2019 respectively.

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Capital expenditures are defined as net expenditures of other property, plant and equipment, other intangible assets and prepaid lease payments. Free cash flow represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

#### IV. FINANCIAL INFORMATION

##### Consolidated statement of profit or loss

	Notes	For the three months ended 31 March	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Rental revenue		916,633	947,164
Sales of used vehicles		285,062	378,218
<b>Total revenue</b>	4	1,201,695	1,325,382
Depreciation of rental vehicles		(384,679)	(421,545)
Direct operating expenses of rental services		(298,710)	(368,112)
Cost of sales of used vehicles		(285,863)	(389,889)
<b>Gross profit</b>		232,443	145,836
Other income and expenses, net	4	(6,774)	50,972
Share of loss of associates		(6,273)	(4,504)
Selling and distribution expenses		(31,063)	(13,248)
Administrative expenses		(17,223)	(133,008)
Finance costs		(139,673)	(218,560)
<b>Profit/(loss) before tax</b>	5	31,437	(172,512)
Income tax expenses	6	(25,769)	(15,155)
<b>Profit/(loss) for the period</b>		<u>5,668</u>	<u>(187,667)</u>
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<u>5,668</u>	<u>(187,667)</u>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>			
Basic (RMB)	7	<u>0.003</u>	<u>(0.089)</u>
Diluted (RMB)	7	<u>0.003</u>	<u>(0.090)</u>
<b>Other comprehensive expense</b>			
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>–</u>	<u>(30,107)</u>
<b>Other comprehensive expense for the period, net of tax</b>		<u>–</u>	<u>(30,107)</u>
<b>Total comprehensive income/(expense) for the period, net of tax</b>		<u>5,668</u>	<u>(217,774)</u>
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<u>5,668</u>	<u>(217,774)</u>

## Consolidated statement of financial position

		As at	
		31 March 2021	31 December 2020
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Rental vehicles	<i>8</i>	6,168,777	6,814,459
Other property, plant and equipment	<i>9</i>	690,788	684,637
Finance lease receivables – non-current	<i>10</i>	101,893	182,470
Goodwill		6,728	6,728
Other intangible assets		155,689	154,722
Investments in associates	<i>11</i>	97,673	103,946
Deferred tax assets		161,563	158,540
Right-of-use assets		379,817	431,796
Other non-current assets		18,813	18,813
		<u>7,781,741</u>	<u>8,556,111</u>
<b>Total non-current assets</b>			
<b>CURRENT ASSETS</b>			
Inventories		74,575	78,837
Trade receivables	<i>12</i>	198,590	57,383
Due from a related party		–	134,211
Prepayments, other receivables and other assets	<i>13</i>	701,639	769,318
Finance lease receivables – current	<i>10</i>	303,423	302,171
Deposits for sales-leaseback borrowing – current		–	14,250
Restricted cash – current		11,100	11,949
Cash and cash equivalents		2,609,615	2,179,659
		<u>3,898,942</u>	<u>3,547,778</u>
<b>Total current assets</b>			



## Consolidated statement of financial position (continued)

		As at	
		31 March 2021	31 December 2020
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	92,161	66,742
Other payables and accruals		770,031	681,292
Advances from customers		246,595	285,135
Interest-bearing bank and other borrowings – current	15	637,790	871,294
Senior notes – current	16	–	2,699,231
Due to a related party		3,013	136,615
Income tax payable		62,244	62,181
		<u>1,811,834</u>	<u>4,802,490</u>
<b>Total current liabilities</b>		<u>1,811,834</u>	<u>4,802,490</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>2,087,108</u>	<u>(1,254,712)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,868,849</u>	<u>7,301,399</u>
<b>NON-CURRENT LIABILITIES</b>			
Senior notes – non-current	16	4,041,912	2,424,746
Convertible bonds – debt component	17	472,821	–
Convertible bonds – embedded derivative component	17	677,242	–
Interest-bearing bank and other borrowings – non-current	15	620,786	665,727
Deposits received for rental vehicles		366	400
Deferred tax liabilities		201,997	204,056
		<u>6,015,124</u>	<u>3,294,929</u>
<b>Total non-current liabilities</b>		<u>6,015,124</u>	<u>3,294,929</u>
<b>Net assets</b>		<u>3,853,725</u>	<u>4,006,470</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		131	131
Reserves		4,493,743	4,652,156
Accumulated deficits		(640,149)	(645,817)
		<u>3,853,725</u>	<u>4,006,470</u>
<b>Total equity</b>		<u>3,853,725</u>	<u>4,006,470</u>

