ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

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

[To insert letterhead] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XXF GROUP HOLDINGS LIMITED AND QUAM CAPITAL LIMITED

Introduction

We report on the historical financial information of XXF Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-84, which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, statements of financial position of the Company as at 31 December 2020, 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-84 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountant's responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2020, 2021 and 2022 and the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by XXF Group Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong, [Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	5	749,761	1,171,262	1,141,526
Cost of revenue	8	(446,163)	(809,506)	(767,079)
Gross profit		303,598	361,756	374,447
Selling and marketing expenses	8	(75,056)	(83,164)	(81,096)
Administrative expenses	8	(105,629)	(114,879)	(115,146)
Research and development expenses	8	(423)	(2,106)	(722)
Provision for credit loss		(2,098)	(3,870)	(4,877)
Fair value (loss)/gain on ordinary shares with redemption right		(6,932)	(4,153)	47,251
Other income, net	6	23,302	15,960	21,748
Other losses, net	7	(6,621)	(8,713)	(6,814)
Operating profit		130,141	160,831	234,791
Finance income	10	1,849	2,008	973
Finance cost	10	(111,021)	(119,829)	(143,991)
Finance cost, net		(109,172)	(117,821)	(143,018)
Profit before income tax		20,969	43,010	91,773
Income tax expenses	11	(10,716)	(12,323)	(14,691)
Profit for the year		10,253	30,687	77,082
Profit attributable to:				
— Owners of the Company		12,341	34,112	78,913
— Non-controlling interests		(2,088)	(3,425)	(1,831)
		10,253	30,687	77,082

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year		10,253	30,687	77,082
Other comprehensive income/(loss) for the year				
Items that will not be reclassified to profit or loss:				
Exchange difference arising from the translation of the Company's functional currency to presentation currency		9,778	5,631	(17,966)
Changes in fair value of ordinary share with redemption right due to own credit risk		—	—	2,432
Items that will be reclassified to profit or loss:				
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		2,376	(978)	1,554
		12,154	4,653	(13,980)
Total comprehensive income for the year		22,407	35,340	63,102
Total comprehensive income for the year attributable to:				
— Owners of the Company		24,495	38,765	64,993
— Non-controlling interests		(2,088)	(3,425)	(1,831)
		22,407	35,340	63,102
Earnings per share for profit attributable to owners of the Company for the year (RMB cents)				
— Basic	12	3.86	10.67	24.68
— Diluted	12	3.86	9.92	8.14

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020, 2021 and 2022

		As at 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property and equipment	14	431,171	353,138	367,704
Intangible assets	15	26,663	24,121	21,779
Finance lease receivables	18	622,386	832,569	910,270
Deposits	20	20,646	13,037	32,157
Financial assets at fair value through profit or loss	23	—	25,992	21,647
Deferred income tax assets	30	3,009	6,623	3,900
		1,103,875	1,255,480	1,357,457
Current assets				
Inventories	22	142,021	141,883	193,634
Finance lease receivables	18	379,303	464,397	560,061
Trade receivables	19	6,837	6,741	9,940
Prepayments, deposits and other receivables	20	238,405	244,535	265,968
Amounts due from shareholders	34	5,733	5,569	6,085
Restricted cash	21(b)	9,675	5,000	4,534
Cash and cash equivalents	21(a)	11,880	79,373	201,078
		793,854	947,498	1,241,300
Total assets		1,897,729	2,202,978	2,598,757
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	24	2,858	2,858	2,858
Other reserves and retained earnings	24, 25	393,681	432,446	497,379
		396,539	435,304	500,237
Non-controlling interests		11,633	8,208	6,377
Total equity		408,172	443,512	506,614

		As at 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Non-current liabilities				
Borrowings	28	447,380	656,219	884,842
Lease liabilities	14(b)	12,742	8,524	7,769
Ordinary shares with redemption right	29	177,886	—	—
		638,008	664,743	892,611
Current liabilities				
Borrowings	28	708,578	726,603	828,573
Ordinary shares with redemption right	29	—	196,640	163,129
Amounts due to shareholders	34	7,687	7,467	8,158
Trade payables	26	41,565	68,463	105,860
Other payables and accruals	27	83,054	78,544	78,939
Lease liabilities	14(b)	6,419	5,781	6,087
Current income tax payables		4,246	11,225	8,786
		851,549	1,094,723	1,199,532
Total liabilities		1,489,557	1,759,466	2,092,143
Total equity and liabilities		1,897,729	2,202,978	2,598,757

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY
As at 31 December 2020, 2021 and 2022

		As at 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current asset				
Investment in a subsidiary	16	1,013,379	1,002,856	1,095,671
Current assets				
Prepayments	20	12,136	6,485	8,646
Amounts due from shareholders	34	16,447	15,977	17,456
Cash and cash equivalents		4	16	44
		28,587	22,478	26,146
Total assets		1,041,966	1,025,334	1,121,817
Equity				
Equity attributable to equity holders of the Company				
Share capital	24	2,858	2,858	2,858
Other reserves	25	863,544	839,950	917,232
Accumulated losses	25	(28,118)	(51,489)	(14,408)
Total equity		838,284	791,319	905,682
Liabilities				
Non-current liabilities				
Ordinary shares with redemption right	29	177,886	—	—
Current liabilities				
Ordinary shares with redemption right	29	—	196,640	163,129
Accruals and other payables	27	2,872	2,747	5,352
Amounts due to subsidiaries		22,924	34,626	47,654
		25,796	234,013	216,135
Total liabilities		203,682	234,013	216,135
Total equity and liabilities		1,041,966	1,025,332	1,121,817

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium (*Note 25*)	Other reserves (*Note 25*)	Retained earnings (*Note 25*)	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020	2,858	326,067	1,180	41,939	372,044	13,721	385,765
Comprehensive income							
Profit for the year	—	—	—	12,341	12,341	(2,088)	10,253
Exchange difference arising from translation of functional currency to presentation currency	—	—	12,154	—	12,154	—	12,154
Total comprehensive income for the year	—	—	12,154	12,341	24,495	(2,088)	22,407
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	—	—	3,457	(3,457)	—	—	—
Total transactions with owners in their capacity as owners	—	—	3,457	(3,457)	—	—	—
Balance at 31 December 2020	2,858	326,067	16,791	50,823	396,539	11,633	408,172
Balance at 1 January 2021	2,858	326,067	16,791	50,823	396,539	11,633	408,172
Comprehensive income							
Profit for the year	—	—	—	34,112	34,112	(3,425)	30,687
Exchange difference arising from translation of functional currency to presentation currency	—	—	4,653	—	4,653	—	4,653
Total comprehensive income for the year	—	—	4,653	34,112	38,765	(3,425)	35,340
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	—	—	6,123	(6,123)	—	—	—
Total transactions with owners in their capacity as owners	—	—	6,123	(6,123)	—	—	—
Balance at 31 December 2021	2,858	326,067	27,567	78,812	435,304	8,208	443,512

	Share capital *RMB'000*	Share premium *(Note 25)* *RMB'000*	Other reserves *(Note 25)* *RMB'000*	Retained earnings *(Note 25)* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2022	2,858	326,067	27,567	78,812	435,304	8,208	443,512
Comprehensive income							
Profit for the period	—	—	—	78,913	78,913	(1,831)	77,082
Exchange difference arising from translation of functional currency to presentation currency	—	—	(16,412)	—	(16,412)	—	(16,412)
Changes in fair value of ordinary share with redemption right due to own credit risk	—	—	2,432	—	2,432	—	2,432
Total comprehensive income for the period	—	—	(13,980)	78,913	64,933	(1,831)	63,102
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	—	—	3,774	(3,774)	—	—	—
Total transactions with owners in their capacity as owners	—	—	3,774	(3,774)	—	—	—
Balance at 31 December 2022	2,858	326,067	17,361	153,951	500,237	6,377	506,614

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	31(a)	371,211	29,930	83,869
Income tax paid		(15,737)	(8,958)	(14,406)
Interest paid		(125,593)	(98,381)	(143,463)
Net cash generated from/(used in) from operating activities		229,881	(77,409)	(74,000)
Cash flows from investing activities				
Interest received		763	320	228
Proceeds from disposal of property and equipment	31(b)	8,023	24,615	29,823
Payment for purchase of property and equipment	31(c)	(166,908)	(45,623)	(137,912)
Payment for addition of intangible assets		(13,097)	(11,484)	(11,272)
Payment for acquisition of financial assets at fair value through profit or loss		—	(28,000)	—
Proceeds for sales of financial assets at fair value through profit or loss		—	2,000	—
Net cash used in investing activities		(171,219)	(58,172)	(119,133)

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Issuance of ordinary shares with redemption right	31(d)	—	20,000	—
Proceeds from borrowings	31(d)	638,873	1,168,915	1,338,324
Repayments of borrowings	31(d)	(772,327)	(963,754)	(1,003,175)
Repayment of lease liabilities	31(d)	(9,812)	(8,114)	(7,255)
Placement of deposits for borrowings		(6,625)	(16,986)	(29,216)
Redemption of deposits for borrowings		8,702	14,040	18,545
Prepaid **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Dividend paid to owners of the companies now comprising the Group		(13,509)	(6,323)	—
Capital injection to the Company upon issuance of shares to give effect to the Reorganisation		214,068	—	—
Deemed distribution to the shareholders of XXF Group for purchasing the **[REDACTED]** Business		(219,331)	—	—
Net cash (used in)/generated from financing activities		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Net (decrease)/increase in cash and cash equivalents		(104,347)	67,493	121,694
Cash and cash equivalents at beginning of year		119,160	11,880	79,373
Effect on foreign exchange rate difference		(2,933)	—	11
Cash and cash equivalents at end of year		11,880	79,373	201,078

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

The Company was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and the companies shown in Note 37 below now comprising the Group (together, the "Group") are principally engaged in the provision of automobile services, including automobiles retail, automobiles financing, automobiles rental and automobile-related services in the People's Republic of China (the "PRC") (the "**[REDACTED]** Business").

The ultimate owners of the Group are Mr. Huang Wei, Ms. Chen Jia, Mr. Liu Donghu, Mr. Pan Qiu, Ms. Mao Lin, Ms. Yang Yufen, Mr. Li Huan, Mr. Lin Yanfeng, Mr. Ye Fuwei, Mr. Liu Hao, Mr. Liu Wei, Mr. Liu Yonghui, Tengxin Investment Company Limited, Beijing Chesheng Technology Company Limited ("**[REDACTED]** Investor 1", see onshore reorganisation step (i) in Note 1.2), Zhuhai Wanhe Xingsheng Investment Management Center (Limited Partnership) ("**[REDACTED]** Investor 2", see onshore reorganisation steps (ii) and (iii) in Note 1.2), Ms. Choo Beng Hiang ("**[REDACTED]** Investor 3", see onshore reorganisation step (iv) in Note 1.2), Fuzhou Bojia Investment Co., Ltd., Hangzhou Chain Reaction Investment Partnership Enterprise (Limited Partnership) ("Hangzhou Chain Reaction") and Hangzhou Good Hope Chehang Investment Partnership Enterprise (Limited Partnership) ("Good Hope Chehang").

