



Shanghai Dongzheng Automotive Finance Co., Ltd.\*

上海東正汽車金融股份有限公司

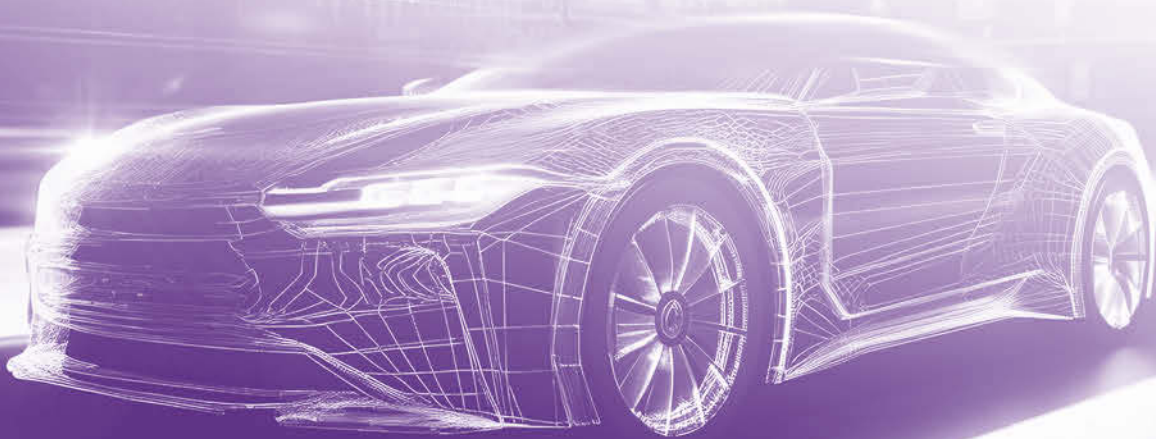
(A joint stock company incorporated in the People's Republic of China with limited liability)  
stock code : 2718



\*For identification purposes only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Ms. Xu Ying (*Chairlady and non-executive Director*)\*  
Mr. Wu Zheng (*General Manager and executive Director*)\*  
Dr. Zhou Qi (*Non-executive Director*)\*  
Ms. Lin Weihua (*Non-executive Director*)\*  
Mr. Wong Man Chung Francis (*Independent non-executive Director*)  
Ms. Liang Yanjun (*Independent non-executive Director*)  
Mr. Qin Zheng (*Independent non-executive Director*)  
Mr. Lin Fan (*Executive Director*)#  
Mr. Shao Yongjun (*Executive Director*)#  
Mr. Koh Tee Choong (*Non-executive Director*)#  
Mr. Li Guozhou (*Non-executive Director*)#

### BOARD OF SUPERVISORS

Ms. Gu Xiaoqiong (*Chairlady*)\*  
Ms. Zhang Langman\*  
Ms. Wang Qing (resigned on 13 March 2023)  
Mr. Li Huihua#  
Ms. Wu Liyue#

### AUDIT COMMITTEE

Mr. Wong Man Chung Francis (*Chairman*)  
Ms. Lin Weihua\*  
Ms. Liang Yanjun  
Mr. Qin Zheng

### REMUNERATION AND EVALUATION COMMITTEE

Mr. Wong Man Chung Francis (*Chairman*)  
Ms. Xu Ying\*  
Ms. Liang Yanjun  
Mr. Koh Tee Choong#

### NOMINATION COMMITTEE

Ms. Liang Yanjun (*Chairlady*)  
Ms. Xu Ying\*  
Mr. Wong Man Chung Francis  
Mr. Koh Tee Choong#

### RISK MANAGEMENT COMMITTEE

Ms. Xu Ying (*Chairlady*)\*  
Mr. Wu Zheng\*  
Dr. Zhou Qi\*  
Ms. Lin Weihua\*  
Mr. Wong Man Chung Francis  
Ms. Liang Yanjun\*  
Mr. Qin Zheng\*  
Mr. Lin Fan#  
Mr. Shao Yongjun#

### JOINT COMPANY SECRETARY

Mr. Ji Yijun (appointed on 29 June 2023)  
Mr. Chan Pak Hung

### AUDITOR

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F One Pacific Place  
88 Queensway  
Hong Kong

### LEGAL ADVISOR

Eric Chow & Co. in Association with Commerce & Finance  
Law Offices (Hong Kong law)  
Suite 3401, Alexandra House  
18 Chater Road  
Central, Hong Kong

\* appointed on 14 February 2023

# resigned on 14 February 2023

CORPORATE INFORMATION

**H SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

**WEBSITE**

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

**STOCK CODE**

2718

**REGISTERED ADDRESS**

Unit ABC, 30/F,  
Mirae Asset Tower  
No. 166, Lu Jia Zui Ring Road  
Shanghai, PRC

**ADDRESS OF THE HEAD OFFICE IN  
THE PRC**

12/F (Nominal Floor: 15/F),  
Building Two, No. 58,  
Yao Yuan Road,  
Pudong New Area,  
Shanghai, PRC

**PRINCIPAL PLACE OF BUSINESS IN  
HONG KONG**

Suites 3901-3903,  
39th Floor Tower 2, Times Square  
No. 1 Matheson Street  
Causeway Bay, Hong Kong



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Company is an automotive finance company licensed and regulated by the National Administration of Financial Regulation. The Company's principal business comprises automotive loan business where the Company provides loans, direct leasing products and other financial services to end customers, major customers and corporate clients for purchases of vehicles in the PRC.

In the first half of 2023, with the gradual implementation of policies related to stabilizing the economy and promoting development, the domestic economy continued to recover. Confidence in the consumption of large-value durables such as automobiles was boosted. According to the data of China Association of Automobile Manufacturers, the production and sales volume of automobiles in the first half of 2023 amounted to 13,248 thousand units and 13,239 thousand units respectively, representing a year-on-year growth of 9.3% and 9.8% respectively, with the automobile market developing in an orderly and positive manner.

As for the auto finance industry, automotive finance companies, as licensed institutions, are subject to the strict regulation of the National Administration of Financial Regulation. As at 30 June 2023, there are more than 20 licensed automotive finance companies in China, all of which are in competition with commercial banks, financial leasing companies and internet finance companies. Automotive finance companies, being in close business relationship with automobile manufacturers and dealers, deliver enhanced product offerings and better services to customers. During the period, the Company's partnership-based dealer network covered more than 200 cities in China. As at 30 June 2023, the Company has a total of over 500 partnership-based dealers and channel service providers. The strength of the Company's sales network and reasonably established market presence has enabled the Company to have closer engagement with consumption demographic, and introduce better experience and services to the consumers.

For the six months ended 30 June 2022, the Company recorded a net profit of approximately RMB305 million as compared to a net loss of approximately RMB260 million in the same period of 2021. The major reason leading to the turnaround was the Company's recovery of certain overdue amounts in the first half of 2022, which resulted in a reversal of impairment losses of approximately RMB452 million under the expected credit loss model. Excluding the impact of the reversal of impairment losses above, the Company realized a profit before tax of approximately RMB33 million in the first half of 2022.