## Consolidated statement of cash flows

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax:	31,437	(172,512)
Adjustments for operating activities:		
Finance costs	139,673	218,560
Share of loss of associates	6,273	4,504
Interest income	(7,834)	(23,771)
Loss on disposal of items of other property, plant and equipment	268	258
Fair value changes on derivative instrument-transactions not qualifying as hedges	–	3,411
Depreciation of rental vehicles	384,679	421,545
Depreciation of other property, plant and equipment	11,586	14,871
Depreciation of right-of-use assets/amortization of prepaid land lease payments	29,364	49,560
Amortization of other intangible assets	533	683
Impairment of trade receivables	8,497	310
Impairment of prepayments, deposits and other receivables	1,593	–
Impairment of finance lease receivables	13,662	–
Impairment of rental vehicle	1,541	–
Exchange loss/(gain)	26,336	(4,003)
Equity-settled share option expenses	(161,730)	27,664
	<u>485,878</u>	<u>541,080</u>
Increase in trade receivables	(149,704)	(32,817)
Decrease/(increase) in amounts due from a related party	134,211	(55,722)
Decrease in inventories	4,262	27,535
Decrease in prepayments, other receivables and other assets	75,811	130,676
Increase/(decrease) in trade payables	25,419	(13,398)
(Decrease)/increase in amounts due to a related party	(133,602)	8,036
(Decrease)/increase in advances from customers	(38,540)	14,952
Increase in other payables and accruals	103,952	61,113
Decrease in rental vehicles	280,323	254,612
Decrease in finance lease receivables	65,663	176,615
Tax paid, net	(28,044)	(52,817)
	<u>825,629</u>	<u>1,059,865</u>
<b>Net cash flows generated from operating activities</b>	<u>825,629</u>	<u>1,059,865</u>

**Consolidated statement of cash flows (continued)**

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of other property, plant and equipment	(16,765)	(33,188)
Proceeds/(loss) from disposal of items of other property, plant and equipment	140	(155)
Purchases of other intangible assets	(1,500)	(801)
Settlement of derivative financial instruments	–	39,282
Interest received	4,414	21,423
	<hr/>	<hr/>
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(13,711)</b>	<b>26,561</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Addition of deposits for borrowings	14,250	–
Increase in restricted cash	849	522,510
(Loss)/proceeds from bank and other borrowings	(168)	435,328
Repayments of bank and other borrowings	(242,203)	(1,343,772)
Proceeds from issuance of senior notes and convertible bonds	2,694,583	–
Proceeds from exercise of share options	3,317	289
Principal portion of lease payment	(49,352)	(207,988)
Interest paid	(114,594)	(230,939)
Repayments of senior notes	(2,689,952)	(2,321,553)
	<hr/>	<hr/>
<b>Net cash flows used in financing activities</b>	<b>(383,270)</b>	<b>(3,146,125)</b>
Net increase/(decrease) in cash and cash equivalents	428,648	(2,059,699)
Cash and cash equivalents at beginning of year	2,179,659	5,360,520
Effect of foreign exchange rate changes, net	1,308	2,872
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>2,609,615</b>	<b>3,303,693</b>
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company was incorporated as an investment holding company under the laws of the Cayman Islands on 25 April 2014 in the name of China Auto Rental Inc., and changed its name to CAR Inc. on 17 June 2014. The registered and correspondence address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in the car rental business.

## 2. BASIS OF PRESENTATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

### 2.1 Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standard Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 Issued But Not Yet Effective International Financial Reporting Standards

The Group has not adopted the following new and revised IFRSs, that have been issued but are not yet effective in these financial statement

Amendments to IFRS 3	<i>Reference to the Conceptual Framework<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to IFRS 17	<i>Insurance Contract<sup>2</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2</sup> Disclosure of Accounting Policies<sup>2</sup></i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>1</sup></i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract<sup>1</sup></i>
Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>2</sup></i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Mandatory effective date is yet to be determined but available for adoption

### 3. OPERATING SEGMENT INFORMATION

The Group's principal business is the provision of car rental and other related services to its customers. For management purposes, the Group operates in one business unit based on its services, and has one reportable segment which is the provision of car rental and other related services.

#### Information about geographical area

Since all of the Group's revenue was generated from the car rental and related services in Mainland China and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with IFRS 8 Operating Segments.

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

Revenue mainly represents the value of rental service rendered and the net invoiced value of rental vehicles sold, net of business tax and discounts allowed.

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

	For the three months ended 31 March	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>		
Car rental revenue	883,278	878,454
Fleet rental & other revenue	33,355	68,710
Sales of used vehicles	285,062	378,218
	<u>1,201,695</u>	<u>1,325,382</u>
<b>Other income and expenses, net</b>		
Interest income	7,834	23,771
Exchange (loss)/gain	(26,336)	4,003
Government grants	12,166	23,146
Loss on disposal of items of other property, plant and equipment	(268)	(258)
Fair value changes on derivative instrument-transactions not qualifying as hedges	–	(3,411)
Others	(170)	3,721
	<u>(6,774)</u>	<u>50,972</u>

## 5. PROFIT/(LOSS) BEFORE TAX

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

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
Cost of sales of used vehicles	285,863	389,889
Depreciation of rental vehicles	384,679	421,545
Depreciation of other property, plant, and equipment	11,586	14,871
Depreciation of right-of-use assets/amortization of prepaid land lease payments	29,364	49,560
Amortization of other intangible assets*	533	683
Lease payments not included in the measurement of lease liabilities	31,914	25,244
Wages and salaries	155,931	151,317
Equity-settled share option expenses	(161,730)	27,664
Pension scheme contributions**	35,567	29,971
Insurance expenses	36,885	54,150
Repair and maintenance	56,456	41,469
Exchange loss/(gain)	26,336	(4,003)
Auditors' remuneration	1,250	1,100
Impairment of trade receivables	8,497	310
Impairment of prepayments, deposits and other receivables	1,593	–
Impairment of finance lease receivables	13,662	–
Loss on disposal of items of other property, plant and equipment	268	258
Advertising and promotion expenses	17,281	3,103
Fair value changes on derivative instrument-transactions not qualifying as hedges	–	3,411
Share of loss of associates	6,273	4,504
Finance costs	139,673	218,560
	<u>139,673</u>	<u>218,560</u>

\* The amortization of other intangible assets for the three months ended 31 March 2021 and 2020 is included in "Administrative expenses" in the consolidated statements of profit or loss.