1.2 History of the Group

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the **[REDACTED]** Business was carried out by Xixiangfeng Finance Lease Group Co., Ltd. ("XXF Group", formerly known as formerly known as Fujian Xixiangfeng Automobile Service Co., Ltd. and Xixiangfeng Group Co., Ltd), and its subsidiaries (collectively, the "Operating Companies").

In preparation for the **[REDACTED]** of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**[REDACTED]**"), the Group underwent the Reorganisation which primarily consists of setting up holding an intermediate holding companies to form the Group, and also introduction of strategic investors to the Group. The Reorganisation is principally involved the following steps:

Onshore reorganisation steps

(i) On 27 November 2018, **[REDACTED]** Investor 1, **[REDACTED]** Investor 2, each of those being an independent party, entered into a series of agreements (collectively the "Investment Agreements") with XXF Group and all its then shareholders, pursuant to which XXF Group agreed to allot and issue 12,789,844 ordinary shares with redemption right of par value of RMB1.00 each to **[REDACTED]** Investor 1 for a total cash consideration of RMB30,000,000. The redemption right is to be cancelled upon success of **[REDACTED]**. The transaction was completed on 4 March 2019. (Series A Shares as described in Note 29)

(ii) Pursuant to the Investment Agreements, XXF Group agreed to allot and issue 21,316,406 ordinary shares with redemption right of par value of RMB1.00 each to the **[REDACTED]** Investor 2, for a total cash consideration of RMB50,000,000. The redemption right is to be cancelled upon success of **[REDACTED]**. The transaction was completed on 4 March 2019. (Series A Shares as described in Note 29)

(iii) Pursuant to the Investment Agreements, Hangzhou Chain Reaction agreed to transfer 21,316,406 shares of XXF Group to **[REDACTED]** Investor 2, for a total cash consideration of RMB50,000,000. Redemption right and certain other rights are given to shares acquired by **[REDACTED]** Investor 2 by XXF Group. The transaction was completed on 12 April 2019. (Series B Shares as described in Note 29)

(iv) On 30 April 2020, pursuant to a share transfer agreement entered into between Well Creative Investment Limited, a company incorporated in Hong Kong and wholly-owned by **[REDACTED]** Investor 3 and Hangzhou Good Hope Investment Management Company Limited ("Good Hope Investment"), Well Creative Investment Limited acquired 6,821,250 ordinary shares of XXF Group from Good Hope Investment at a consideration of RMB16,000,000.

(v) XXF Group (Hong Kong) Limited ("XXF HK") acquired the entire equity interest in XXF Group from the then registered shareholders of XXF Group as disclosed in the step (v) of the offshore reorganisation steps. As a result, XXF Group became a wholly foreign-owned enterprise and was wholly owned by the Company indirectly.

(vi) On 2 December 2019, pursuant to a share transfer agreement entered into between XXF Group and **[REDACTED]** Investor 1, XXF Group acquired 5.88% of equity interests in Fujian Xidi Automobile Sale Co., Ltd. ("Fujian Xidi") from **[REDACTED]** Investor 1 at a consideration of RMB20,000,000. (Series C Shares as described in Note 29)

Offshore reorganisation steps

(i) On 26 March 2019, Glorypearl Capital Resources Company Limited ("Glorypearl Capital") was incorporated in the BVI with limited liability. Glorypearl Capital issued and allotted 1 shares at USD1 to Mr. Huang Wei.

(ii) The Company was incorporated in the Cayman Islands on 29 March 2019. The initial authorised share capital of the Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Upon incorporation, one Share, representing the then entire issued share capital of the Company, was allotted and issued to the initial subscriber and such Share was transferred to Glorypearl Capital on the same day. The Company became a wholly-owned subsidiary of Glorypearl Capital.

(iii) On 8 March 2019, Celestial Bonanza Group Limited ("Celestial Bonanza") was incorporated in the British Virgin Islands (the "BVI") with limited liability and is authorised to issue 50,000 shares of a single class, each with a par value of US$1.00, of which 1 share has been allotted and issued to the Company for cash at par upon incorporation. Celestial Bonanza became a wholly-owned subsidiary of the Company.

(iv) XXF HK was incorporated in Hong Kong as a limited liability company on 2 May 2019 with the initial issued share capital of HK$1.00 of one share of HK$1.00, which was issued and allotted to the initial subscriber on the same day. On 9 May 2019, one share of XXF HK was transferred to Celestial Bonanza at the consideration of HK$1.00. XXF HK became an indirect wholly-owned subsidiary of the Company.

(v) During the period of 27 August 2019 to 28 November 2019, XXF HK acquired the entire equity interest in XXF Group from the then registered shareholders of XXF Group at the total consideration of RMB384,347,500, which was determined with reference to the paid-up share capital of XXF Group and/or their investment cost in XXF Group. During the same period, the Company issued and allotted a number of shares in the same portion to the respective then shareholders of XXF Group, totalling 319,746,093 ordinary shares and 55,422,656 ordinary shares with redemption right, with total proceed of RMB384,347,499. Upon the completion of the transactions, the Group was beneficially owned by the ultimate owners as disclosed in Note 1.1.

(vi) On 2 December 2019, an agreement was entered into between **[REDACTED]** Investor 1 and the Company. Pursuant to the agreement, the Company issued and allotted 6,821,250 ordinary shares with redemption right to Hit Drive Limited, an offshore investment holding company related to **[REDACTED]** Investor 1, at a consideration of RMB20,000,000, representing the consideration for XXF Group acquiring the 5.88% interests in Fujian Xidi as set out in onshore reorganisation step (vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

2.1 Basis of preparation

This note provides a list of significant accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years and periods presented, unless otherwise stated. The Historical Financial Information is for the Group consisting of the Company and the companies now comprising the Group.

(i) Compliance with IFRSs

The Historical Financial Information of the Group has been prepared in accordance with the principal accounting policies as set out below which are in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB").

(ii) Historical cost convention

The Historical Financial Information has been prepared on a historical cost basis, except for financial assets and financial liabilities (including derivative instruments) that are measured at fair value.

(iii) Critical accounting estimates

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

(iv) New standards, amendments and interpretation not yet adopted

Standards	**Subject of amendment**	**Effective for accounting period beginning on or after**
Amendments to IAS1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standard and amendments to standards on its results of operations and financial position. However, none of the above new standards and amendments to standards is expected to have a significant effect on the financial statements.

2.2 Principles of consolidation

(a) Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method of accounting to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Separate financial statements

Investments in subsidiaries are carried at cost less impairment. Cost includes direct attributable costs of investment. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODM"). The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that make strategic decisions.

2.4 Foreign currencies

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong Dollar ("HK$").

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within the "Finance cost, net". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "Other losses, net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Property and equipment

Property and equipment are initially stated at cost. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The property and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Right-of-use assets	Shorter of lease term or useful life
Building	30 years
Office equipment	5 years
Leasehold improvement	Shorter of lease term or 5 years
Automobiles	5–8 years

The assets' residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount (Note 2.7).

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

2.6 Intangible assets

The Group's intangible assets mainly include acquired computer software and self-developed software.

Intangible assets can be recognised only when future economic benefits expected to be obtained from the use of item will flow into the Group and its costs can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets with a finite useful life are amortised using the straight-line method over their estimated useful economic life. At each balance sheet date, intangible assets are reviewed for indications of impairment or changes in estimated future benefits. If such indications exit, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

(a) Acquired computer software

Separately acquired computer software are shown at historical cost. The computer software acquired are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(b) Self-developed applications

Costs associated with maintaining self-developed applications are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- it is technically feasible to complete the product and use or sell it;
- there is an ability to use or sell the products;
- it can be demonstrated how the products will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the products during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the application product include the application development employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria in (b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The estimated useful lives of intangible assets are as follows:

Software	5 years
Self-developed applications	3 years

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the each report date.

2.8 Financial assets

(a) Classification

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

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

- those to be measured at amortised cost.

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

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

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

(b) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when (1) the contractual rights to the cash flows from the asset expire, or (2) when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or (3) when it transfers the financial asset and gives up the control of the transferred assets though the Group neither transfers nor retains substantially all the risks and rewards of ownership. Where a transfer of a financial asset in its entirety meets the criteria for de-recognition, the difference between the two amounts below is recognised in the consolidated statement of profit and loss:

- the carrying amount of the financial asset transferred;

- the sum of the consideration received from the transfer and the cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

De-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

(c) Measurement

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

Debt instruments

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

- Financial assets measured at amortised cost

  The Group measures financial assets at amortised cost when both of the following conditions are met:

  — the asset is held within a business model whose objective is to collect the contractual cash flows; and

  — the contractual terms give rise to cash flows that are solely payments of principal and interest.

  Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

- Financial assets measured at fair value through other comprehensive income

  The Group measures financial assets at FVOCI when both of the following conditions are met:

  — the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

  — the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- Financial assets measured at fair value through profit or loss

  All financial assets that are other than those categorised as financial assets measured at amortised cost or financial assets at FVOCI are categorised as financial assets measured at FVPL.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and financial assets measured at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and finance lease receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of trade and finance lease receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

2.11 Inventories

Inventories mainly represent vehicles for finance lease and vehicle telematics equipment. Inventories are stated at the lower of cost and net realisable value. Cost of vehicle includes the purchase price of motor vehicle, licensing fee, tax and cost of telematics equipment installed.

Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

2.12 Cash and cash equivalent

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand and other short-term highly liquid investments with original maturities of three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, in the consolidated statements of financial position.

2.13 Share capital

Ordinary shares is classified as equity.

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

2.14 Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

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

2.16 Borrowing costs

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

All other borrowing costs are recognised in the consolidated statements of comprehensive income in the year in which they are incurred. The interest expenses associated with the borrowings of the Group, including cost of funding for finance lease and interest expenses for general operations, are recognised as finance costs.

2.17 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

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

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

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

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

2.18 Employee benefits

(a) Pension obligations

The Group participates in a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the consolidated statement of comprehensive income as and when incurred. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurance are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) Equity-settled share-based payment

Share-based payment expenses should be recognised over the period during which the employees provide the relevant services. This period may commence prior to the grant date. In this situation, the entity estimates the grant date fair value of the equity instruments for the purposes of recognising the services received during the period between service commencement date and grant date. Once the grant date has been established, the entity revises the earlier estimate so that the amounts recognised for services received is ultimately based on the grant date fair value of the equity instruments.

The fair value of shares granted to employees for consideration of par value was recognised as an expense over the relevant service period, being the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

2.19 Government grants

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

Government grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to assets are deducted against the carrying amount of the assets.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

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

2.21 Contingent liabilities

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of or more uncertain future events not wholly within the control of the Group.