The Company's automotive finance business has seen significant improvement and enhancement since SAIC Motor formally became the controlling shareholder of the Company. During the six months ended 30 June 2023, the number of automobile retail loans and the amount of loans disbursed by the Company increased significantly year-on-year, of which the number of automobile retail loans disbursed was approximately 24.6 thousand, whereas the amount of loans disbursed was approximately RMB1.73 billion, representing a year-on-year increase of 2,652%. In addition to the increase in the Company's income driven by a significant increase in the business volume above, the Company leveraged the resources advantages of its automobile finance business and provided related financial consultation services business, and achieved a net fee and commission income of approximately RMB49 million in the first half of 2023, driving up the Company's overall operating income in the first half of the year. During the reporting period, the Company achieved an operating income of approximately RMB134 million, representing an increase of approximately 57% as compared to the same period of 2022. The Company realized a profit before tax of approximately RMB30 million and net profit of approximately RMB18 million in the first half of 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

Due to the implementation of the promotion policy in the automobile market and the active disbursement of new loans by the Company, as well as the maturity and settlement of existing customers, the number of Company's existing loan customers was approximately 34.7 thousand as of 30 June 2023 (31 December 2022: 14.6 thousand).

In terms of retail loans, the Company disbursed a total of 24,586 retail loans as of 30 June 2023, representing an increase of 9,580% over that the same period in 2022. The amount of loans disbursed was RMB1.73 billion, representing an increase of 2,652% as compared with the same period in 2022.

The Company also provides financial consultation services in relation to automobile purchase financing activities to clients. For the six months ended 30 June 2023, the Company recorded related income of approximately RMB46 million.

In terms of dealer loans business, no loan was disbursed during the first half of 2023 due to the suspension of the dealer loans business by the Company. As of 30 June 2023, the loan balance was RMB1.14 billion, remaining unchanged as compared to the end of 2022.

	For the six months ended 30 June	
	2023	2022
Amount of retail loans disbursed (RMB million)	1,734	63
Number of self-operated retail loan disbursed	24,586	254
Including: Standard self-operated loans	24,586	253
Joint loans	-	1

For the purposes of risk management, the Company has established and will continue to improve the credit risk management system to identify, assess, measure, monitor, mitigate and control risks that may arise from its loan disbursement process. The Company has also developed a series of policies and procedures for loan application review and approval, loan disbursement as well as post-disbursement management.

The Company's overall credit risk management are reflected through a variety of measures under different phases, including but not limited to:

#### Loan application review and approval phase

- reviewing loan application materials (including, among others, the applicants' identification materials, business license (if any), driving-related materials, and other requisite application materials (if needed); conducting necessary preliminary authentication of the identity of the loan applicants by the Company's Retail Business Department; leveraging on the third-party databases (such as the national enterprise credit information, Ministry of Public Security identity information platform, etc.), searching information and assessing the authenticity of the applicants' identity, the authenticity of the purchase, and the applicants' willingness and ability to repay the loan.
- pursuant to the approval authority, approving, denying or granting conditional approval to the loan applications based on the review of the loan applicants' credit profile or credit line by the Company's Retail Business Department, the Loan Approval Committee, the Risk Management Committee, the Board (if required).

#### Loan disbursement phase

- executing and entering into loan agreements and proceeding with loan disbursements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Post-disbursement management phase

- providing customer service by the customer service team of the Company's Product Department, and actively monitoring the loans after disbursement by the Company's Risk Management Department. For those customers with overdue loans, the Company will carry out loan collection through legal and compliant loan collection procedures, or judicial proceedings.

The Company has also strengthened its risk management and control capacity with focuses on risk policies, risk monitoring and other aspects, including (1) optimizing of risk policies, refining management of channel classification, actively taking risk investigation and post-loan review, strengthening risk monitoring to control the assets quality for the newly disbursed loans; and (2) applying statistical principles and machine learning algorithms to optimize the data-based risk control model and enhance the ability of automated approval system to identify fraud risk and credit risk for retail customers.

## FINANCIAL REVIEW

### Interest Income

The Company's interest income increased by 7% to approximately RMB86 million for the six months ended 30 June 2023 from approximately RMB80 million for the six months ended 30 June 2022. Set forth below is a detailed breakdown:

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Interest income</b>		
Loans and advances to customers	52,147	76,400
Deposits with central bank and other banks	33,784	3,690
Finance lease receivables	17	212
<b>Total</b>	<b>85,948</b>	80,302

For the six months ended 30 June 2023, the Company recorded an interest income of approximately RMB86 million, representing an increase of 7% as compared to approximately RMB80 million in the same period of 2022. The Company's interest income mainly includes interest income from loans and advances to customers and interest income from deposits with central bank and other banks. The Company's interest income has increased due to the Company's active disbursement of automobile loans and an increase in the Company's deposits with banks as compared to the first half of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Non-interest Income

1. Net fee and commission income: Net fee and commission income of the Company for the six months ended 30 June 2023 was approximately RMB49 million. Set forth below is a detailed breakdown:

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Fee and commission income		
Joint loan services	2,676	10,397
Financial consultation services	45,540	–
Others	648	329
Sub-total	48,864	10,726
Fee and commission expenses		
Bank charges	(246)	(164)
Net fee and commission income	48,618	10,562

The Company's net fee and commission income mainly consisted of income from the provision of financial consultation services by the Company and fee income charged for joint-loan-related services. The Company's net fee and commission income in the first half of 2023 amounted to approximately RMB49 million, representing an increase of 360% as compared to the same period in 2022. It was mainly due to the conduct of financial consulting services related to automobile purchase financing activities during the period.

2. Other net expenses: As of 30 June 2023, the Company's other net expenses amounted to approximately RMB1 million (for the six months ended 30 June 2022: approximately RMB6 million), which mainly comprised the exchange loss and other expenses.