\*\* Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government.

## 6. INCOME TAX EXPENSES

The major components of income tax expenses of the Group during the period are as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current income tax	30,851	43,032
Deferred tax	<u>(5,082)</u>	<u>(27,877)</u>
Total tax charge for the period	<u><u>25,769</u></u>	<u><u>15,155</u></u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

The provision for current income tax in Mainland China is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for Haike (Pingtan) Technology Co., Ltd. (“Haike Pingtan”). Haike Pingtan is qualified as an encouraged industry company established in the comprehensive experimentation area in Pingtan, Fujian Province, and therefore is entitled to a preferential corporate income tax rate of 15% pursuant to CaiShui 2014 No. 26 issued by the Ministry of Finance of the People’s Republic of China.

No Hong Kong profits tax on the Group’s subsidiary has been provided at the rate of 16.5% as there is no assessable profit arising in Hong Kong during the year.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on earnings of non-resident enterprises derived from the operation in Mainland China. The withholding tax derived from inter-company charges of certain overseas subsidiaries to PRC subsidiaries amounted to RMB2,794,000 for the three months ended 31 March 2021 (for the three months ended 31 March 2020: RMB6,724,000).

A reconciliation of the tax expenses applicable to profit/(loss) before tax using the statutory rate in Mainland China to the tax expenses at the effective tax rate is as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit/(loss) before tax	31,437	(172,512)
Tax at PRC statutory tax rate of 25%	7,858	(43,128)
Tax effect of tax rate difference between PRC and overseas entities	(2,408)	44,799
Utilization of unrecognized deferred tax assets	976	–
Tax losses not recognised	11,277	27,408
True up of income tax in respect of prior year	–	(261)
PRC entity with preferential tax rate	(2,734)	(5,715)
Expenses not deductible for tax	5,722	438
Withholding tax on the deemed income	2,794	6,724
Income not subject to tax	2,284	(15,110)
Total charge for the period	<u>25,769</u>	<u>15,155</u>

The effective tax rate of the Group was 82.0% for the period ended 31 March 2021 (for the period ended 31 March 2020: -8.8%)



**7. EARNINGS/(LOSS) PER SHARE ATTRIBUTED TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,176,065,409 (for the three months ended 31 March 2020: 2,119,913,600) in issue during the period, as adjusted to reflect the rights issue during the period, if any.

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

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	5,668	(187,667)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	2,176,065,409	2,119,913,600
Effect of dilution – weighted average number of ordinary shares:		
Share option	(18,014,865)	(27,665,676)
	2,158,050,544	2,092,247,924

## 8. RENTAL VEHICLES

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
At 1 January:		
Cost	10,289,933	14,266,149
Accumulated depreciation	<u>(3,475,474)</u>	<u>(3,473,813)</u>
Net carrying amount	<u><u>6,814,459</u></u>	<u><u>10,792,336</u></u>
At 1 January, net of accumulated depreciation	6,814,459	10,792,336
Additions	177	91,469
Disposals and transfers to inventories	(280,500)	(366,942)
Depreciation provided during the period	(363,818)	(400,684)
Rental vehicles write-off	<u>(1,541)</u>	<u>–</u>
At 31 March, net of accumulated depreciation	<u><u>6,168,777</u></u>	<u><u>10,116,179</u></u>
At 31 March:		
Cost	9,777,442	13,704,826
Accumulated depreciation	<u>(3,608,665)</u>	<u>(3,588,647)</u>
Net carrying amount	<u><u>6,168,777</u></u>	<u><u>10,116,179</u></u>

Vehicles with carrying values of RMB147,228,000 as at 31 March 2021 (31 March 2020: RMB1,525,827,000) had been pledged to secure the Group's certain interest-bearing loans (Note 15).

## 9. OTHER PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the three months ended 31 March 2021, the Group acquired items of other property, plant and equipment with a cost of RMB18,145,000 (for the three months ended 31 March 2020: RMB33,008,000); and charged depreciation for items of other property, plant and equipment of RMB11,586,000 (for the three months ended 31 March 2020: RMB14,871,000).

During the three months ended 31 March 2021, assets with a net book value of RMB408,000 were disposed by the Group (for the three months ended 31 March 2020: RMB101,000).

During the three months ended 31 March 2021, the Group was not in the acquisition of subsidiaries (for the three months ended 31 March 2020: Nil).