(b) A present obligation that arises from past events but is not recognised because:

- It is not probably that an outflow of resources embodying economic benefit will be required to settle the obligations; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the consolidated statements of financial position of the Group.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sales of goods and services rendered in the ordinary course of the Group's activities, stated net of discounts and after eliminated sales within the Group. Revenue is recognised when or as the control of goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, revenue may be recognised over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates or enhances an asset that the customer controls as the Group performs; or

— does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction or that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

A contract liability is the Group's obligation to render the goods or services to a customer for which the Group has received consideration from the customer.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Sales of automobiles under finance lease arrangement

Revenue from sale of new motor vehicle under finance lease arrangement where the Group earns a selling margin as a dealer are recognised upon transfer of control to customer which generally coincides with the time when the motor vehicles are delivered and accepted by the customers, which is determined as the lower of the fair value of the underlying automobiles and the present value of the lease payment accruing to the Group. The corresponding leased asset is derecognised when finance lease receivables is recognised on the consolidated statements of financial position (Note 2.23(b)). Non-lease service component, if any, are separated and accounted under Note 2.22(d)(2).

(b) Finance lease income

The Group provides auto vehicle finance lease services to individual customers, with the sales of auto vehicles (Note 2.22(a)). The income under finance lease is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the finance lease receivables (Note 2.23(b)).

(c) Automobiles rental

The Group provides auto vehicle operating lease services to individual and corporate customers. Revenue from these services is recognised on a straight-line basis in accordance with the terms of the operating leases. For detail of the policy please refer to Note 2.23(b).

(d) Other automobile-related services

The Group operates automobile aftermarket service platform for car users to facilitates third party vendors to provide aftermarket usage solutions to car users during automobile usage life cycle. Facilitation income is charged to the business-end customer at a fixed percentage of the volume of transactions completed with no variable consideration and is not refundable. The Group recognises revenue when the facilitation services are completed.

Revenue from other services including promotion of insurance solutions provided by third party vendors is recognised when performance obligation is satisfied, and when the Group has an enforceable right to payment for performance completed to date.

2.23 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) The Group as a lessee

The Group leases various properties to operate its offices and stores. These leases are typically made for fixed periods of one to eight years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Neither extension nor termination options are included in property leases across the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities substantially include the net present value of fixed payments (including in-substance fixed payments). The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(b) The Group as a lessor

Operating leases

Leases of leased assets where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in consolidated statements of comprehensive income on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in consolidated statements of comprehensive income over the lease term on the same basis as the lease income. Contingent rents are recognised as income in consolidated statements of comprehensive income when earned.

Finance lease

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. When the Group earns a selling profit from dealership of automobile under finance lease. The Group will recognise as sales revenue (Note 2.23(a)), arising from the leased assets, at a lower of the fair value or present value of the minimum lease payments computed at a market interest rate. The difference between the sales revenue and the cost of sales is the selling profit or loss. The Group does not consider itself to be a dealer when leasing a repossessed automobile from previously default leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the consolidated statements of financial position and included in finance lease receivables. The difference between the gross receivables and the present value of the lease receivables is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivables to reduce both the principal and the unearned finance income. The finance income is recognised in consolidated statement of comprehensive income on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivables.

Initial direct costs incurred by the Group in negotiating and arranging finance leases is recognised in consolidated statements of comprehensive income in the financial period corresponding to the recognition of selling profit.

Finance lease receivables that are factored out to financial institutions with recourse to the Group is not derecognised until the recourse period has expired and the risk and rewards of the finance lease receivables have been fully transferred.

2.24 Vendor rebate

Volume-related vendor rebates are recognised as a deduction from cost of sales on accruals basis with reference to the expected entitlement earned up to the reporting date for each relevant supplier contract. Rebates relating to items purchased but still held at the reporting date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

2.25 Ordinary shares with redemption right

Ordinary shares with redemption right are redeemable upon occurrence of certain future events and at the option of the holders.

The ordinary shares with redemption right are designated as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised at finance costs in the consolidated statement of comprehensive income.

Subsequent to initial recognition, the ordinary shares with redemption right are carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income, except for the portion attributable to credit risk change that should be charged to other comprehensive income.

2.26 Dividend

Dividend declared to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group mainly operates with most of the transactions settled in Renminbi ("RMB"). In respect of transactions settled in Hong Kong Dollars, the Group did not have significant exposure to foreign exchange rate risk during the year due to these transactions being generally denominated in the functional currency of the respective group entities. Management does not consider there to be any significant currency risk associated with the Company.

(ii) Cash flow and fair value interest risk

The Group's interest rate risk mainly arises from the Group's borrowings, lease liabilities and finance lease receivables. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk; while borrowings, lease liabilities and finance lease receivables at fixed rates expose the Group to fair value interest rate risk.

If interest rates on the borrowings at variable rates had risen/fallen 100 basis points while all other variables had been held constant, the Group's profit after tax for the years ended 31 December 2020, 2021 and 2022 would have been approximately RMB1,125,000 lower/higher, RMB876,000 lower/higher and RMB354,000 lower/higher, respectively.

If interest rates on the cash and cash equivalents had risen/fallen 100 basis points while other variables had been held constant, the Group's profit after tax for the years ended 31 December 2020, 2021 and 2022 would have been approximately RMB64,000 higher/lower, RMB557,000 higher/lower and RMB2,065,000 higher/lower, respectively.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	As of 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Variable rate borrowings	149,984	116,738	47,139
Other borrowings			
— repricing dates:			
1 year or less	310,815	660,331	798,254
1 to 2 years	376,934	335,774	495,161
2 to 5 years	318,225	269,979	372,861
	1,155,958	1,382,822	1,713,415

The Group manages its interest rate risk by performing regular review and continually monitoring its interest rate exposure and tracking the sensitivity of projected net interest income under varying interest rate scenarios. To manage its exposure to interest rate risks, the Group regulates the proportion of variable rate borrowings in its financing portfolio and reacts to the change in interest rates through pricing of its finance leases to customers.

(b) Credit risk

Credit risk refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash at banks, trade and other receivables and finance lease receivables. For trade receivables and finance leases receivables, the Group adopts policy of dealing only with customers of appropriate credit profile. For other financial assets, the Group adopts the policy that exposure to credit risks are monitored on an ongoing basis.

Majority of bank balances and fixed deposits are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are state-owned or large medium sized commercial banks in the PRC and reputable banks or financial institution outside of the PRC and are assessed as having low credit risk. Therefore, the expected credit loss is minimal.

The Group has no significant concentration of credit risk. The Group has put in place policies to ensure that transactions are conducted with customers with an appropriate credit history. The Group will charge a market interest rate based on their credit worthiness. The Group also performs periodic credit evaluations of its customers based on their past payment patterns and other factors. For individual customers who purchased the motor vehicles under finance lease arrangement, the Group has policies in place to review their credit worthiness periodically after inception.

Credit risk policy

The Group has credit policy to monitor the level of credit risk. In general the credit record for each customer or debtor are regularly assessed, based on the customer or debtor's financial condition, their credit records and other factors such as current market condition.

For finance lease receivables, the Group monitors the credit worthiness of the customers closely with reference to factors such as instalment payment pattern and usage of automobiles by the Group's real time GPS tracking device. In the event of any delinquent payment, the Group keeps the right to collect the overdue interest on the default amount, until the overdue payment have been fully paid. Generally, if any monthly repayment is overdue for 20 to 30 days, the Group will arrange staff to repossess the leased assets, and engage in enforcement activities (including repayment reminders and negotiation with lessee) for repayment of overdue amounts. Those finance lease receivables, for which the customers missed the schedule instalment for three months or more, or the lessee is unlikely to pay the credit obligations to the Group in full, will be considered as default. The group has a designated team focusing on recovery of finance lease receivables that has become default. The team would execute various actions, including but not limited to, initialling legal proceeding against customers in default to recover the overdue receivables. The Group considers those finance lease receivables for write off when a lessee fails to make contractual payments for twelve months, and there is no realistic prospect of recovery.

For trade and other receivables, including amounts due from related parties, the Group monitors debtors with long outstanding balances and will engage in enforcement activities to recover the receivables due. The Group closely monitors trade and other receivables collection pattern. Those overdue trade and other receivables with financial difficulties, declining credit standing and poor historical payment pattern, are considered as default. The Group will write off these unrecovered receivables after all possible means of debt recovery activities.

Where finance lease receivables, trade or other receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated statements of comprehensive income.

Expected credit loss measurement

The simplified approach is applied for measuring the expected credit losses which use a lifetime expected loss allowance for all trade receivables and finance lease receivables. The measurement of expected credit losses is a probability-weighted estimate of credit losses, i.e. a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability-weighted estimate of credit losses is based on historical data, adjusted by forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. Generally, the loss given default is the difference between all contractual cash flows that are due to the Group in accordance with the contracts, and cash flows that the Group expects to receive ("expected cash shortfalls"), given that the Group has historically recovered partial amounts owing via the proceeds from the finance lease of collected vehicles and other legal means. The expected cash shortfalls are discounted using effective interest rate determined at initial recognition for trade receivables, and implied discount rate used in the measurement of the finance lease receivables for finance lease receivables.

Forward-looking information

The calculation of expected credit loss ("ECL") incorporates forward-looking information, includes, the Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for the receivable portfolio.

Judgment has been applied in this process of determining the key economic variables and their associated impact on the loss rate, forecasts of these economic variables are estimated by statistical method, and the impact of these economic variables on the loss rate was determined by statistical regression analysis. Economic variables identified included GDP growth, unemployment rates and money supply ("M1"), etc.

As at 31 December 2022, 2021 and 2020, the loss allowance was determined as follows for both trade receivables and finance lease receivables:

	As at 31 December 2022		
	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	RMB'000		*RMB'000*
Finance lease receivables:			
Not yet past due	1,398,133	0.11%	1,538
Past due:			
Less than 1 month	60,501	2.28%	1,380
1 to 3 months	14,569	21.42%	3,121
3 to 6 months	5,578	43.23%	2,411
6 to 12 months	3,331	100.00%	3,331
Over 1 year	1,515	100.00%	1,515
	1,483,627		13,296

	As at 31 December 2022		
	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	RMB'000		*RMB'000*
Trade receivables:			
Not yet past due	7,477	0.01%	1
Past due:			
Less than 6 months	2,061	1.01%	21
6 to 12 months	596	35.09%	209
1 to 2 years	189	80.69%	152
2 to 3 years	15	100.00%	15
Over 3 years	229	100.00%	229
	10,567		627
	1,494,194		13,923

	As at 31 December 2021		
	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	RMB'000		*RMB'000*
Finance lease receivables:			
Not yet past due	1,233,278	0.10%	1,234
Past due:			
Less than 1 month	54,337	2.00%	1,087
1 to 3 months	11,638	19.20%	2,234
3 to 6 months	4,158	45.46%	1,890
6 to 12 months	3,266	100.00%	3,266
Over 1 year	1,204	100.00%	1,204
	1,307,881		10,915
Trade receivables:			
Not yet past due	5,396	0.01%	1
Past due:			
Less than 6 months	1,305	0.17%	2
6 to 12 months	63	39.41%	24
1 to 2 years	25	84.44%	21
2 to 3 years	78	99.72%	78
Over 3 years	159	100.00%	159
	7,026		285
	1,314,907		11,200

	As at 31 December 2020		
	Gross carrying amount	**Expected loss rate**	**Loss allowance**
	RMB'000		*RMB'000*
Finance lease receivables:			
Not yet past due	955,256	0.12%	1,146
Past due:			
Less than 1 month	38,020	1.93%	734
1 to 3 months	10,806	21.00%	2,269
3 to 6 months	3,412	48.53%	1,656
6 to 12 months	2,723	100.00%	2,723
Over 1 year	844	100.00%	844
	1,011,061		9,372
Trade receivables:			
Not yet past due	4,588	0.00%	—
Past due:			
Less than 6 months	2,142	5.00%	107
6 to 12 months	121	10.00%	12
1 to 2 years	78	20.00%	16
2 to 3 years	85	50.00%	42
Over 3 years	92	100.00%	92
	7,106		269
	1,018,167		9,641

The ageing analysis of finance lease receivables and trade receivables are disclosed in Notes 18 and 19 of this Historical Financial Information respectively.