### Operating Expenses

The operating expenses of the Company comprise staff costs, depreciation and amortization etc. For the six months ended 30 June 2023, the Company's operating expenses amounted to approximately RMB74 million in aggregate, which represented an increase of 43% as compared to approximately RMB52 million for the six months ended 30 June 2022, which was mainly due to the increase in related staff costs and other business expenses as a result of the increase in the business volume of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Recognition (reversal) of impairment losses under ECL model

The Company has adopted the HKFRS 9 Expected Credit Loss Model to categorize the risk assets of the Company into three stages. For the six months ended 30 June 2023, the Company recorded impairment losses amounted to approximately RMB0.03 billion (for the six months ended 30 June 2022: reversal of impairment losses of approximately RMB0.45 billion). The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, and adjustments for forward-looking information. The categorization of loss stages is based on the number of days past due for each risk assets where (i) non-overdue assets are classified as the first loss stage; (ii) assets overdue within a period of 60-day (inclusive) are classified as the second loss stage; and (iii) assets overdue over for a period of 60-day are classified as the third loss stage. In addition to the aforementioned periods, the Company may also downgrade the loss stage on rare occasions according to, among others, information available concerning the relevant customers. Based on the Company's cautious assessment, there was an increase in the size of the Company's retail loans, and the Company's provision for impairment losses on loans and receivables increased as at 30 June 2023. For further details, please refer to note 9 to the condensed financial statements and the table set out below:

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Loans and advances to customers	29,491	(376,088)
Other assets	1,323	(3,775)
Bills receivable	–	(75,235)
Finance lease receivables	(1,206)	3,024
<b>Total</b>	<b>29,608</b>	<b>(452,074)</b>

### Net Profit

For the six months ended 30 June 2023, the Company recorded a net profit of approximately RMB18 million. The Company recorded a net profit of approximately RMB305 million in the same period of 2022. The decrease is mainly due to the significant reversal of impairment losses of the Company in the same period last year.

### Deposits with Central Bank

As at 30 June 2023, the Company's deposits with central bank amounted to approximately RMB3.5 million (as at 31 December 2022: RMB0.5 million). The deposits with central bank mainly comprise statutory deposit reserves and surplus deposit reserves. In accordance with the rules set by the People's Bank of China, the Company has deposited the statutory deposit reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

**Deposits with Banks**

As at 30 June 2023, deposits with banks amounted to approximately RMB1.53 billion, representing a decrease of approximately RMB1.33 billion as compared to approximately RMB2.86 billion as at 31 December 2022. It was mainly used for disbursement in the retail loans business.

**Loans and Advances to Customers**

As at 30 June 2023, net loans and advances to customers amounted to approximately RMB1.95 billion (as at 31 December 2022: RMB0.55 billion). The Company's loan business mainly consists of automobile loan business, among which, the gross balance of retail loans amounted to approximately RMB2.05 billion, representing an increase of 228% as compared to approximately RMB0.63 billion at the end of 2022, while the gross balance of dealer loans amounted to approximately RMB1.14 billion, remaining unchanged as compared to that as at 31 December 2022.

As at 30 June 2023, the Company's existing loan customers were all independent third parties. The aggregate net balance due from the Company's five largest borrowers accounted for approximately 0.15% of the Company's net loans and advances to customers (as at 31 December 2022: 0.66%).

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
<b>Retail loans</b>	<b>2,054,522</b>	626,288
<b>Dealer loans</b>	<b>1,141,250</b>	1,141,250
<b>Gross loans and advances to customers</b>	<b>3,195,772</b>	1,767,538
<b>Accrued interest</b>	<b>9,280</b>	1,452
<b>Less: allowances for impairment losses</b>	<b>(1,251,300)</b>	(1,214,051)
<b>Net loans and advances to customers</b>	<b>1,953,752</b>	554,939

## MANAGEMENT DISCUSSION AND ANALYSIS

Key terms of the Company's loan agreements include:

	For retail loan business	For dealer loan business
1. Principal amount	A fixed amount as set out in the loan agreement.	Revolving loans.
2. Interest rate	<p>a. Fixed interest rate: the Loan Prime Rate published by the National Interbank Funding Center ("LPR") plus/minus a rate adjustment, which are fixed throughout the term upon signing of the loan agreement; or</p> <p>b. Floating interest rate: the LPR (which may be reset during the term of the contract) plus/minus a rate adjustment.</p>	
3. Repayment terms	<p>Repayment types include:</p> <p>a. fixed monthly instalment;</p> <p>b. fixed monthly principal repayment;</p> <p>c. balloon repayment; and</p> <p>d. other repayment schedule as agreed otherwise.</p> <p>If the borrower fails to make any payment due on time (including the principal and interest due on the loan and other amounts contractually due from the borrower to the lender), the borrower shall pay overdue interest on the unpaid amount. The overdue interest rate is equal to the loan rate plus a fixed percentage increase.</p>	<p>Repayment after sale of car; or repayment upon the expiry of the loan term.</p> <p>If the borrower fails to make any payment due on time (including the principal and interest due on the loan and other amounts contractually due from the borrower to the lender), the borrower shall pay overdue interest on the unpaid amount. The overdue interest rate is equal to the loan rate plus a fixed percentage increase.</p>
4. Use of loan proceeds	The loan proceeds shall be used for the purchase of cars (including surcharges such as vehicle insurance, vehicle purchase tax, auto parts and accessories, and extended warranty).	The loan proceeds shall be used for the purchase of cars.
5. Security interests	The Company may request vehicle mortgage, third-party guarantee, and additional collateralized assets depending on the circumstances.	

## MANAGEMENT DISCUSSION AND ANALYSIS

	For retail loan business	For dealer loan business
6. Termination	<p>In event of a breach of the loan agreement by the customers, the Company would be authorised under the agreement to, among others:</p> <ul style="list-style-type: none"> <li>• request additional guarantee;</li> <li>• accelerate the loan repayment date, such as declaring that all borrowings are immediately due or be repaid within a time limit; and</li> <li>• terminate the agreement unilaterally.</li> </ul>	

## LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements are mainly satisfied by equity capital contributions from Shareholders, which provided strong financial support to the Company's loans business. As at 30 June 2023, the Company's deposits with banks amounted to approximately RMB1.53 billion, representing a decrease of approximately RMB1.33 billion as compared to approximately RMB2.86 billion as at the end of 2022. The Company's balance of placements from banks was nil (30 June 2022: nil). The total banking facilities available to the Company amounted to approximately RMB8 billion, all of which were unutilised as at 30 June 2023.

The Company's capital adequacy ratio decreased from 191.50% as at 31 December 2022 to 131.55% as at 30 June 2023.

	As at 30 June 2023	As at 31 December 2022
Core tier-one capital adequacy ratio	130.63%	191.03%
Tier-one capital adequacy ratio	130.63%	191.03%
Capital adequacy ratio	131.55%	191.50%
Liquidity ratio	1,247.28%	5,293.40%
Gearing ratio	4.32%	3.25%

Note: Gearing ratio = (Total liabilities/total assets) x 100%.

## FOREIGN EXCHANGE RISK

As the Company carries out its business primarily in mainland China and settles in Renminbi, there are no material foreign exchange risks.

## MATERIAL ACQUISITION OR DISPOSAL OF ASSETS

During the six months ended 30 June 2023, there was no material acquisition and disposal of the Company's material assets.

## SIGNIFICANT INVESTMENT

As at 30 June 2023, the Company did not hold any significant investment in equity interest in any company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHARGES ON ASSETS

As at 30 June 2023 and 30 June 2022, there were no charges on the Company's assets.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Company did not have any plans for material investments and capital assets.

### HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2023, the Company had 261 employees in total, and most of the employees were located in Mainland China. The Company has a team of highly educated and talented individuals. As at 30 June 2023, approximately 92% of the Company's employees held a bachelor's degree or above, and approximately 22% held a master's degree or above. For the six months ended 30 June 2023, total staff costs of the Company amounted to approximately RMB51 million (for the six months ended 30 June 2022: RMB25 million).

The Company endeavored to create a competitive and fair system for compensation and welfare, by adjusting employees' remuneration and benefits based on their business performance on an annual basis. The Company has been constantly improving its policies on remuneration and incentives and has also refined the long-term incentive scheme for employees and optimized the remuneration structure thereof to link employees' benefits to the overall business operation, for the purpose of enhancing employees' loyalty.

Apart from taking into account the advice from the remuneration and evaluation committee of the Board and the market levels, the Company also considers the respective competency, contributions and the responsibilities towards the Company in determining the level of remuneration for the Directors.

### SIGNIFICANT LITIGATION AND ARBITRATION

During the six months ended 30 June 2023, there was no litigation and arbitration which had a significant impact on the operating activities of the Company.

### CONTINGENT LIABILITIES

The Company did not have any material contingent liabilities as at 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE DEVELOPMENT STRATEGY AND OUTLOOK

In the second half of 2023, with the gradual implementation of measures introduced by Chinese government to boost automobile consumption, the confidence in automobile consumption will continue to improve. In the second half of the year, the Company will focus on further increasing the scale of automotive retail loans assets, including enhancing in-depth business cooperation with channel service providers and direct dealers, consolidating business cooperation with automobile manufacturers at headquarter level, and continuing to explore new energy vehicles automotive finance business etc. In the second half of 2023, the Company will continue to focus on the following:

Firstly, in terms of the business of channel service providers model, it will strengthen the channel business development management system, optimize the retail financial products, improve the product's market competitiveness, and continue to implement the compliance and risk control requirements of regulatory authority for automotive finance companies in business development, so as to maintain the trend of steady growth in the scale of retail financial business;

Secondly, in terms of the business of direct dealership model, it will consolidate the development of business with the cooperated automobile manufacturers at headquarter level, continue to expand more business cooperation with new automobile manufacturers at headquarter level, optimize the response rate and service experience as to the financial business demands of automobile manufacturers, and continue to increase the market share of business at headquarter level;

Thirdly, it will consolidate the cooperation with existing domestic financial institutions, further optimize the financing structure, reduce the cost of capital, and enhance the Company's core competitiveness on the basis of fully guaranteeing the capital needs from the current business volume and loan asset scale.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERIM DIVIDEND

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code regarding securities transactions by the Directors and Supervisors. The Company has made specific enquiries to all the Directors and Supervisors and they have confirmed that each of them has complied with the Model Code during the six months ended 30 June 2023.

### CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value and accountability of the Company. The Company has adopted the code provisions as set out under the Corporate Governance Code.

For the six months ended 30 June 2023, the Company has complied with all code provisions of the Corporate Governance Code.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, the Company did not purchase, sell or redeem any of the Company's listed securities.

### SHARE SCHEME

The Company did not adopt any share scheme as at 30 June 2023.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2023, none of the Directors, Supervisors and chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register required to be kept under section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange under the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2023, the interests or short positions of the other persons (other than Directors, Supervisors, and the chief executive of the Company) in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept pursuant to section 336 of the SFO were as follows:

Name of Substantial Shareholder	Class of Shares	Long/Short positions	Capacity	Number of Shares held directly or indirectly (Shares)	Percentage of issued Shares of the relevant class (%)	Percentage of total issued ordinary Shares (%)
SAIC Motor	Unlisted Foreign Shares	Long	Beneficial owner	1,520,000,000	100.00	71.04
	H Shares	Long	Beneficial owner	392,248,601	72.69	18.33
Shanghai Automotive Industry Corporation (Group)* (上海汽車工業(集團)有限公司)	Unlisted Foreign Shares	Long	Interest of corporation controlled by substantial shareholder <sup>1</sup>	1,520,000,000	100.00	71.04
	H Shares	Long	Interest of corporation controlled by substantial shareholder <sup>2</sup>	392,248,601	72.69	18.33
Dongfeng Motor Corporation (東風汽車集團有限公司)	Domestic Shares	Long	Beneficial owner	80,000,000	100.00	3.74
Global Precise Assets Limited	H Shares	Long	Beneficial owner	80,000,400	14.82	3.74
Xingtai Capital Management Limited	H Shares	Long	Investment manager <sup>3</sup>	40,000,000	7.41	1.87

Notes:

- Such information is extracted from the corporate substantial shareholder notice of Shanghai Automotive Industry Corporation (Group) filed on 23 May 2022 as shown on the website of the Stock Exchange.
- Such information is extracted from the corporate substantial shareholder notice of Shanghai Automotive Industry Corporation (Group) filed on 7 October 2022 as shown on the website of the Stock Exchange.
- Such information is extracted from the corporate substantial shareholder notice of Xingtai Capital Management Limited filed on 5 October 2022 as shown on the website of the Stock Exchange.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register required to be kept pursuant to section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CHANGES IN INFORMATION ON DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information on Directors, Supervisors and chief executive of the Company since the Company's 2022 annual report and up to the date of this report as notified to the Company are set out below:

The annual remuneration of Mr. Wu Zheng, as general manager of the Company, has been revised to the range from RMB1.6 million to RMB2.2 million. His final annual remuneration is to be determined with reference to his performance, experience, qualification and duties.

Dr. Zhou Qi, a non-executive Director, was appointed as the general counsel of SAIC Motor.

Save as disclosed above, there is no other information required to be disclosed under to Rule 13.51B(1) of the Listing Rules.

### PUBLIC FLOAT

Pursuant to the announcement dated 6 October 2022 of the Company, following the close of the Offers, 147,402,799 H Shares, representing approximately 6.89% of all issued Shares, were held by the public (within the meaning of the Listing Rules). Accordingly, the minimum public float requirement of 25% of the Shares as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied since 6 October 2022 and that trading in the H Shares on the Stock Exchange has been suspended since 9:00 a.m. on 7 October 2022. The Company applied to the Stock Exchange for, and the Stock Exchange granted the Company a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period from 6 October 2022 to 29 September 2023.