## 10. FINANCE LEASE RECEIVABLES

Certain rental vehicles have been leased out through finance leases entered into by the Group. Finance lease receivables are comprised of the following:

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Net minimum lease payments receivable	660,695	761,822
Unearned finance income	(114,527)	(149,992)
Impairment	(140,852)	(127,189)
	<u>405,316</u>	<u>484,641</u>
Total net finance lease receivables	<u>405,316</u>	<u>484,641</u>
Less: current portion	<u>303,423</u>	<u>302,171</u>
Non-current portion	<u>101,893</u>	<u>182,470</u>

Future minimum lease payments to be received under non-cancellable finance lease arrangements as at 31 March 2021 and 31 December 2020 are as follows:

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	525,764	521,585
In the second to fifth years, inclusive	<u>134,931</u>	<u>240,237</u>
	<u>660,695</u>	<u>761,822</u>

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as at 31 March 2021 and 31 December 2020 are as follows:

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	303,423	302,171
In the second to fifth years, inclusive	<u>101,893</u>	<u>182,470</u>
	<u>405,316</u>	<u>484,641</u>

## 11. INVESTMENTS IN ASSOCIATES

	As at	
	31 March 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
Share of net assets		
– Beijing QWOM Technology Co., Ltd.	25,020	22,158
– Botpy Inc.	72,653	81,788
	97,673	103,946
	97,673	103,946

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ Registration and principal place of business	Percentage of ownership interest attributable to the Group	Principal activities
Beijing QWOM Technology Co., Ltd. (北京氫動益維科技股份有限公司) (“QWOM”)	Ordinary shares	PRC/Mainland China	30	Providing mobile internet digital marketing solutions based on big data analytics
Botpy Inc. (“Botpy”)	Preference shares	Cayman Islands	36.36	Providing automotive insurance business and solutions of the automotive aftermarket

The Group, through its wholly-owned subsidiary, namely Haike Pingtan acquired 30% equity interests in QWOM in April 2016. The Group’s interest in QWOM is accounted for using the equity method in the consolidated financial statements. QWOM had completed listing on the NEEQ in December 2016.

The Group, through its wholly-owned subsidiary Premium Auto Rental (China) Limited, acquired 40% equity interests in Botpy in February 2019. On 14 October 2020, Botpy issued new shares to third parties resulting in a dilution of the Group’s interest in Botpy to 36.36%. The Group’s interest in Botpy is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the financial information of the Group’s associates:

	As at	
	31 March 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2020 <i>RMB'000</i> <i>(Audited)</i>
<b>QWOM</b>		
Share of the associate’s profit/(loss) for the period	2,862	(15,758)
Share of the associate’s total comprehensive income/(loss)	2,862	(15,758)
Carrying amount of the Group’s investment in the associate	25,020	22,158
	25,020	22,158
<b>Botpy</b>		
Share of the associate’s (loss)/profit for the period	(9,135)	10,962
Share of the associate’s total comprehensive (loss)/income	(9,135)	10,962
Carrying amount of the Group’s investment in the associate	72,653	81,788
	72,653	81,788

## 12. TRADE RECEIVABLES

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	670,092	112,362
Impairment provision	(471,502)	(54,979)
	<u>198,590</u>	<u>57,383</u>

The Company generally does not provide credit term to car rental customers. The credit period for fleet rental customers and finance lease customers is generally one to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 March 2021 and 31 December 2020, based on the invoice date and net of provisions, is as follows:

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 3 months	39,559	29,851
3 to 6 months	26,137	15,287
6 to 12 months	51,336	12,245
Over 1 year	81,558	–
	<u>198,590</u>	<u>57,383</u>

### 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at	
	31 March 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Deductible VAT input	482,114	538,372
Prepayments	207,144	211,733
Other receivables	27,859	35,796
Rental deposits	51,260	50,851
Others	24,242	18,846
	<hr/>	<hr/>
	792,619	855,598
Impairment allowance	(90,980)	(86,280)
	<hr/>	<hr/>
	701,639	769,318
	<hr/> <hr/>	<hr/> <hr/>

### 14. TRADE PAYABLES

An ageing analysis of outstanding trade payables as at 31 March 2021 and 31 December 2020, based on the invoice date, is as follows:

	As at	
	31 March 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 3 months	23,854	21,021
3 to 6 months	9,205	19,917
Over 6 months	59,102	25,804
	<hr/>	<hr/>
	92,161	66,742
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at	
	<b>31 March</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Current:</b>		
Current portion of sale and leaseback obligations		
– secured	26,400	77,166
Current portion of long-term bank loans		
– guaranteed	223,448	348,412
Current portion of long-term other loans		
– guaranteed	260,000	290,000
Current lease liabilities	127,942	155,716
	<hr/>	<hr/>
<b>Total interest-bearing bank and other borrowings – current</b>	<b>637,790</b>	<b>871,294</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Non-current:</b>		
Bank loans		
– guaranteed	181,907	181,201
Other loans		
– guaranteed	290,000	320,000
Non-current lease liabilities	148,879	164,526
	<hr/>	<hr/>
<b>Total interest-bearing bank and other borrowings – non-current</b>	<b>620,786</b>	<b>665,727</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>1,258,576</b>	<b>1,537,021</b>
	<hr/> <hr/>	<hr/> <hr/>