For other financial assets at amortised cost, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime expected credit losses. Management, considered among other factors, analysed historical pattern and concluded that the expected credit losses for other financial assets at amortised cost to be immaterial as the credit risk is assessed as low.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities. The fair value of non-current financial assets and liabilities are determined from the cash flows analyses, discounted at market bank borrowing rates of an equivalent instrument at reporting date.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	On demand/ Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020						
Trade payables	41,565	—	—	—	41,565	41,565
Other payables	48,170	—	—	—	48,170	48,170
Amounts due to shareholders	7,687	—	—	—	7,687	7,687
Lease liabilities	7,333	6,828	6,722	—	20,883	19,161
Ordinary shares with redemption right	—	188,228	—	—	188,228	177,886
Borrowings	773,436	332,582	155,251	—	1,261,269	1,155,958
	878,191	527,638	161,973	—	1,567,802	1,450,427
At 31 December 2021						
Trade payables	68,463	—	—	—	68,463	68,463
Other payables	37,869	—	—	—	37,869	37,869
Amounts due to shareholders	7,467	—	—	—	7,467	7,467
Lease liabilities	6,409	4,774	4,285	—	15,468	14,305
Ordinary shares with redemption right	206,656	—	—	—	206,656	196,640
Borrowings	831,872	437,155	323,693	—	1,592,720	1,382,822
	1,158,736	441,929	327,978	—	1,928,643	1,707,566
At 31 December 2022						
Trade payables	105,860	—	—	—	105,860	105,860
Other payables	33,186	—	—	—	33,186	33,186
Amounts due to shareholders	8,158	—	—	—	8,158	8,158
Lease liabilities	6,680	4,548	3,727	—	14,955	13,856
Ordinary shares with redemption right	237,768	—	—	—	237,768	163,129
Borrowings	961,026	585,085	405,718	—	1,951,829	1,713,415
	1,352,678	589,633	409,445	—	2,351,756	2,037,604

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and "lease liabilities" as shown in the consolidated statement of financial position) less cash and cash equivalents. The Group does not consider the amount of ordinary shares with redemption right when calculating net debt. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio of the Group as at 31 December 2020, 2021 and 2022 was as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total borrowings	1,155,958	1,382,822	1,713,415
Lease liabilities	19,161	14,305	13,856
Less: cash and cash equivalents	(11,880)	(79,373)	(201,078)
Net debt	1,163,239	1,317,754	1,526,193
Total equity	408,172	443,512	506,614
Total capital	1,571,411	1,761,266	2,032,807
Gearing ratio	74.03%	74.82%	75.08%

3.3 Fair value estimation

(a) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables, finance lease receivables, amounts due from related parties, cash and cash equivalents, restricted cash and; current financial liabilities, including trade payables, other payables and accruals, lease liabilities and borrowings, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial assets and liabilities approximate its fair value as at the reporting date.

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Recurring fair value measurements				
As at 31 December 2020				
Financial liabilities at FVPL				
Ordinary shares with redemption right	—	—	(177,886)	(177,886)
Total financial liabilities	—	—	(177,886)	(177,886)
Recurring fair value measurements				
As at 31 December 2021				
Financial assets at FVPL				
Assets-backed securities	3,234	—	2,758	5,992
Interest in a partnership	—	—	20,000	20,000
Total financial assets	3,234	—	22,758	25,992
Financial liabilities at FVPL				
Ordinary shares with redemption right	—	—	(196,640)	(196,640)
Total financial liabilities	—	—	(196,640)	(196,640)
Recurring fair value measurements				
As at 31 December 2022				
Financial assets at FVPL				
Interest in a partnership	—	—	21,647	21,647
Total financial assets	—	—	21,647	21,647
Financial liabilities at FVPL				
Ordinary shares with redemption right	—	—	(163,129)	(163,129)
Total financial liabilities	—	—	(163,129)	(163,129)

There were no transfer of financial assets and liabilities between the fair value hierarchy classification during the years ended 31 December 2020, 2021 and 2022.

Financial instrument in Level 1

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Financial instrument in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instrument in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(b) Fair value measurement using significant unobservable inputs (Level 3)

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Level 3 instruments of the Group's assets and liabilities include unlisted asset-backed securities, unlisted equity investment and ordinary shares with redemption right. The changes in ordinary shares with redemption right and their major assumptions used in the valuation, are presented in the Note 29.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Ordinary shares with redemption rights

Description	Fair value as at 31 December 2022 *RMB'000*	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Ordinary shares with redemption right	(163,129)	Discounted cash flow and equity allocation model	Volatility	52.20%	The higher the volatility, the higher the fair value
			Possibility under **[REDACTED]** scenario	90%	The higher the possibility under **[REDACTED]** scenario, the lower the fair value
			Long-term average growth	4.30%	The higher the long-term average growth rate, the higher the fair value

Description	Fair value as at 31 December 2021 *RMB'000*	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Ordinary shares with redemption right	(196,640)	Discounted cash flow and equity allocation model	Volatility	52.70%	The higher the volatility, the higher the fair value
			Possibility under **[REDACTED]** scenario	90%	The higher the possibility under **[REDACTED]** scenario, the lower the fair value
			Long-term average growth	10.89%	The higher the long-term average growth rate, the higher the fair value

Description	Fair value as at 31 December 2020 *RMB'000*	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Ordinary shares with redemption right	(177,886)	Discounted cash flow and equity allocation model	Volatility	51.10%	The higher the volatility, the higher the fair value
			Possibility under **[REDACTED]** scenario	90%	The higher the possibility under **[REDACTED]** scenario, the lower the fair value
			Long-term average growth	11.05%	The higher the long-term average growth rate, the higher the fair value

If the Group's volatility had increased/decreased by 5% with all other variables held constant, the profit before income tax for the year ended 31 December 2020, 2021 and 2022 would have been approximately RMB347,000 higher/RMB350,000 lower, RMB319,000 higher/RMB385,000 lower and RMB207,000 higher/RMB201,000 lower.

If the possibility under **[REDACTED]** scenario had increased/decreased by 5% with all other variables held constant, the profit before income tax for the year ended 31 December 2020, 2021 and 2022 would have been approximately RMB2,269,000 lower/higher, RMB4,302,000 lower/higher and RMB4,860,000 lower/higher.

If the long-term average growth rate had increased/decreased by 2% with all other variables held constant, the profit before income tax for the year ended 31 December 2020, 2021 and 2022 would have been approximately RMB21,143,000 higher/RMB19,921,000 lower, RMB24,030,000 higher/RMB22,758,000 lower and RMB17,763,000 higher/RMB16,717,000 lower.

Unlisted assets-backed securities

For unlisted assets-backed securities, bond yield of 8.26% was the significant unobservable input applied for the fair value as at 31 December 2021. If the bond yield had increased/decreased by 5% with all other variables held constant, the profit before income tax for the year ended 31 December 2021 would have been approximately RMB129,000 lower/RMB142,000 higher.

Interest in a partnership

Description	Fair value as at 31 December 2022 *RMB'000*	Valuation technique	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Interest in a partnership	21,647	Market approach	Lack of marketability discount ("LoMD")	33.0%	The lower the LoMD, the higher the fair value

If the LoMD had increased/decreased by 5% with all other variables held constant, the profit before income tax for the year ended 31 December 2022 would have been RMB2,183,000 lower/RMB1,494,000 higher.

The fair value of interest in a partnership approximates its carrying amount of assets and liabilities as at 31 December 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Revenue recognition

The Group's finance lease service involves both income from dealership of automobiles and provision of financing to customer. The allocation of lease income towards sales of automobile revenue and finance lease income requires accounting estimation. The Group measures the fair value of the automobile and recognises revenue from sales of automobile upon inception of lease. The Group makes use of public information to measure the amount of automobiles selling price as the Group does not sell automobiles without financing services. Information such as, competitors and suppliers quotes for similar products are considered to estimate the selling price for sales of automobiles.

(b) Provision for credit losses of trade and other receivables and finance lease receivables

Management reviews its receivables for objective evidence of provision on a monthly basis. The provision policy for trade receivables and finance lease receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection of each customer and forward looking information. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional provision may be required.

Details of provision of expected credit losses are disclosed in Note 3.1(b).

(c) Current and deferred income tax

The Group is subject to income taxes under the PRC and Hong Kong. Significant judgement is required in determining the provision for income taxes in different jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, a deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits of the individual entities together with tax planning strategies.

(d) Estimation of fair value of financial liabilities at FVPL

The financial instruments issued by the Group including convertible bond and ordinary shares with redemption right are not traded in an active market and the respective fair values are determined using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Group and the equity allocation model was adopted to determine the fair value of the ordinary shares with redemption right. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 29. Any changes in key assumptions (as disclosed in note 3.3) used in the equity allocation model and the binomial model will have impacts on the fair values.

(e) Impairment of non-financial assets

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets are impaired, which requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. For the purpose of assessing impairment, assets (including intangible assets) are grouped at the lowest level for which there are separately identifiable cash flows (a CGU). The recoverable amount of the CGU has been determined higher of value in use or fair value less cost of disposal. These calculations require the use of estimates, including operating results, income and expenses of the business, future economic conditions on growth rates and future returns.

5 REVENUE AND SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors regard the Group's business as a single operating segment and review financial information accordingly.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. There was no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

Geographical information

The Group's revenue is mainly derived from customers in the PRC. The principal assets of the Group were also located in the PRC as at 31 December 2020, 2021 and 2022. Accordingly, no analysis by geographical segment is provided.

Information about major customers

There are no single external customers contributed to more than 10% revenue of the Group during the years ended 31 December 2020, 2021 and 2022.