For further details of the insufficiency of public float, please refer to the announcements of the Company dated 6 October 2022, 7 October 2022, 12 December 2022, 30 December 2022, 6 January 2023, 6 April 2023 and 6 July 2023. The Company will make further announcement(s) to keep the Shareholders and potential investors informed of any progress as and when appropriate.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant and important events requiring disclosure that have taken place subsequent to 30 June 2023 and up to the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### REVIEW OF ACCOUNTS

The Audit Committee consists of three independent non-executive Directors, namely, Mr. Wong Man Chung Francis (chairman), Ms. Liang Yanjun and Mr. Qin Zheng as well as one non-executive Director, Ms. Lin Weihua. The unaudited interim financial report of the Company for the six months ended 30 June 2023 has been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, Certified Public Accountants, in accordance with Hong Kong Standards on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed the unaudited interim report of the Company for the six months ended 30 June 2023. The Audit Committee discussed matters with respect to the accounting policies and practices adopted by the Company and financial reporting process with senior management and Deloitte Touche Tohmatsu. Based on the review and discussions with the management, the Audit Committee was satisfied that the Company's unaudited interim financial report was prepared in accordance with applicable accounting standards and fairly present the Company's financial position and results for the period under review.

### APPRECIATION

The Board would like to express its sincere gratitude to the management and employees of the Company for their diligence and contribution, and would also like to thank the Shareholders and business associates for their strong support to the Company.

By order of the Board

**Wu Zheng**

*General Manager and Executive Director*

29 August 2023

## REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.

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

### INTRODUCTION

We have reviewed the condensed financial statements of Shanghai Dongzheng Automotive Finance Co., Ltd. (the "Company") set out on pages 19 to 38, which comprise the condensed statement of financial position as of 30 June 2023 and the related condensed statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### OTHER MATTER

The comparative condensed statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2022 and the relevant explanatory notes included in these condensed financial statements were extracted from the interim financial information of the Company for six-month period ended 30 June 2022 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 31 August 2022.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong

29 August 2023

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest income	3	85,948	80,302
Fee and commission income		48,864	10,726
Fee and commission expenses		(246)	(164)
<b>Net fee and commission income</b>	4	<b>48,618</b>	10,562
Other net expenses		(918)	(5,504)
<b>Operating income</b>		<b>133,648</b>	85,360
Operating expenses		(74,406)	(51,870)
(Recognition) reversal of impairment losses under expected credit loss ("ECL") model	5(b)	(29,608)	452,074
Finance costs		(107)	(388)
<b>Profit before tax</b>	5	<b>29,527</b>	485,176
Income tax	6	(11,943)	(179,874)
<b>Profit and total comprehensive Income for the period</b>		<b>17,584</b>	305,302
<b>Earnings per share</b>			
Basic and diluted (RMB)	7	0.0082	0.1427

The accompanying notes form an integral part of the condensed financial statements.



## CONDENSED STATEMENT OF FINANCIAL POSITION

at 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
<b>Assets</b>			
Deposits with central bank		3,515	491
Deposits with banks	8	1,528,419	2,861,602
Loans and advances to customers	9	1,953,752	554,939
Finance lease receivables		–	14
Property and equipment	10	8,996	6,565
Intangible assets		1,887	1,156
Deferred tax assets	11	20,275	20,275
Tax recoverables		–	12,143
Other assets		12,808	15,141
<b>Total assets</b>		<b>3,529,652</b>	<b>3,472,326</b>
<b>Liabilities</b>			
Guarantee deposits	12	66,245	24,423
Lease liabilities		1,803	4,282
Tax payables		10,037	–
Other liabilities	13	74,419	84,057
<b>Total liabilities</b>		<b>152,504</b>	<b>112,762</b>
<b>NET ASSETS</b>		<b>3,377,148</b>	<b>3,359,564</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	2,139,651	2,139,651
Reserves		1,237,497	1,219,913
<b>TOTAL EQUITY</b>		<b>3,377,148</b>	<b>3,359,564</b>

The accompanying notes form an integral part of the condensed financial statements.

The condensed financial statements on pages 19 to 38 were approved and authorised for issue by the Board of Directors on 29 August 2023 and are signed on its behalf by:

**Xu Ying**  
Chairlady and Non-executive Director

**Wu Zheng**  
General manager, Executive Director and the principal person in charge of accounting affairs

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

for the six months ended 30 June 2023

	Attributable to owners of the Company					Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Accumulated losses	
	(Note 14(b)) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2022 (audited)</b>	2,139,651	1,173,857	89,690	156,047	(334,778)	3,224,467
<b>Change in equity for the period:</b>						
Profit and total comprehensive income for the period	-	-	-	-	305,302	305,302
<b>Balance At 30 June 2022 (unaudited)</b>	2,139,651	1,173,857	89,690	156,047	(29,476)	3,529,769

	Attributable to owners of the Company					Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Accumulated losses	
	(Note 14(b)) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023 (audited)</b>	2,139,651	1,173,857	89,690	156,047	(199,681)	3,359,564
<b>Change in equity for the period:</b>						
Profit and total comprehensive income for the period	-	-	-	-	17,584	17,584
<b>Balance At 30 June 2023 (unaudited)</b>	2,139,651	1,173,857	89,690	156,047	(182,097)	3,377,148

	Attributable to owners of the Company					Total equity
	Share capital	Capital reserve	Surplus reserve	General risk reserve	Accumulated losses	
	(Note 14(b)) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2022 (audited)	2,139,651	1,173,857	89,690	156,047	(334,778)	3,224,467
<b>Change in equity for 2022:</b>						
Profit and total comprehensive income for the year	-	-	-	-	135,097	135,097
<b>Balance At 31 December 2022 (audited)</b>	2,139,651	1,173,857	89,690	156,047	(199,681)	3,359,564

The accompanying notes form an integral part of the condensed financial statements.

## CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Operating activities</b>		
Profit before tax	29,527	485,176
Adjustments for:		
Recognition (reversal) of impairment losses under ECL model	29,608	(452,074)
Depreciation and amortisation	3,902	7,697
Finance costs	107	388
Foreign exchange losses	1,260	–
Operating cash flows before movements in working capital	64,404	41,187
(Increase) decrease in loans and advances to customers	(1,428,304)	582,742
Increase in deposits with banks	(808,425)	–
(Increase) decrease in deposits with central bank	(3,118)	55
Decrease in bills receivable	–	250,783
Decrease in finance lease receivables	1,220	1,135
Decrease in other assets	1,010	18,903
Decrease in other liabilities	(10,923)	(12,672)
Increase (decrease) in guarantee deposits	41,822	(149)
Cash (used in) generated from operations	(2,142,314)	881,984
Income tax recovered (paid)	10,237	(38,206)
<b>Net cash (used in) generated from operating activities</b>	<b>(2,132,077)</b>	<b>843,778</b>
<b>Investing activity</b>		
Payments for purchase of property and equipment and intangible assets	(7,064)	(883)
<b>Financing activities</b>		
Capital element of lease rentals paid	(2,479)	(5,463)
Interest element of lease rentals paid	(107)	(388)
<b>Cash used in financing activities</b>	<b>(2,586)</b>	<b>(5,851)</b>
Net (decrease) increase in cash and cash equivalents	(2,141,727)	837,044
<b>Cash and cash equivalents at 1 January</b>	<b>2,561,397</b>	<b>255,574</b>
Effect of foreign exchange rate changes	25	–
<b>Cash and cash equivalents at 30 June, represented by,</b>	<b>419,695</b>	<b>1,092,618</b>
– Surplus deposit reserves with central bank	251	314
– Deposits with banks with original maturity of three months or less	419,444	1,092,304
	<b>419,695</b>	<b>1,092,618</b>

The accompanying notes form an integral part of the condensed financial statements.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

### 1. GENERAL INFORMATION

Shanghai Dongzheng Automotive Finance Co., Ltd. (the “Company”) was established on 11 March 2015 based on the approval of the China Banking Regulatory Commission (the predecessor of the National Administration of Financial Regulation, the “NAFR”). On 3 April 2019, the H Shares (as defined in Note 14(b)) of the Company became listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the stock code of 2718.