	As at	
	<b>31 March 2021</b>	<b>31 December 2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Analyzed into:		
Bank loans repayable:		
Within one year or on demand	223,448	348,412
In the third to fifth years, inclusive	181,907	181,201
	<u>405,355</u>	<u>529,613</u>
Other loans repayable:		
Within one year or on demand	260,000	290,000
In the second year	290,000	320,000
	<u>550,000</u>	<u>610,000</u>
Sale and leaseback obligations:		
Within one year or on demand	26,400	77,166
	<u>26,400</u>	<u>77,166</u>
Lease liabilities:		
Within one year or on demand	127,942	155,716
In the second year	82,169	89,440
In the third to fifth years	52,860	59,107
Above five years, inclusive	13,850	15,979
	<u>276,821</u>	<u>320,242</u>
	<u>1,258,576</u>	<u>1,537,021</u>

As at 31 March 2021, the Group's overdraft bank facilities amounted to RMB3,093,176,000 (31 December 2020: RMB2,606,476,000), of which RMB2,164,611,000 (31 December 2020: RMB2,156,476,000) had been utilized.



## 16. SENIOR NOTES

### (1) The 2015 Notes (A)

On 4 February 2015, the Company issued senior notes due 2020 with an aggregate principal amount of US\$500 million (the “2015 Notes (A)”). The 2015 Notes (A) were listed on the Stock Exchange. The 2015 Notes (A) carry interest at the rate of the 6.125% per annum, payable semi-annually on 4 February and 4 August in arrears, and will mature on 4 February 2020, unless redeemed earlier.

On 10 May 2019, the Company completed an exchange offer to approximately US\$172,333,000 of the 2015 Notes (A), with interest at the rate of 8.875% per annum, payable semi-annually on 10 May and 10 November in arrears and maturity date extended to 10 May 2022.

In February 2020, the Company has fully paid the principal of US\$327,667,000 which due in 2020 of the 2015 Notes (A).

The 2015 Notes (A) may be redeemed in the following circumstances:

- (i) On or after 4 February 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (A), at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (A) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 4 February of the years indicated below, subject to the rights of holders of the 2015 Notes (A) on the relevant record date to receive interest on the relevant interest payment date:

<b>Year</b>	<b>Redemption Price</b>
2018	103.0625%
2019 and thereafter	101.5313%

- (ii) At any time prior to 4 February 2018, the Company may at its option redeem the 2015 Notes (A), in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes (A) redeemed plus the applicable premium as at, and accrued and unpaid interest, if any, to (but not including), the redemption date.
- (iii) At any time and from time to time prior to 4 February 2018, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes (A) with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106.125% of the principal amount of the 2015 Notes (A) redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

The 2015 Notes (A) recognised in the statements of financial position were calculated as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
Total carrying amount at 1 January	1,148,150	3,584,908
Principal repayment	–	(2,321,553)
Exchange realignment	8,425	56,720
Interest expenses	22,990	37,062
Interest expense payment	–	(71,098)
	<u>1,179,565</u>	<u>1,286,039</u>
Total carrying amount at 31 March	<u><u>1,179,565</u></u>	<u><u>1,286,039</u></u>
Less: Interest payable due within one year reclassified to other payables and accruals	<u>39,147</u>	<u>42,274</u>
	<u><u>1,140,418</u></u>	<u><u>1,243,765</u></u>

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption option was not significant on initial recognition and as at 31 March 2021 and 2020.

**(2) The 2015 Notes (B)**

On 11 August 2015, the Company issued senior notes due 2021 with an aggregated nominal value of US\$300 million (the “2015 Notes (B)”). The 2015 Notes (B) are listed on the Stock Exchange. The 2015 Notes (B) carry interest at the rate of 6.00% per annum, payable semi-annually on 11 February and 11 August in arrears, and will mature on 11 February 2021, unless redeemed earlier.

In February 2021, the Company has fully paid the principal of US\$300 million which due in 2021 of the 2015 Notes (B).

The 2015 Notes (B) may be redeemed in the following circumstances:

On or after 11 August 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (B), at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (B) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 August of the years indicated below, subject to the rights of holders of the 2015 Notes (B) on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price
2018	103.0%
2019 and thereafter	101.5%

The 2015 Notes (B) recognised in the statements of financial position were calculated as follows:

	For the three months ended 31 March	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Total carrying amount at 1 January	1,998,267	2,128,067
Principal repayment	(1,939,952)	–
Exchange realignment	(17,971)	33,846
Interest expenses	17,855	33,899
Interest expense payment	(58,199)	(63,766)
	<u>–</u>	<u>2,132,046</u>
Total carrying amount at 31 March	<u>–</u>	<u>2,132,046</u>
Less: Interest payable due within one year reclassified to other payables and accruals	<u>–</u>	<u>17,313</u>
	<u>–</u>	<u>2,114,733</u>

Early redemption options are regarded as embedded derivatives closely related to the host contract.