Revenue during the Track Record Period are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Sales of automobiles under finance lease	362,934	777,856	734,600
Finance lease income	234,705	234,561	262,498
Operating lease income	132,606	144,163	126,018
Other automobile-related services	19,516	14,682	18,410
	749,761	1,171,262	1,141,526
Revenue from leases under IFRS 16	730,245	1,156,580	1,123,116
Revenue from contract with customer under IFRS 15	19,516	14,682	18,410
	749,761	1,171,262	1,141,526

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition for revenue from contract with customer under IFRS 15			
Recognised at a point in time	1,502	1,602	1,715
Recognised over time	18,014	13,080	16,695
	19,516	14,682	18,410

Liabilities related to contract with customers

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities, included in other payables and accruals *(Note 27)*	1,998	1,644	910

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	394	1,998	1,644

All contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15 practical expedient, the transaction price allocated to the unsatisfied performance obligations is not disclosed.

6 OTHER INCOME, NET

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note)*	24,395	16,676	22,638
Donation	(395)	—	(340)
Others	(698)	(716)	(550)
	23,302	15,960	21,748

Note: Government grants primarily consist of the fiscal support that local governments offer to the Group entities engaged in the finance leasing business in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

7 OTHER LOSSES, NET

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Loss on disposal of property and equipment, net	(927)	(2,822)	(2,062)
Others	(5,694)	(5,891)	(4,752)
	(6,621)	(8,713)	(6,814)

8 EXPENSES BY NATURE

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Costs of inventory	305,900	633,364	595,601
Sales commission	1,028	75	194
Auto-insurance premium	40,153	35,923	37,356
Employee benefit expenses *(Note 9)*	109,823	120,530	120,558
Advertising expenses	8,537	10,834	8,423
Depreciation expenses *(Note 14)*	86,996	102,583	98,267
Amortisation expenses *(Note 15)*	10,357	14,026	13,614
Transportation expenses	3,217	4,027	3,648
Rental expenses	2,402	4,295	2,584
Traffic contravention penalty and handling fee	4,818	5,688	4,305
Travelling expenses	6,160	5,187	6,971
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Auditors' remuneration	272	721	315
Legal and professional expenses	2,867	3,391	4,245
Office expenses	4,989	4,632	4,666
Motor vehicle expenses	12,792	13,245	13,401
Provision for inventories	2,876	7,674	6,886
Repair and maintenance	6,615	9,937	10,615
Other taxes	2,270	6,868	9,268
Other expenses	10,566	8,924	9,432
	[REDACTED]	**[REDACTED]**	**[REDACTED]**

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING SALES COMMISSION TO STAFF)

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	94,740	77,969	75,165
Contribution to defined contribution plans and social security costs	9,659	16,492	15,970
Sales commission	15,200	30,759	31,284
	119,599	125,220	122,419
Capitalised as intangible assets	(9,776)	(4,690)	(1,861)
	109,823	120,530	120,558

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2020, 2021 and 2022 include 2, 2 and 3 directors whose emoluments are reflected in the analysis shown in Note 35. The emoluments payable to the remaining 3, 3 and 2 individuals for each of the years ended 31 December 2020, 2021 and 2022 are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	2,535	2,000	1,092
Contribution to defined contribution plans and social security costs	140	257	128
	2,675	2,257	1,220

The emoluments fell within the following bands:

	Year ended 31 December		
	2020	**2021**	**2022**
HK$500,001 to HK$1,000,000	2	3	2
HK$1,000,001 to HK$1,500,000	1	—	—
	3	3	2

10 FINANCE COST, NET

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Finance cost:			
Costs of funding *(Note)*	(98,682)	(108,831)	(131,381)
Interest expenses on other borrowings	(10,887)	(10,122)	(11,807)
Interest expenses on lease liabilities	(1,452)	(876)	(803)
	(111,021)	(119,829)	(143,991)
Finance income:			
Bank interest income	763	320	228
Net gain on extension of borrowing from **[REDACTED]** Investor 1 *(Note 28)*	—	683	—
Imputed interest income from deposits for borrowings	1,086	1,005	745
	1,849	2,008	973
Finance cost, net	(109,172)	(117,821)	(143,018)

Note: Cost of funding represented finance cost for purchase of automobiles for lease.

11 INCOME TAX EXPENSES

The income tax expenses of the Group is analysed as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Income tax expenses			
Current income tax	1,887	15,937	11,968
Deferred income tax *(Note 30)*	8,829	(3,614)	2,723
	10,716	12,323	14,691

A reconciliation of the tax charge applicable to profit before income taxes using the applicable tax rates for relevant tax jurisdictions to the tax expenses is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	20,969	43,010	91,773
Tax calculated at PRC statutory income tax rate of 25%	5,242	10,753	22,943
Effect of preferential tax rates applicable to relevant jurisdictions/group entities	(373)	(426)	(624)
Tax effects of:			
Expenses not deductible for tax purposes	3,981	1,781	2,019
Income not taxable for tax purpose	—	—	(12,137)
Tax loss not recognised	1,866	1,775	1,250
Withholding tax	—	—	1,240
Additional tax deductible allowed	—	(1,560)	—
	10,716	12,323	14,691

For the years ended 31 December 2020, 2021 and 2022, the weighted average applicable tax rate were 23%, 23% and 24%, respectively. The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned or losses incurred by the group entities.

During the year ended 31 December 2022, income not taxable for tax purpose mainly represented the fair value gain of ordinary shares with redemption right.

1 Cayman Islands Income Tax

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

2 British Virgin Islands Income Tax

Under the current laws of the British Virgin Islands ("BVI"), the BVI subsidiary is not subject to tax on its income or capital gains. In addition, any payments of dividends are not subject to withholding tax in the BVI.

3 Hong Kong Income Tax

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

4 Withholding Tax

The Group is subject to withholding tax at the rate of 10% on the distributions of profits generated from the Group's major PRC subsidiaries which are directly owned by the Group's subsidiaries incorporated in Hong Kong.

5 PRC Enterprise Income Tax ("EIT")

The income tax of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits for the Track Record Period, other than two subsidiaries who certified as High and New Technology Enterprises (HNTE) which were entitled to concessionary tax rate of 15% for three consecutive years from 2019 to 2021 and 2020 to 2022, respectively. Since 2022, one of the certified subsidiary did not renew the HNTE Certificate and therefore the tax rate was changed to 25%.

12 EARNINGS PER SHARE

	Year ended 31 December		
	2020	**2021**	**2022**
Profit attributable to owners of the Company (RMB'000)	12,341	34,112	78,913
Weighted average number of ordinary shares in issue	319,746,094	319,746,094	319,746,094
Diluted impact on profit (RMB'000)	—	4,153	(47,251)
Diluted profit attributable to owners of the Company (RMB'000)	12,341	38,265	31,662
Numbers of ordinary shares with redemption right with potential dilutive effect	—	65,935,366	69,189,179
Weighted average number of issued ordinary shares for calculating diluted profit per share	319,746,094	385,729,262	388,395,273
Profit per share			
— Basic (RMB cents per share)	3.86	10.67	24.68
— Diluted (RMB cents per share)	3.86	9.92	8.14

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

The earnings per share presented below has not been taken into account the proposed **[REDACTED]** pursuant to the resolutions by the shareholders passed on [date] as the proposed **[REDACTED]** has not become effective as at the date of this report.

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted earnings per share for the years ended 31 December 2020 were the same as the basic earnings per share as the effect of the ordinary shares with redemption right would have been anti-dilutive.

For the year ended 31 December 2021 and 2022, the ordinary share with redemption right was dilutive and has been taken into account in the calculation of diluted EPS.

13 DIVIDEND

No dividend has been paid or declared by the Company since its incorporation.

14 PROPERTY AND EQUIPMENT

(a) Property and equipment

	Right-of-use assets	Building	Office equipment	Auto-mobiles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2020						
Cost	52,900	4,638	11,282	348,025	20,007	436,852
Accumulated depreciation	(23,091)	(664)	(5,447)	(35,970)	(9,068)	(74,240)
Net book amount	29,809	3,974	5,835	312,055	10,939	362,612
For the year ended 31 December 2020						
Opening net book amount	29,809	3,974	5,835	312,055	10,939	362,612
Addition	1,928	—	368	169,578	291	172,165
Depreciation charge	(9,115)	(144)	(2,048)	(71,793)	(3,896)	(86,996)
Transfer to inventories	—	—	—	(3,005)	—	(3,005)
Disposal	(4,507)	—	(315)	(8,783)	—	(13,605)
Closing net book amount	18,115	3,830	3,840	398,052	7,334	431,171
As of 31 December 2020						
Cost	45,506	4,638	10,930	501,913	20,298	583,285
Accumulated depreciation	(27,391)	(808)	(7,090)	(103,861)	(12,964)	(152,114)
Net book amount	18,115	3,830	3,840	398,052	7,334	431,171
For the year ended 31 December 2021						
Opening net book amount	18,115	3,830	3,840	398,052	7,334	431,171
Addition	7,819	—	1,442	50,538	5,771	65,570
Depreciation charge	(7,124)	(145)	(1,626)	(89,609)	(4,079)	(102,583)
Transfer to inventories	—	—	—	(9,022)	—	(9,022)
Disposal	(4,874)	—	(1,261)	(25,863)	—	(31,998)
Closing net book amount	13,936	3,685	2,395	324,096	9,026	353,138

	Right-of-use assets	Building	Office equipment	Automobiles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of 31 December 2021						
Cost	48,451	4,638	10,329	511,206	26,069	600,693
Accumulated depreciation	(34,515)	(953)	(7,934)	(187,110)	(17,043)	(247,555)
Net book amount	13,936	3,685	2,395	324,096	9,026	353,138
For the year ended 31 December 2022						
Opening net book amount	13,936	3,685	2,395	324,096	9,026	353,138
Addition	6,861	—	358	206,018	344	213,581
Depreciation charge	(6,940)	(145)	(1,093)	(86,845)	(3,244)	(98,267)
Transfer to inventories	—	—	—	(68,808)	—	(68,808)
Disposal	(211)	—	(34)	(31,695)	—	(31,940)
Closing net book amount	13,646	3,540	1,626	342,766	6,126	367,704
As of 31 December 2022						
Cost	54,209	4,638	10,427	530,963	26,413	626,650
Accumulated depreciation	(40,563)	(1,098)	(8,801)	(188,197)	(20,287)	(258,946)
Net book amount	13,646	3,540	1,626	342,766	6,126	367,704

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	70,288	88,192	83,357
Selling and marketing expenses	9,547	8,233	7,376
Administrative expenses	7,161	6,158	7,534
Research and development expenses	—	—	—
	86,996	102,583	98,267

As at 31 December 2020, 2021 and 2022, automobiles of RMB390,872,000, RMB317,981,000 and RMB247,673,000 were subject to operating leases, respectively.

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following balances relating to the leases:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Office and shop premises	17,936	13,831	13,512
Staff quarters	179	79	114
Car parks	—	26	20
	18,115	13,936	13,646
Lease liabilities			
Current	6,419	5,781	6,087
Non-current	12,742	8,524	7,769
	19,161	14,305	13,856

Additions to the right-of-use assets during the year ended 31 December 2020, 2021 and 2022 amounted to RMB1,928,000, RMB7,819,000 and RMB6,861,000, representing the lease of office and shop premises, staff quarters and car parks.