The Company obtained its finance permit with an institution code of No. N0022H231000001 from the China Banking and Insurance Regulatory Commission (the predecessor of the NAFR). The Company obtained its business license with unified social credit code 91310000717885619E from Shanghai Administration for Industry and Commerce. The registered office of the Company is located at Unit ABC, 30/F., Mirae Asset Tower, No. 166, Lu Jia Zui Ring Road, Shanghai, the People’s Republic of China (the “PRC”).

The principal activities of the Company comprise automotive loan business where the Company provides loans, direct leasing products and other financial services to the end customers, major customers and corporate clients for purchases of vehicles.

As at 30 June 2023, the Company’s immediate holding company is SAIC Motor Corporation Limited (“SAIC Motor”) and the Company’s ultimate holding company is Shanghai Automotive Industry Corporation (Group).

The condensed financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation of the condensed financial statements

The condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

#### 2.2 Principal accounting policies

The condensed financial statements have been prepared on the historical cost basis.

Other than additional/change in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed financial statements for the six months ended 30 June 2023 are the same as those presented in the Company’s annual financial statements for the year ended 31 December 2022.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
for the six months ended 30 June 2023

## 2. BASIS OF PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principal accounting policies (Continued)

#### 2.2.1 Application of new and amendments to HKFRSs

In the current interim period, the Company has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Company's annual period beginning on 1 January 2023 for the preparation of the Company's condensed financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform— Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Company's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed financial statements.

## 3. INTEREST INCOME

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Interest income arising from</b>		
Loans and advances to customers	52,147	76,400
Deposits with central bank and other banks	33,784	3,690
Finance lease receivables	17	212
<b>Total</b>	<b>85,948</b>	80,302

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

#### 4. NET FEE AND COMMISSION INCOME

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Fee and commission income arising from</b>			
Joint loan services	(i)	2,676	10,397
Financial consultation services	(ii)	45,540	–
Others		648	329
<b>Sub-total</b>		<b>48,864</b>	<b>10,726</b>
<b>Fee and commission expenses arising from</b>			
Bank charges		(246)	(164)
<b>Net fee and commission income</b>		<b>48,618</b>	<b>10,562</b>

Notes:

- (i) The Company provides joint loan services to retail customers and derives fee and commission income received and receivable from the joint banks. Revenues from loan facilitation services are recognised at the time a loan is originated and the principal loan balance is transferred to the borrowers. Revenues from post facilitation services are recognised over the term of the joint loan contracts.
- (ii) The Company provides financial consultation services to finance lease companies and derives fee and commission income received and receivable from the finance lease companies. Revenues from financial consultation services are recognised at the time a leasing contract is originated and the leased vehicle is delivered by finance lease companies.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
for the six months ended 30 June 2023

**5. PROFIT FOR THE PERIOD**

Profit for the period is arrived at after charging:

**(a) Staff costs**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Salaries and other allowances	45,796	22,595
Retirement benefit scheme contribution	5,555	2,490
<b>Total</b>	<b>51,351</b>	25,085

**(b) Recognition (reversal) of impairment losses under ECL model**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Loans and advances to customers	29,491	(376,088)
Other assets	1,323	(3,775)
Bills receivable	–	(75,235)
Finance lease receivables	(1,206)	3,024
<b>Total</b>	<b>29,608</b>	(452,074)

**(c) Other items**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Depreciation and amortisation		
– right-of-use assets	2,222	4,631
– intangible assets	627	2,062
– property and equipment other than right-of-use assets	1,053	1,004
Expense relating to short-term leases and leases of low-value assets	42	–
Interest expense on lease liabilities	107	388
Net exchange losses	1,260	1,671

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

## 6. INCOME TAX

	Note	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current tax		11,958	8,058
(Over) under provision in respect of prior period		(15)	193
<b>Sub-total</b>		<b>11,943</b>	8,251
Deferred tax – current period	11	–	171,623
<b>Total</b>		<b>11,943</b>	179,874

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB17,584 thousand (for the six months ended 30 June 2022: RMB305,302 thousand) and the weighted average of 2,139,651 thousand ordinary shares (for the six months ended 30 June 2022: 2,139,651 thousand ordinary shares) in issue during the period, which is set out as follows:

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	17,584	305,302
Weighted average number of ordinary shares issued (in thousand)	2,139,651	2,139,651
Basic and diluted earnings per share attributable to shareholders (RMB)	0.0082	0.1427

There were no dilutive potential ordinary shares for six month ended 30 June 2023 and 2022. Therefore, diluted earnings per share are equivalent to basic earnings per share.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
for the six months ended 30 June 2023

**8. DEPOSITS WITH BANKS**

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Deposits with banks	<b>1,519,444</b>	2,861,052
Accrued interest	<b>8,975</b>	550
<b>Total</b>	<b>1,528,419</b>	2,861,602

As at 30 June 2023, included in deposits with banks, RMB1,100,000 thousand (31 December 2022: RMB300,000 thousand) are deposits with original maturity above three months, and with fixed interest rate.

Deposits with banks are with interest rate ranging from 0.01% to 2.55% (31 December 2022: from 0.01% to 1.95%) per annum.

**9. LOANS AND ADVANCES TO CUSTOMERS**

**(a) Analysed by nature**

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Retail loans	<b>2,054,522</b>	626,288
Dealer loans	<b>1,141,250</b>	1,141,250
Gross loans and advances to customers	<b>3,195,772</b>	1,767,538
Accrued interest	<b>9,280</b>	1,452
Sub-total	<b>3,205,052</b>	1,768,990
Less: allowances for impairment losses	<b>(1,251,300)</b>	(1,214,051)
Net loans and advances to customers	<b>1,953,752</b>	554,939

The Company's retail loans are provided to automotive end customers to facilitate their purchase of passenger vehicles, which shall be pledged by the mortgaged vehicles.

The Company's dealer loans are provided to automobile dealers to facilitate their purchase of vehicles and accessories. All of the Company's dealer loans are guaranteed by related entities of dealer loans customers.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

## 9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### (a) Analysed by nature (Continued)

Loans and advances to customers are with fixed interest rate ranging from 6.50% to 17.99% (31 December 2022: from 6.50% to 15.48%) per annum.