### (3) The 2018 Notes (A)

On 4 April 2018, the Company issued senior notes with an aggregated nominal value of RMB400 million due 2021 (the “2018 Notes (A)”). The 2018 Notes (A) were listed on the Stock Exchange. The 2018 Notes (A) carry interest at the rate of 6.50% per annum, payable semi-annually on 4 April and 4 October in arrears, and will mature on 4 April 2021, unless redeemed earlier.

In March 2021, the Company remitted an aggregate principal amount of RMB400 million to the trustee bank, and fully repaid the RMB senior notes in April 2021.

The 2018 Notes (A) may be redeemed in the following circumstances:

- (i) At any time on or after 4 April 2020, the Company may at its option redeem the Notes, in whole or in part, at 103.25% of the principal amount of Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (ii) At any time and from time to time prior to 4 April 2020, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2018 Notes (A) recognised in the statement of financial position were calculated as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB '000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB '000</i> <i>(Unaudited)</i>
Total carrying amount at 1 January	404,139	400,642
Principal repayment	(400,000)	–
Interest expenses	8,824	7,594
Interest expense payment	(12,963)	(13,071)
	<u>–</u>	<u>395,165</u>
Total carrying amount at 31 March	<u>–</u>	<u>395,165</u>
Less: Interest payable due within one year reclassified to other payables and accruals	–	(284)
	<u>–</u>	<u>395,449</u>

Early redemption options are regarded as embedded derivatives closely related to the host contract.

#### (4) The 2018 Notes (B)

On 2 May 2018, the Company issued Additional Notes (the “2018 Notes (B)”) in the aggregate principal amount of RMB350 million, to be consolidated and form a single series with the 2018 Notes (A). The 2018 Notes (B) will mature on 4 April 2021, unless earlier redeemed pursuant to the terms thereof. The 2018 Notes (B) were listed on the Stock Exchange. The 2018 Notes (B) carry interest at the rate of 6.50% per annum, payable semi-annually on 4 April and 4 October in arrears, and will mature on 4 April 2021, unless redeemed earlier.

In March 2021, the Company remitted an aggregate principal amount of RMB350 million to the trustee bank, and fully repaid the RMB senior notes in April 2021.

The 2018 Notes (B) may be redeemed in the following circumstances:

- (i) At any time on or after 4 April 2020, the Company may at its option redeem the Notes, in whole or in part, at 103.25% of the principal amount of Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (ii) At any time and from time to time prior to 4 April 2020, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2018 Notes (B) recognised in the statement of financial position were calculated as follows:

	For the three months ended 31 March	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Total carrying amount at 1 January	354,098	352,742
Principal repayment	(350,000)	–
Interest expenses	7,246	6,222
Interest expense payment	(11,344)	(11,371)
Total carrying amount at 31 March	<u>–</u>	<u>347,593</u>
Less: Interest payable due within one year reclassified to other payables and accruals	<u>–</u>	<u>(249)</u>
	<u>–</u>	<u>347,842</u>

Early redemption options are regarded as embedded derivatives closely related to the host contract.

(5) **The 2019 Notes**

On 10 May 2019, the Company issued senior notes with an aggregate principal amount of US\$200 million due 2022 (the “2019 Notes”). The 2019 Notes were listed on the Stock Exchange. The 2019 Notes carry interest at the rate of 8.875% per annum, payable semi-annually on 10 May and 10 November in arrears, and will mature on 10 May 2022, unless redeemed earlier.

The 2019 Notes may be redeemed in the following circumstances:

At any time and from time to time prior to 10 May 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus an applicable premium (as defined in the Indenture) as of, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2019 Notes recognised in the statement of financial position were calculated as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total carrying amount at 1 January	1,306,973	1,396,147
Exchange realignment	9,649	22,470
Interest expenses	31,329	32,365
	<hr/>	<hr/>
Total carrying amount at 31 March	<b>1,347,951</b>	<b>1,450,982</b>
	<hr/>	<hr/>
Less: Interest payable due within one year reclassified to other payables and accruals	45,432	49,060
	<hr/>	<hr/>
	<b>1,302,519</b>	<b>1,401,922</b>
	<hr/>	<hr/>

Early redemption options are regarded as embedded derivatives closely related to the host contract.

**(6) The 2021 Notes**

On 31 March 2021, the Company issued senior notes with an aggregate principal amount of US\$250 million due 2024 (the “2021 Notes”). The 2021 Notes were listed on the Stock Exchange. The 2021 Notes carry interest at the rate of 9.75% per annum, payable semi-annually on 31 March and 30 September in arrears, and will mature on 31 March 2024, unless redeemed earlier.

The 2021 Notes may be redeemed in the following circumstances:

- (i) At any time on or after 31 March 2023, the Company may at its option redeem the Notes, in whole or in part, at 103.65625% of the principal amount of Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (ii) At any time and from time to time prior to 31 March 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of and accrued and unpaid interest, if any, to (but not including) the redemption date.

The 2021 Notes recognised in the statement of financial position were calculated as follows:

	<b>For the three months ended 31 March 2021 RMB'000 (Unaudited)</b>
Total carrying amount at 1 January	–
Addition, net of issuance costs	1,598,940
Exchange realignment	4
Interest expenses	466
	<hr/>
Total carrying amount at 31 March	1,599,410
	<hr/> <hr/>
Less: Interest payable due within one year reclassified to other payables and accruals	435
	<hr/>
	1,598,975
	<hr/> <hr/>

Early redemption options are regarded as embedded derivatives closely related to the host contract.