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to the leases:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets *(Note 8)*	9,115	7,124	6,940
Expenses relating to short-term leases *(Note 8)*	2,402	4,295	2,584
Interest expense *(Note 10)*	1,452	876	803
	12,969	12,295	10,327

Depreciation expenses related to right-of-use assets are recognised as below:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Office and shop premises	8,560	6,977	6,853
Staff quarters	405	146	82
Car parks	150	1	5
	9,115	7,124	6,940

The total cash outflow for leases for the years ended 31 December 2020, 2021 and 2022 amounted to RMB13,666,000, RMB13,285,000 and RMB11,688,000.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various properties including office, shop premises, staff quarters and car parks. The lease terms are between one to seven years.

Lease entered by the Group were generally with lease term of 1 to 7 years without renewal option. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets must not be used as security for borrowing purposes.

15 INTANGIBLE ASSETS

	Computer software	**Self-developed application**	**Intangible assets under development**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of 1 January 2020				
Cost	5,377	25,948	4,686	36,011
Accumulated amortisation	(2,115)	(9,973)	—	(12,088)
Net book amount	3,262	15,975	4,686	23,923
For the year ended 31 December 2020				
Opening net book amount	3,262	15,975	4,686	23,923
Additions	1,729	—	11,368	13,097
Transfer upon completion	—	11,522	(11,522)	—
Amortisation charge	(1,667)	(8,690)	—	(10,357)
Closing net book amount	3,324	18,807	4,532	26,663
As of 31 December 2020				
Cost	7,106	37,470	4,532	49,108
Accumulated amortisation	(3,782)	(18,663)	—	(22,445)
Net book amount	3,324	18,807	4,532	26,663

	Computer software	Self-developed application	Intangible assets under development	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2021				
Opening net book amount	3,324	18,807	4,532	26,663
Additions	163	—	11,321	11,484
Transfer upon completion	—	15,022	(15,022)	—
Amortisation charge	(2,258)	(11,768)	—	(14,026)
Closing net book amount	1,229	22,061	831	24,121
As of 31 December 2021				
Cost	7,269	52,493	831	60,593
Accumulated amortisation	(6,040)	(30,432)	—	(36,472)
Net book amount	1,229	22,061	831	24,121
For the year ended 31 December 2022				
Opening net book amount	1,229	22,061	831	24,121
Additions	—	—	11,272	11,272
Transfer upon completion	—	9,406	(9,406)	—
Amortisation charge	(991)	(12,623)	—	(13,614)
Closing net book amount	238	18,844	2,697	21,779
As of 31 December 2022				
Cost	7,269	61,900	2,697	71,866
Accumulated amortisation	(7,031)	(43,056)	—	(50,087)
Net book amount	238	18,844	2,697	21,779

Amortisation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenues	1,992	2,229	1,652
Selling expenses	3,495	6,968	8,833
Administrative expenses	4,870	4,829	3,129
	10,357	14,026	13,614

The intangible assets under development were completed within 1 year and no provision is provided.

Impairment assessment

The Group has developed the software which is internally used for finance lease operation. The Group has recognised RMB4,532,000, RMB831,000 and RMB2,697,000 of intangible assets under development as at 31 December 2020, 2021 and 2022 respectively based on the stage of completion. The intangible assets under development would be completed within 12 months and the amount would be transferred to "self-developed software" upon the completion.

The carrying amounts of intangible assets under development of RMB4,532,000, RMB831,000 and RMB2,697,000 as at 31 December 2020, 2021 and 2022 are attributable to the Group's CGU of finance lease business.

The recoverable amount of the CGU is determined based on a value-in-use calculation which uses cash flow projection based on a five-year financial budgets approved by the management. The financial budgets are prepared based on a five-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments and achievement of business targets.

For CGU of finance lease business, the pre-tax WACC applied to cash flow projections was around 15.1%. The pre-tax discount rate was derived from the post-tax weighted average cost of capital of the cash generating unit with adoption of Capital Asset Pricing Model ("**CAPM**") to estimate the cost of equity. The CAPM inputs, including levered beta and historical debt-to-capital ratio, were obtained via market data of comparable companies which are listed in major exchange markets and focused in the leasing industry and these inputs were relatively stable throughout the Track Record Period.

Other key assumptions to the valuation model used are as follows:

	As at 31 December		
	2020	**2021**	**2022**
Average yield of finance lease receivables	22.3%	20.4%	19.0%

As at 31 December 2020, 2021 and 2022, the management assessed the recoverable amount of the CGU and determined that no impairment loss was recognised for the capitalised development costs as the recoverable amounts exceeded the carrying amounts.

The estimated recoverable amount shall exceed its carrying amount (i.e. the headroom) as listed in below table:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
CGU of finance lease business	67,189	68,990	78,427

The directors of the Company performed sensitivity analysis based on the assumptions that revenue growth rate or average yield of finance lease receivables has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would decrease to the amounts as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
CGU of finance lease business			
— Average yield of finance lease receivables decrease by 1%	36,737	38,425	43,951
— Pre-tax WACC increase by 1%	28,516	28,524	32,422

The directors of the Company have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGU to exceed their respective recoverable amounts as at 31 December 2020, 2021 and 2022, respectively.

16 SUBSIDIARIES

The Company

The investment in a subsidiary of the Company represents the fair values of the **[REDACTED]** Business attributable to owners of the Company transferred under the Company upon the completion of the Reorganisation (Note 1.2) on 28 November 2019.

The management determined the fair value less cost of disposal of investment in subsidiary, being the equity value of the Group exclude the net liabilities of the Company to be higher than its carrying amount.

The Group

Particulars of the subsidiaries for the Group as at 31 December 2020, 2021 and 2022 are set out in Note 37.

Material non-controlling interests

The total non-controlling interests as at 31 December 2020, 2021 and 2022 represents net equity shared by non-controlling shareholders of RMB11,633,000, RMB8,208,000 and RMB6,377,000, respectively.

On 30 November 2017, the Group entered into an agreement with Ningde Transport Investment Group Company Limited ("Ningde Transport Investment") to incorporate Fujian ZyooCar where the Group owns 51% equity interest. 17,150,000 shares at RMB1.00 each were subscribed by Ningde Transport Investment Group Company Limited.

During the year ended 31 December 2022, the Group has entered in to a supplemental agreement with Ningde Transport Investment which was subsequently terminated during the year with no impact to the non-controlling interest as at 31 December 2022.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for the subsidiaries that has non-controlling interests that are material to the Group.

Summarised statements of financial position

	Fujian ZyooCar As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Assets	27,749	26,945	41,146
Liabilities	(19,782)	(19,695)	(30,664)
Current net assets	7,967	7,250	10,482
Non-current			
Assets	16,618	10,649	3,682
Liabilities	(845)	(1,149)	(1,149)
Non-current net assets	15,773	9,500	2,533
Net assets	23,740	16,750	13,015
Accumulated non-controlling interests	11,633	8,208	6,377

Summarised statements of comprehensive income

	Fujian ZyooCar Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	5,579	4,345	4,447
Loss before income tax	(4,252)	(6,997)	(3,632)
Income tax expense/(credits)	(9)	7	(104)
Loss for the year	(4,261)	(6,990)	(3,736)
Other comprehensive income	—	—	—
Total comprehensive loss	(4,261)	(6,990)	(3,736)
Total comprehensive loss allocated to non-controlling interests	(2,088)	(3,425)	(1,831)

Summarised cash flows

	Fujian ZyooCar		
	Year ended 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Cash generated from operations	1,563	1,573	621
Income tax paid	—	—	—
Net cash generated from operating activities	1,563	1,573	621
Net cash used in investing activities	(1,939)	(673)	(197)
Net cash generated from financing activities	—	—	—
Net (decrease)/increase in cash and cash equivalents	(376)	900	424
Cash and cash equivalents at beginning of year	494	118	1,018
Cash and cash equivalents at end of year	118	1,018	1,442

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Financial assets at fair value through profit or loss	—	25,992	21,647
Financial asset at amortised cost:			
Finance lease receivables *(Note 18)*	1,001,689	1,296,966	1,470,331
Trade receivables *(Note 19)*	6,837	6,741	9,940
Deposits and other receivables	70,723	81,083	95,478
Amounts due from shareholders	5,733	5,569	6,085
Restricted cash *(Note 21(b))*	9,675	5,000	4,534
Cash and cash equivalents *(Note 21(a))*	11,880	79,373	201,078
	1,106,537	1,500,724	1,809,093
Liabilities as per consolidated statements of financial position			
Financial liabilities at fair value through profit or loss:			
Ordinary shares with redemption right *(Note 29)*	177,886	196,640	163,129
Financial liabilities at amortised cost:			
Borrowings *(Note 28)*	1,155,958	1,382,822	1,713,415
Amounts due to shareholders	7,687	7,467	8,158
Lease liabilities *(Note 14(b))*	19,161	14,305	13,856
Trade payables *(Note 26)*	41,565	68,463	105,860
Other payables (excluding advances from customers, contract liabilities, staff costs and welfare accruals and other tax payables)	48,170	37,869	33,186
	1,450,427	1,707,566	2,037,604

18 FINANCE LEASE RECEIVABLES

The Group provides automobile financing lease services. Details of finance lease receivables as at 31 December 2020, 2021 and 2022 is as below:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Finance lease receivables			
— Finance lease receivables, gross	1,278,712	1,668,105	1,842,123
— Unearned finance income	(267,651)	(360,224)	(358,496)
Finance lease receivables, net	1,011,061	1,307,881	1,483,627
Less: allowance for impairment of finance lease receivables	(9,372)	(10,915)	(13,296)
Carrying amount of finance lease receivables	1,001,689	1,296,966	1,470,331

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Finance lease receivables, gross			
— Within one year	524,722	647,928	752,427
— Between one and two years	403,494	528,257	597,330
— Between two and five years	350,496	491,920	492,366
	1,278,712	1,668,105	1,842,123
Finance lease receivables, net			
— Within one year	383,816	469,316	566,894
— Between one and two years	318,039	409,520	479,080
— Between two and five years	309,206	429,045	437,653
	1,011,061	1,307,881	1,483,627

An ageing analysis of finance lease receivables is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Not past due	955,256	1,233,278	1,398,133
Past due			
Up to 1 month	38,020	54,337	60,501
1 to 3 months	10,806	11,638	14,569
3 to 6 months	3,412	4,158	5,578
6 to 12 months	2,723	3,266	3,331
Over 12 months	844	1,204	1,515
Finance lease receivables	1,011,061	1,307,881	1,483,627
Less: allowance for impairment of finance lease receivables	(9,372)	(10,915)	(13,296)
Carrying amount of finance lease receivables	1,001,689	1,296,966	1,470,331

As of 31 December 2020, 2021 and 2022, carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values at each of the reporting dates.