### (b) Overdue loans (excluding accrued interest) analysed by type of collateral and overdue period

	30 June 2023				Total RMB'000
	Overdue within 3 months (inclusive) RMB'000	Overdue more than 3 months to 6 months (inclusive) RMB'000	Overdue more than 6 months to one year (inclusive) RMB'000	Overdue more than one year RMB'000	
Collateralised loans	22,603	929	1,898	7,699	33,129
Guaranteed loans	–	–	–	1,141,250	1,141,250
<b>Total</b>	<b>22,603</b>	<b>929</b>	<b>1,898</b>	<b>1,148,949</b>	<b>1,174,379</b>

	31 December 2022				Total RMB'000
	Overdue within 3 months (inclusive) RMB'000	Overdue more than 3 months to 6 months (inclusive) RMB'000	Overdue more than 6 months to one year (inclusive) RMB'000	Overdue more than one year RMB'000	
Collateralised loans	5,025	1,672	6,410	55,558	68,665
Guaranteed loans	–	–	–	1,141,250	1,141,250
<b>Total</b>	<b>5,025</b>	<b>1,672</b>	<b>6,410</b>	<b>1,196,808</b>	<b>1,209,915</b>

Repayment of loans is to follow contractual repayment schedule. Under the circumstance that any of loans' principal or interest is overdue according to the contractual repayment schedule, the entire loans balance is classified as overdue loan. All amounts are shown as gross amount of overdue loans and advances to customers before impairment losses under ECL model.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

9. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by methods for assessing impairment losses under ECL model

	30 June 2023			Total RMB'000
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL for not credit- impaired RMB'000	Stage 3 Lifetime ECL for credit- impaired RMB'000	
Gross loans and advances to customers (including accrued interest)	2,027,656	23,204	1,154,192	3,205,052
Less: allowances for impairment losses	(91,429)	(5,679)	(1,154,192)	(1,251,300)
Net loans and advances to customers	1,936,227	17,525	–	1,953,752
Provision ratio	4.51%	24.47%	100.00%	

	31 December 2022			Total RMB'000
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL for not credit- impaired RMB'000	Stage 3 Lifetime ECL for credit- impaired RMB'000	
Gross loans and advances to customers (including accrued interest)	559,075	4,202	1,205,713	1,768,990
Less: allowances for impairment losses	(7,195)	(1,383)	(1,205,473)	(1,214,051)
Net loans and advances to customers	551,880	2,819	240	554,939
Provision ratio	1.29%	32.91%	99.98%	

During the six months ended 30 June 2023, the increase of impairment losses recognised under ECL model was mainly arising from the additions of loans and advances to customers.

During the period end 30 June 2022, there was no material loans balances that were transferred of stages under ECL model. The change of impairment losses recognised under ECL model was mainly arising from the repayments of loans and advances to customers.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

## 10. PROPERTY AND EQUIPMENT

During the current interim period, the Company spent RMB5,706 thousand on acquisitions of office and other equipment for daily operation. No material addition during the period ended 30 June 2022.

During the current interim period, the depreciation of property and equipment and right-of-use assets is as stated in Note 5(c).

## 11. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Deferred tax assets	20,275	20,275
Deferred tax liabilities	-	-
	<b>20,275</b>	20,275

The components of deferred tax assets recognised in the condensed statement of financial position and the movements during the current and prior periods are as follows:

<b>Deferred tax arising from:</b>	<b>Impairment loss under ECL model RMB'000</b>	<b>Subsidies for retail loans and advances to customers RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2022 (audited)	441,548	7,023	904	449,475
Charged to profit or loss	(168,137)	(3,370)	(116)	(171,623)
At 30 June 2022 (unaudited)	273,411	3,653	788	277,852
Charged to profit or loss	(255,935)	(1,719)	77	(257,577)
At 31 December 2022 (audited)	17,476	1,934	865	20,275
Charged to profit or loss	1,199	(1,146)	(53)	-
At 30 June 2023 (unaudited)	<b>18,675</b>	<b>788</b>	<b>812</b>	<b>20,275</b>

At as 30 June 2023, the Company has not recognised deferred tax asset on deductible temporary differences amounting to RMB1,211,713 thousand (31 December 2022: RMB1,193,417 thousand) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

## 12. GUARANTEE DEPOSITS

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Deposits from service providers for retail loans	<b>63,433</b>	21,512
Deposits from dealers for retail loans	<b>2,318</b>	2,417
Deposits from finance lease clients	<b>494</b>	494
<b>Total</b>	<b>66,245</b>	24,423

## 13. OTHER LIABILITIES

	Note	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Other payables	(i)	<b>73,200</b>	82,101
Advance receipts		<b>1,219</b>	1,956
<b>Total</b>		<b>74,419</b>	84,057

Note:

(i) Other payables

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Payables of joint loans	<b>9,441</b>	17,845
IPO service fees payable	<b>28,626</b>	27,735
Other payables to service suppliers	<b>14,582</b>	13,348
Brokerage fees payable	<b>12,641</b>	12,247
Accrued employee benefits	<b>5,035</b>	9,097
Other taxes payable and surcharges	<b>370</b>	720
Others	<b>2,505</b>	1,109
<b>Total</b>	<b>73,200</b>	82,101

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

## 14. CAPITAL AND RESERVES

### (a) Dividends

No dividend was declared or paid to equity shareholders of the Company attributable to the six months ended 30 June 2023 and 2022.

### (b) Share capital of the Company

	30 June 2023		31 December 2022	
	Number of shares (thousand)	Nominal value RMB'000	Number of shares (thousand)	Nominal value RMB'000
Unlisted Foreign Shares	1,520,000	1,520,000	1,520,000	1,520,000
Domestic Shares	80,000	80,000	80,000	80,000
H Shares	539,651	539,651	539,651	539,651
<b>Total</b>	<b>2,139,651</b>	<b>2,139,651</b>	2,139,651	2,139,651

As at 30 June 2023 and 31 December 2022, the Company's aggregate share capital was RMB2,139,651,400 divided into 2,139,651,400 ordinary shares of the Company at RMB1 each, representing 539,651,400 H Shares (Note), 80,000,000 Domestic Shares (Note) and 1,520,000,000 Unlisted Foreign Shares (Note).

Note:

Unlisted Foreign Shares being issued ordinary shares of the Company with a nominal value of RMB1 each, which are subscribed for or credited as fully paid in foreign currency and originally issued to persons other than PRC nationals or PRC-incorporated entities and are not listed on any stock exchange.

Domestic Shares being issued ordinary shares of the Company with a nominal value of RMB1 each, which are subscribed for or credited as fully paid in RMB and originally issued by the Company to domestic investor(s) for subscription in RMB.