## 17. CONVERTIBLE BONDS

On 15 January 2021, the Company issued convertible bonds (the “Convertible Bonds”) overseas with an aggregate principal amount of US\$175 million due 2026. The Convertible Bonds carry interest at the rate of 5% per annum payable semi-annually. The Bondholders have the right to convert the Convertible Bonds into Conversion Shares at any time during the period commencing on the date falling after the first anniversary of 15 January 2021 and up to the close of business on the 10th day prior to 15 January 2026 (the “Maturity Date”) (both days inclusive). The initial Conversion Price shall be HK\$4.0 per Conversion Share (subject to adjustments). Such net price may be subject to adjustments at completion of the Subscription when the final amount of costs and expenses incurred in connection with the Subscription is available.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the outstanding Convertible Bonds held by a Bondholder on the Maturity Date at an amount equal to the aggregate of (a) the aggregate principal amount of such outstanding Convertible Bonds held by such Bondholder; (b) any accrued but unpaid interest on such outstanding Convertible Bonds; and (c) an amount that would give such Bondholder the IRR in respect of such Convertible Bonds.

On 15 January 2025, the bondholders would have right to ask the Company to redeem all or some of the bonds at 157.4% of the principal amount.

At any time following the occurrence of an Event of Default, the Bondholders (acting by a resolution passed at a meeting of Bondholders by a majority of not less than 75% of the votes cast) may, for so long as such Event of Default is continuing, have the right to give notice to the Company that the Convertible Bonds shall immediately become due and repayable and require the Company to redeem (within seven (7) Business Days of the Bondholders giving a redemption notice to the Company) the Convertible Bonds in full at an amount equal to the aggregate of (a) the aggregate principal amount of the Convertible Bonds the subject of the redemption; (b) any accrued but unpaid interest on such Convertible Bonds; and (c) an amount that would give the Bondholders the IRR in respect of such Convertible Bonds.

The Convertible Bonds comprise two components:

- a) Debt component was initially measured at fair value amounting to USD71,939,488 (equivalent to RMB464,966,491). It is subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs.
- b) Embedded derivative component comprises conversion options and early redemption options (not closely related to the debt component), which was initially measured at fair value amounting to USD103,060,512 (equivalent to RMB666,111,009).

The total transaction costs that are related to the issue of the Convertible Bonds were allocated to the debt and the embedded derivative components in proportion to their respective fair values. The total transaction costs relating to the embedded derivative component were charged to profit or loss in this period. Transaction costs relating to the debt component were included in the carrying amount of the debt portion and amortised over the period of the Convertible Bonds using the effective interest method.



**For the three months ended 31 March 2021**

	<b>Debt component RMB'000 (Unaudited)</b>	<b>Embedded derivative component RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Total carrying amount at 1 January	–	–	–
Addition, net of issuance costs	450,400	666,111	1,116,511
Exchange realignment	7,828	11,131	18,959
Interest expenses	26,598	–	26,598
	<u>484,826</u>	<u>677,242</u>	<u>1,162,068</u>
Total carrying amount at 31 March	<u>484,826</u>	<u>677,242</u>	<u>1,162,068</u>
Less: Interest payable due within one year reclassified to other payables and accruals	12,005	–	12,005
	<u>472,821</u>	<u>677,242</u>	<u>1,150,063</u>

**18. CORPORATE BONDS**

The Company has received the Approval on the Public Issuance of the Corporate Bonds. (Zheng Jian Xu Ke [2016] No. 1536) (the “Approval”) issued by China Securities Regulatory Commission (the “CSRC”) dated 7 July 2016. Matters in relation to the issuance of Corporate Bonds are as follows: CSRC has approved the Company to publicly issue the Corporate Bonds not exceeding than RMB2,000 million to qualified investors in Mainland China. The Corporate Bonds shall be issued in tranches. The first tranche of issuance shall be completed within 12 months from the date of the Approval, and the remaining tranches of issuance shall be completed within 24 months from the date of the Approval.

**(1) The 2017 Corporate Bonds (A)**

The public issue of the first tranche of the Corporate Bonds (the “2017 Corporate Bonds (A)”) was completed on 26 April 2017. The final principal amount of the first tranche of the 2017 Corporate Bonds (A) is RMB300 million with a coupon rate of 5.5% per annum and with a tenure of five years with the Company’s option to adjust the coupon rate after the end of the third year upon issuance and the investors are entitled to request the Company to repurchase the 2017 Corporate Bonds (A). The 2017 Corporate Bonds (A) are listed on the Shanghai Stock Exchange.

In April 2020, holders of the RMB300 million corporate bonds due 2022 of the Company have fully exercised the redemption option with a total principal amount of RMB300 million. The Company has paid the redemption funds and the interest incurred from April 2019 to April 2020 on 27 April 2020. The Company did not resell these bonds.