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	8,670	9,372	10,915
Recovery of finance receivables written-off	772	596	812
Charge for the year	2,389	4,275	4,520
Written-off	(2,459)	(3,328)	(2,951)
At end of year	9,372	10,915	13,296

19 TRADE RECEIVABLES

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	7,106	7,026	10,567
Less: allowance for impairment of trade receivables	(269)	(285)	(627)
	6,837	6,741	9,940

As of 31 December 2020, 2021 and 2022, the carrying amounts of trade receivables are primarily denominated in RMB and approximate their fair values at each of the reporting dates.

Trade receivables are non-interest bearing and are generally on 15 to 30 days terms. The credit terms are assessed and approved on a case by case basis.

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	6,572	6,591	9,052
3 to 6 months	51	108	445
Over 6 months	214	42	443
	6,837	6,741	9,940

Movements on the Group's allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	239	269	285
Charge for the year, net	30	16	342
At end of year	269	285	627

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Non-current assets:			
Deposits	20,646	13,037	32,157
	20,646	13,037	32,157
Current assets:			
Deposits	13,427	24,274	18,528
Purchase rebate receivables	5,641	2,811	4,880
Value added tax refund receivables	10,214	13,222	11,309
Other receivables	21,478	28,001	28,882
	50,760	68,308	63,599
Less: allowance on impairment of other receivables	(683)	(262)	(278)
	50,077	68,046	63,321
Total financial assets	70,723	81,083	95,478

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-financial assets			
Current			
Prepayment for inventories	41,813	61,217	62,232
Prepayment for auto-insurance premium	26,338	31,199	42,499
Prepaid **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepaid expenses	18,105	22,400	20,317
Other tax recoverable	94,570	55,988	70,823
Other receivables	1,238	1,205	1,603
Total non-financial assets	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total prepayments, deposits and other receivables	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

The Company

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current assets:			
Prepaid **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepaid expenses	5,872	2,005	3,473
	[REDACTED]	**[REDACTED]**	**[REDACTED]**

21 CASH AND BANK BALANCE

(a) Cash and cash equivalents

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash at licensed payment platforms *(Note (i))*	2,959	4,639	6,117
Cash at banks *(Note (ii))*	8,921	74,734	194,961
	11,880	79,373	201,078

Notes:

(i) Cash at licensed payment platforms, which are denominated in RMB, are deposited with major licensed payment platforms in the PRC. The balances are unsecured and non-interest bearing.

(ii) Cash at banks earns interest either at floating rates based on daily bank deposit rates or fixed rates determined at deposit dates, The Group's cash at banks denominated in RMB are deposited with reputable banks in the PRC with insignificant credit risk. As at 31 December 2020, 2021 and 2022, the Group had cash at banks amounting to RMB8,527,000, RMB74,283,000 and RMB194,701,000 respectively held in the PRC. These cash and banks are subject to the rules and regulations of foreign exchange control promulgated by the PRC securement.

The carrying amounts of the Group's cash at licensed payment platforms and cash at banks are denominated in the following currencies:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
RMB	11,809	79,310	200,768
HK$	71	63	310
	11,880	79,373	201,078

(b) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows (Note 31).

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Term deposits pledged for bills payable			
— Current	9,675	5,000	4,534

As of 31 December 2020, 2021 and 2022, the Group's restricted cash are denominated in Renminbi.

22 INVENTORIES

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Automobiles	146,130	148,151	197,625
Vehicle telematics equipment	1,655	1,559	2,106
	147,785	149,710	199,731
Provision for inventories	(5,764)	(7,827)	(6,097)
	142,021	141,883	193,634

Automobiles included new and repossessed automobiles. For the years ended 31 December 2020, 2021 and 2022, the cost of inventories recognised as expenses included in cost of revenue amounted to approximately RMB305,900,000, RMB633,364,000 and RMB595,601,000 respectively.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	**2022**
	RMB'000	*RMB'000*
At 1 January		
— Asset-backed securities	8,000	5,992
— Interest in a partnership	20,000	20,000
	28,000	25,992
Disposal of financial assets at fair value through profit or loss	(2,000)	(6,343)
Fair value (loss)/gain on revaluation recognised in profit or loss	(8)	1,998
	25,992	21,647

(a) Asset-backed securities

Asset-backed securities are denominated in RMB. Its fair value is analysed as follow:

	2021	**2022**
	RMB'000	*RMB'000*
At 1 January	—	5,992
Acquisition of financial assets at fair value through profit or loss	8,000	—
Fair value loss on revaluation recognised in profit or loss	(8)	351
Disposal/redemption of financial assets at fair value through profit or loss	(2,000)	(6,343)
At 31 December	5,992	—

On 31 March 2021, the Group acquired 80,000 units of asset-backed securities from Sinolink Securities Company Limited. The Group sold 20,000 units of asset-backed securities during the year ended 31 December 2021. The remaining 60,000 units of asset-backed securities were redeemed during the year ended 31 December 2022.

(b) Interest in a partnership

Name of entity	Place of incorporation	Principal place of operation	Measurement method	Proportion of issued shares/ registers capital held by the Group	As at 31 December 2021 *RMB'000*	As at 31 December 2022 *RMB'000*	Principal activities
杭州金木吉新能源科技合夥企業(有限合夥)	The PRC	The PRC	Fair value through profit or loss	33.33%	20,000	21,647	Investment in electric car charging ports

The limited partnership had a finite life of 7 years. The net assets value of the partnership will be distributed to the partners in proportion to the respective contribution ratio at the end of its term. The Group does not have control or significant influence over the limited partnership as a limited partner. As such, the interest in the limited partnership is measured at fair value through profit and loss.

Summarised financial information of a partnership

Summarised financial information in respect of a partnership is set out below. The summarised financial information below represents amounts shown in a partnership's financial statements prepared in accordance with IFRSs.

	As at 31 December 2021	As at 31 December 2022
	RMB'000	*RMB'000*
Current assets	33,285	64,095
Current liabilities	(243)	(1,688)

	Year ended 31 December 2021	Year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue	—	18,526
Expenses, including income tax	(25)	(16,161)
(Loss)/profit for the year	(25)	2,365

24 SHARE CAPITAL

Share capital of the Company

	Number of Ordinary shares	Share capital nominal value	
		HK$'000	*RMB'000*
Authorised:			
At 1 January 2020, 31 December 2020, 2021 and 2022	1,000,000,000	10,000	9,016
Issued and fully paid:			
At 1 January 2020, 31 December 2020, 2021 and 2022	319,746,094	3,198	2,858
Ordinary share with redemption right as financial liabilities (Note 29)			
At 1 January 2020 and 31 December 2020	62,243,906	622	556
Issue of ordinary shares with redemption right *(Note a)*	6,945,273	69	62
At 31 December 2021 and 2022	69,189,179	691	618
Total	388,935,273	3,889	3,476

Share capital of the Company

Note a: The ordinary shares with redemption rights of the Company are designated as financial liabilities at fair value through profit or loss. Detail of this type of share are disclosed in Note 29.

25 OTHER RESERVES AND RETAINED EARNINGS

The Group

	Share premium *RMB'000*	Capital reserve *RMB'000*	Exchange reserve *RMB'000*	Statutory reserve *(Note a)* *RMB'000*	Other *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balances as at 1 January 2020	326,067	(23,505)	(829)	25,514	—	41,939	369,186
Profit for the year	—	—	—	—	—	12,341	12,341
Other comprehensive income for the year	—	—	12,154	—	—	—	12,154
Transactions with owners:							
Transfer to statutory reserve	—	—	—	3,457	—	(3,457)	—
Balances as at 31 December 2020	326,067	(23,505)	11,325	28,971	—	50,823	393,681
Balances as at 1 January 2021	326,067	(23,505)	11,325	28,971	—	50,823	393,681
Profit for the year	—	—	—	—	—	34,112	34,112
Other comprehensive income for the year	—	—	4,653	—	—	—	4,653
Transactions with owners:							
Transfer to statutory reserve	—	—	—	6,123	—	(6,123)	—
Balances as at 31 December 2021	326,067	(23,505)	15,978	35,094	—	78,812	432,446
Balances as at 1 January 2022	326,067	(23,505)	15,978	35,094	—	78,812	432,446
Profit for the year	—	—	—	—	—	78,913	78,913
Exchange difference arising from translation of functional currency to presentation currency	—	—	(16,412)	—	—	—	(16,412)
Changes in fair value of ordinary share with redemption right due to own credit risk	—	—	—	—	2,432	—	2,432
Transactions with owners:							
Transfer to statutory reserve	—	—	—	3,774	—	(3,774)	—
Balances as at 31 December 2022	326,067	(23,505)	(434)	38,868	2,432	153,951	497,379

Notes:

(a) In accordance with the relevant applicable PRC regulations, the PRC subsidiaries are required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reaches 50% of the registered capital of the PRC subsidiaries, the subsidiaries will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

The Company

	Share premium	**Exchange reserve**	**Accumulated losses**	**Other**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2020	916,311	(1,057)	(14,332)	—	900,922
Loss for the year	—	—	(13,786)	—	(13,786)
Currency translation differences	—	(51,710)	—	—	(51,710)
Balances as at 31 December 2020	916,311	(52,767)	(28,118)	—	835,426
Balance as at 1 January 2021	916,311	(52,767)	(28,118)	—	835,426
Loss for the year	—	—	(23,371)	—	(23,371)
Currency translation differences	—	(23,594)	—	—	(23,594)
Balances as at 31 December 2021	916,311	(76,361)	(51,489)	—	788,461
Balances as at 1 January 2022	916,311	(76,361)	(51,489)	—	788,461
Profit for the year	—	—	37,081	—	37,081
Change in fair value of ordinary share with redemption right due to own credit risk	—	—	—	2,432	2,432
Currency translation differences	—	74,850	—	—	74,850
Balances as at 31 December 2022	916,311	(1,511)	(14,408)	2,432	902,824

26 TRADE PAYABLES

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	22,215	58,463	64,493
Bills payables	19,350	10,000	41,367
	41,565	68,463	105,860

Trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

An ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	20,026	56,388	62,296
3 to 6 months	20	—	52
Over 6 months	2,169	2,075	2,145
	22,215	58,463	64,493

27 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Advance receipt from potential customers	7,793	10,956	7,223
Contract liabilities *(Note 5)*	1,998	1,644	910
Staff costs and welfare accruals	11,645	14,225	21,601
Other tax payables	6,035	6,348	6,079
Deposit from lessees	30,760	26,810	18,688
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Dividend payable	9,688	3,365	3,365
Advance receipt for scrap sales of inventories	4,487	5,149	6,083
Others	7,923	7,359	9,679
	[REDACTED]	**[REDACTED]**	**[REDACTED]**

The directors confirmed that dividend payable will be settled prior to the **[REDACTED]**.