H shares being issued ordinary shares of the Company with a nominal value of RMB1 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Stock Exchange.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

for the six months ended 30 June 2023

**15. MATERIAL RELATED PARTY TRANSACTIONS**

The following significant transactions were carried out between the Company and its related parties during the reporting period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Company and the respective related parties.

**(a) Significant transactions with related parties**

Relationships	Nature of transactions	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
A fellow subsidiary	Fee and commission income earned	45,540	–
Former fellow subsidiaries	Interest income earned	–	31,300

**(b) Balances with related parties**

As at 30 June 2023, the Company had the following material balances with fellow subsidiaries.

	30 June 2023 RMB'000 (unaudited)
<b>Asset</b>	
Other assets	6,273

As at 30 June 2023, the balance of other assets represent fee and commission income receivables from fellow subsidiaries which arised from the financial consultation services.

As at 31 December 2022, the Company had no material balances with related parties.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

## 15. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Transactions and balances with other government-related entities

The Company is ultimately controlled by the PRC government and the Company operates in an economic environment currently predominated by entities controlled by the PRC government.

In addition, as at 30 June 2023 and 31 December 2022, the Company itself is a subsidiary company under SAIC Motor which is controlled by the PRC government.

During the periods, other than related party transactions disclosed above, the Company entered into transactions with government-related entities including, but are not limited to, deposits placement and joint loans business.

The Company considers that these transactions are activities conducted in the ordinary course of business, and that the dealings of the Company have not been significantly or unduly affected by the fact that the Company and those entities are government related. The Company has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government authorities, agencies, subsidiaries and other entities under control of state.

### (d) Directors and key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's directors and supervisors and the Company's senior management, is as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Salaries and other emoluments	4,634	4,424
Retirement benefit scheme contribution	294	185
Total	4,928	4,609

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

for the six months ended 30 June 2023

**16. SEGMENT REPORTING**

**Business segment**

The Company manages its businesses by business segments. In a manner consistent with the way in which information is reported internally to the Company's most senior executive management for the purposes of resource allocation and performance assessment, the Company has presented the following reportable segments:

- Retail business: this segment represents the Company's retail business provided to automotive end customers. The Company's retail business facilitates its customers' purchase of passenger vehicles. These products and services include i) direct loans where the Company grants automobile retail loans to customers with its own funding and charge customers interests on the loans; ii) loan facilitation services; iii) joint loan arrangement and iv) direct lease services; and
- Dealer loans business: this segment represents the Company's dealer loans provided to automobile dealers to facilitate their purchase of vehicles and accessories.

	<b>For the six months ended 30 June 2023</b>		
	<b>Retail business RMB'000 (unaudited)</b>	<b>Dealer loans business RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
Interest income	52,164	-	52,164
Net fee and commission income	48,618	-	48,618
Recognition of impairment losses under ECL model	(28,349)	-	(28,349)
<b>Segment profit</b>	<b>72,433</b>	<b>-</b>	<b>72,433</b>
Unallocated interest income			33,784
Unallocated recognition of impairment losses under ECL model			(1,259)
Other net expenses			(918)
Depreciation and amortisation			(3,902)
Other operating expenses			(70,504)
Finance costs			(107)
<b>Profit before tax</b>			<b>29,527</b>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

16. SEGMENT REPORTING (CONTINUED)

Business segment (Continued)

	As at 30 June 2023		
	Retail business RMB'000 (unaudited)	Dealer loans business RMB'000 (unaudited)	Total RMB'000 (unaudited)
<b>Segment assets</b>			
Loans and advances to customers	1,953,752	–	1,953,752
Other assets	7,722	–	7,722
Segment assets	1,961,474	–	1,961,474
Unallocated other assets			5,086
Other unallocated assets			1,563,092
<b>Total assets</b>			<b>3,529,652</b>
<b>Segment liabilities</b>			
Guarantee deposits	(66,245)	–	(66,245)
Other liabilities	(19,795)	–	(19,795)
Segment liabilities	(86,040)	–	(86,040)
Unallocated other liabilities			(54,624)
Other unallocated liabilities			(11,840)
<b>Total liabilities</b>			<b>(152,504)</b>
	For the six months ended 30 June 2022		
	Retail business RMB'000 (unaudited)	Dealer loans business RMB'000 (unaudited)	Total RMB'000 (unaudited)
Interest income	46,480	30,132	76,612
Net fee and commission income	10,562	–	10,562
Reversal of impairment losses under ECL model	10,596	441,478	452,074
<b>Segment profit</b>	67,638	471,610	539,248
Unallocated interest income			3,690
Other net expenses			(5,504)
Depreciation and amortisation			(7,697)
Other operating expenses			(44,173)
Finance costs			(388)
<b>Profit before tax</b>			<b>485,176</b>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
for the six months ended 30 June 2023

16. SEGMENT REPORTING (CONTINUED)

Business segment (Continued)

	As at 31 December 2022		
	Retail business RMB'000 (audited)	Dealer loans business RMB'000 (audited)	Total RMB'000 (audited)
<b>Segment assets</b>			
Loans and advances to customers	554,939	–	554,939
Finance lease receivables	14	–	14
Other assets	1,321	–	1,321
Segment assets	556,274	–	556,274
Unallocated other assets			13,820
Other unallocated assets			2,902,232
<b>Total assets</b>			<b>3,472,326</b>
<b>Segment liabilities</b>			
Guarantee deposits	(24,423)	–	(24,423)
Other liabilities	(20,243)	–	(20,243)
Segment liabilities	(44,666)	–	(44,666)
Unallocated other liabilities			(63,814)
Other unallocated liabilities			(4,282)
<b>Total liabilities</b>			<b>(112,762)</b>

Since 2021, the Company did not grant new dealer loans and all existing loans related to this business were matured gradually since after. As at 30 June 2023, all the outstanding dealer loans are credit-impaired under the ECL model with provision ratio of 100%. The distinguishment of the Company's dealer loans business during the period, in this regards, does not constitute a discontinued operation.

## DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	audit committee of the Board
“Board”	the board of Directors
“Company”	Shanghai Dongzheng Automotive Finance Co., Ltd*. (上海東正汽車金融股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Stock Exchange (stock code: 2718)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1 each, which are subscribed for or credited as fully paid in Renminbi and originally issued by the Company to domestic investor(s) for subscription in RMB
“H Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, and for the purpose of this report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SAIC Motor”	SAIC Motor Corporation Limited* (上海汽車集團股份有限公司), a controlling shareholder of the Company and a company listed on the Shanghai Stock Exchange (stock code: 600104)
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares in the share capital of the Company, including Domestic Shares, Unlisted Foreign Shares and H Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“Supervisor(s)”	the supervisor(s) of the Company
“Unlisted Foreign Share(s)”	issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB1 each, which are subscribed for or credited as fully paid in foreign currency and originally issued to persons other than PRC nationals or PRC-incorporated entities and are not listed on any stock exchange
“%”	per cent.