The 2017 Corporate Bonds (A) recognised in the statement of financial position were calculated as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
Total carrying amount at 1 January	–	309,009
Interest expenses	–	4,322
	<hr/>	<hr/>
Total carrying amount at 31 March	–	313,331
	<hr/> <hr/>	<hr/> <hr/>
Less: Interest payables due within one year reclassified to other payables and accruals	–	15,328
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

The options of the 2017 Corporate Bonds (A) entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

**(2) The 2018 Corporate Bonds (B)**

The public issue of the second tranche of the Corporate Bonds (the “2018 Corporate Bonds (B)”) was completed on 25 April 2018. The final principal amount of the 2018 Corporate Bonds (B) is RMB730 million, at a coupon rate of 6.3% per annum, with a term of three years with the Company’s option to adjust the coupon rate after the end of the second year upon issuance and the investors’ entitlement to require repurchase of the 2018 Corporate Bonds (B).

In April 2020, holders of the RMB730 million corporate bonds due 2021 of the Company have fully exercised the redemption option with a total principal amount of RMB730 million. The Company has paid the redemption funds and the interest incurred from April 2019 to April 2020 on 27 April 2020. The Company did not resell these bonds.

The 2018 Corporate Bonds (B) recognised in the statement of financial position were calculated as follows:

	<b>For the three months ended 31 March</b>	
	<b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2020</b> <i>RMB'000</i> <i>(Unaudited)</i>
Total carrying amount at 1 January	–	757,852
Interest expenses	–	12,075
	<hr/>	<hr/>
Total carrying amount at 31 March	–	769,927
	<hr/> <hr/>	<hr/> <hr/>
Less: Interest payables due within one year reclassified to other payables and accruals	–	42,849
	<hr/>	<hr/>
	–	727,078
	<hr/> <hr/>	<hr/> <hr/>

The options of the 2018 Corporate Bonds (B) entitled to the Company and the investors are regarded as embedded derivatives closely related to the host contract.

## **19. TREASURY SHARES**

On 12 May 2020, the Company's shareholders granted a general mandate (the "Repurchase Mandate") to the directors to repurchase shares of the Company at the annual general meeting ("AGM"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 212,022,435 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on the Stock Exchange.

For the three months ended 31 March 2021, the Company has not repurchased any shares through the Stock Exchange. There is no share recorded as treasury shares as at 31 March 2021 (2020: Nil).

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

The Company has no event after the Reporting Period that needs to be brought to the attention of the shareholders of the Company.

## **VI. CORPORATE GOVERNANCE**

During the Reporting Period, the Company had been in compliance with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## **VII. MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ dealing in the Company’s securities. Specific enquiries have been made to all the Directors, and the Directors have confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this announcement.

## **VIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **IX. AUDIT AND COMPLIANCE COMMITTEE**

The Audit and Compliance Committee has been set up under the Board in compliance with the requirements pursuant to Rule 3.21 of the Listing Rules and paragraphs C.3 and D.3 of the CG Code. The Audit and Compliance Committee currently consists of one non-executive Director, namely, Mr. Jun XU, and two independent non-executive Directors, namely, Mr. Sam Hanhui SUN, and Mr. Li ZHANG, with Mr. Sam Hanhui SUN acting as the chairman of the Committee. As required under Rules 3.10(2) and 3.21 of the Listing Rules, Mr. Sam Hanhui SUN, being the chairman of the Committee, holds the appropriate professional qualifications.

The Audit and Compliance Committee has considered and reviewed the consolidated results for the three months ended 31 March 2021 of the Group and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditors. The Audit and Compliance Committee considers that the unaudited consolidated results for the three months ended 31 March 2021 of the Group are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## X. PUBLICATION OF THE FIRST QUARTER RESULTS

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

*The Company's shareholders and potential investors should note that the information in this announcement is based on the management accounts of the Group which have not been audited or reviewed by the Group's auditors, Ernst & Young. The accounting policies applied in the preparation of the management accounts are consistent with those used for the Group's annual financial statements for the year ended 31 December 2020.*

*Any forward-looking statements contained herein are not guaranteed of future performance. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Therefore, such information is provided to shareholders and potential investors as interim information for reference only. The data shown above do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Group. Nor are they intended as the offer of any investment services or advices. Shareholders of the Company and investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.*

*The Group employs certain non-IFRS financial figures in measuring the performance of the Group. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and the Company's shareholders and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and when planning and forecasting future periods. The Group's management believes that adjusted EBITDA is a useful financial metrics to assess the Group's operating and financial performance.*

*This announcement has been issued in the English language with a separate Chinese language translation. If there is any discrepancy between the English language version and the Chinese language version of this announcement, the English language version shall prevail. All numbers in this announcement are approximate rounded values for particular items.*

By Order of the Board  
**CAR Inc.**  
**Yifan Song**  
Executive Director

Hong Kong, 18 May 2021

*As at the date of this announcement, the Board of Directors of the Company comprises Ms. Yifan Song as Executive Director; Mr. Hongfei Yu, Mr. Xuan Yan, Mr. Stephen Le Ee Boon, Mr. Jun Xu and Ms. Shengping Yu as Non-executive Directors; and Mr. Sam Hanhui Sun, Mr. Wei Ding, and Mr. Li Zhang as Independent Non-executive Directors.*