The Company

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Staff costs and welfare accruals	70	51	—
Others	77	9	41
	[REDACTED]	**[REDACTED]**	**[REDACTED]**

28 BORROWINGS

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings, secured	8,977	13,430	23,077
Bank borrowings, unsecured	9,527	22,610	16,182
Other borrowings, secured	1,135,954	1,337,537	1,609,668
Other borrowings, unsecured	1,500	9,245	64,488
	1,155,958	1,382,822	1,713,415
Less: non-current portion	(447,380)	(656,219)	(884,842)
Current portion	708,578	726,603	828,573

Other borrowings represented borrowings from non-banking financial institutions and individual lenders.

The borrowings are repayable as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	708,578	726,603	828,573
Between 1 and 2 years	302,828	367,118	510,668
Between 2 and 5 years	144,552	289,101	374,174
	1,155,958	1,382,822	1,713,415

As of 31 December 2020, 2021 and 2022, the borrowings are denominated in RMB and the carrying amounts approximate their fair values at each of the balance sheet date.

The weighted average effective interest rates as at 31 December 2020, 2021 and 2022 are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings, secured	5.47%	7.61%	7.00%
Bank borrowings, unsecured	6.99%	6.38%	7.45%
Other borrowings, secured	8.51%	8.53%	8.59%
Other borrowings, unsecured	10.00%	7.63%	9.25%

As at 31 December 2020, 2021 and 2022, the Group's borrowings of RMB1,144,931,000, RMB1,350,967,000 and RMB1,632,745,000 were secured by personal guarantee and indemnity provided by the directors, 50% equity interest in Fujian Xidi, 20% equity interest in XXF HK and assets of the Group summarised below.

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Property and equipment	336,416	241,298	255,097
Deposits for borrowings *(Note 20)*	28,516	31,475	40,186
Inventories	77,806	71,440	116,143
Finance lease receivables	787,303	1,227,628	1,358,175

As at 31 December 2020, 2021 and 2022, The Group has unutilised facilities of RMB1,725,621,000, RMB1,350,967,000 and RMB3,737,470,000 respectively. During the Track Record Period, the Group have not breached any of the provisions that could result in any event of default.

The Group did not derecognise finance lease receivables of RMB22,885,000, RMB26,415,000 and RMB40,967,000 transferred as collateral in connection with factoring agreements as at 31 December 2020, 2021 and 2022 respectively. None of the legal title of the collateral pledged has been transferred to counterparties, as the Group retained substantially all the risks and rewards of ownership of the finance lease receivables.

The directors confirmed that among the borrowings secured by personal guarantee of RMB916,765,000 as at 31 December 2022, personal guarantee of borrowings amounted RMB576,379,000 will be released upon **[REDACTED]**.

On 10 June 2021, pursuant to an agreement entered into between the Group and the **[REDACTED]** Investor 1, the Company issued and allotted 6,945,273 ordinary shares with redemption right to the **[REDACTED]** Investor 1 at a consideration of RMB20,000,000 (Note 29) as partial settlement of the other borrowings of RMB70,760,000 due to the **[REDACTED]** Investor 1. According to the same agreement, the remaining balance of RMB50,760,000 will be repayable on 30 June 2023 carried at an interest rate of 8% per annum. The transaction was accounted for as an extinguishment of part of the borrowings with a corresponding recognition of ordinary shares with redemption right. A net gain from the extinguishment amounted to RMB683,000 was recognised in finance income during the year ended 31 December 2021 (Note 10).

29 ORDINARY SHARES WITH REDEMPTION RIGHT

Pursuant to the Investment Agreements as set out in Note 1.2, XXF Group issued 34,106,250 ordinary shares with redemption right at the subscription price of approximately RMB2.35 per ordinary share for a total consideration of RMB80,000,000 to **[REDACTED]** Investor 1 and **[REDACTED]** Investor 2 (together "Series A Shares"). Also, in connection with **[REDACTED]** Investor 2's acquisition of 21,316,406 ordinary shares from Hangzhou Chain Reaction at the same time (Note 25(b)), XXF Group has granted **[REDACTED]** Investor 2 the same redemption right in relation to the transferred shares ("Series B Shares") at no consideration (Note 25(b)), the impact of which is immaterial.

On 28 November 2019, as part of the Reorganisation, XXF HK acquired the above mentioned 55,422,656 ordinary shares with redemption right from **[REDACTED]** Investor 1 and **[REDACTED]** Investor 2 at RMB1.00 per share. On 2 December 2019, the Company issued 55,422,656 ordinary shares with redemption right at the same consideration. As a result, ordinary shares with redemption right issued by XXF Group were converted into 55,422,656 ordinary shares with redemption right issued by the Company at par value of HK$0.01 per share at no consideration.

On 2 December 2019, pursuant to the agreement entered between **[REDACTED]** Investor 1 and the Group, the Company issued and allotted 6,821,250 ordinary shares with redemption right ("Series C1 Shares") at RMB2.93 per share totalling RMB20,000,000, the impact of which is immaterial as the issuance price is approximated to the fair value of the ordinary shares with redemption right.

On 10 June 2021, the Group entered into an agreement with **[REDACTED]** Investor 1 whereby the Company issued and allotted 6,945,273 ordinary shares with redemption right ("Series C2 Shares") at RMB2.88 per share totaling RMB20,000,000. The issuance price is approximated to the fair value of the ordinary shares with redemption right.

The key terms for all series of ordinary shares with redemption right are summarised as follows:

(a) Conversion feature

Pursuant to the confirmations from the holders of the ordinary shares with redemption right, all ordinary shares with redemption right will be automatically converted to ordinary shares upon the closing of the **[REDACTED]** in connection with the **[REDACTED]** of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

(b) Voting rights

Each ordinary share with redemption right has voting rights equivalent to the ordinary shares at the record date. The holders of ordinary share with redemption right shall vote together with the ordinary shareholders, and not as a separate class or series, on all matters put before the shareholders.

(c) Redemption feature

The holders of ordinary shares with redemption right have the right to request redemption from the Company if the Group has not consummated the condition of achieving a qualified **[REDACTED]** as defined in the shareholder agreement within three years or occurrence of certain events as defined in the shareholder agreement after the closing date of the issue. As at the date of this report, none of the defined events have occurred.

The redemption price shall be paid by the Company to the holders of ordinary shares with redemption right in an amount equal to: (i) one hundred percent (100%) of the original issue price on each ordinary share plus (ii) a ten percent (10%) per annum interest of the original issue price on each ordinary share accrued during the period from the issue date of each ordinary share until the date on which the redemption price is paid in full, and (iii) any accrued but unpaid dividends thereon.

On 27 January 2022, the Group entered into a supplemental agreement with **[REDACTED]** Investor 1 under which the Group and **[REDACTED]** Investor 1 agreed to amend the conditions that the holders may have rights to request redemption from the company if the Company does not achieves a qualified **[REDACTED]** as defined in the original shareholder agreement before 31 December 2023.

On 25 August 2022, the Group entered into a supplemental agreement with **[REDACTED]** Investor 2 under which the Group and **[REDACTED]** Investor 2 agreed to amend the conditions that the holder may have rights to request redemption from the Company if the Company does not achieve a qualified **[REDACTED]** on a recognised exchange before 31 December 2023.

(d) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntarily or involuntarily, the ordinary shares with redemption right shall be entitled to receive the liquidation amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation amount per share is calculated as follows:

The liquidation amount = Original issue price* (1 + 10%*N)

N: The total days from the settlement date to the actual payment date of the settlement/365 days

If the value of the remaining assets of the Company is less than aggregate liquidation amount payable to the holders of ordinary shares with redemption right, then the remaining assets of the Company shall be distributed pro rata amongst the holders of all outstanding ordinary shares with redemption right. Also, Series A Shares have a higher priority than Series B Shares, Series C1 Shares and Series C2 Shares. If the amount payable is less than the liquidation amount, the remaining assets shall be first distributed pro rata amongst holders of Series A Shares, then the remaining part would be distributed amongst the holders of Series B Shares, Series C1 Shares and Series C2 Shares. After distributing or paying in full the liquidation amount to all of the holders of ordinary shares with redemption right, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of ordinary shares and the holders of ordinary shares with redemption right on a pro rata basis, based on the number of ordinary shares then held by each shareholder on an as converted basis.

Presentation and Classification

The Group and the Company have designated the ordinary shares with redemption right as financial liabilities at FVPL. The fair value change of the ordinary shares with redemption right is recognised in profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, if any.

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	181,966	177,886	196,640
Issuance of ordinary shares with redemption right	—	20,000	—
Changes in fair value through profit or loss	6,932	4,153	(47,251)
Change in fair value due to own credit risk	—	—	(2,432)
Exchange difference arising from translation	(11,012)	(5,399)	16,172
	177,886	196,640	163,129
Less: non-current portion	(177,886)	—	—
	—	196,640	163,129

The Group has engaged an independent valuer to determine the underlying share value of the Group by discounted cash flow method and adopted equity allocation model to determine the fair value of the ordinary shares with redemption right as of the date of issuance and at the end of each reporting period.

Key valuation assumptions used to determine the fair value of ordinary shares with redemption right are as follows:

	As at 31 December		
	2020	**2021**	**2022**
Long-term average growth rate	11.05%	10.89%	4.30%
Discount rate	17.00%	17.00%	17.00%
Volatility	51.10%	52.70%	52.20%
Possibilities under **[REDACTED]** scenario	90.00%	90.00%	90.00%

Discount rate was estimated by cost of equity with adoption of Capital Asset Pricing Model ("CAPM"). The CAPM inputs, including levered beta and historical debt-to-capital ratio, were obtained via market data of comparable companies which are listed in major exchange markets and focused in the leasing industry and these inputs were relatively stable throughout the Track Record Period. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies ungeared with their respective capital structures and market risks for the period before valuation date and with similar span as time to exit. Probability weight under each of the redemption feature and liquidation preferences was based on the directors' best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the ordinary shares with redemption right on 31 December 2020, 2021 and 2022.

Changes in fair value of the ordinary shares with redemption right were recorded in the consolidated statements of profit or loss. For the year ended 31 December 2020 and 2021, management considered that fair value changes in these ordinary share with redemption right that are attributable to changes of its own credit risk are not significant. For the period ended 31 December 2022, the fair value change due to own credit risk was recorded in other comprehensive income.

30 DEFERRED INCOME TAX

The analysis of deferred income tax assets is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
To be recovered after more than 12 months	1,568	4,666	3,357
To be recovered within 12 months	1,441	1,957	543
	3,009	6,623	3,900

The gross movements on the deferred income tax account are as follows:

	As at 31 December		
	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	11,838	3,009	6,623
(Charged)/credited to consolidated statement of comprehensive income	(8,829)	3,614	(2,723)
At end of the year	3,009	6,623	3,900

The movements in deferred income tax assets and liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets

	Provision for receivable and inventory	Provision	Decelerated/ (accelerated) depreciation	Share based payment	Tax losses	Withholding tax	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	3,787	4,045	1,536	780	1,061	—	629	11,838
Credited/(charged) to consolidated statement of comprehensive income	235	(665)	(9,219)	—	906	—	(86)	(8,829)
At 31 December 2020	4,022	3,380	(7,683)	780	1,967	—	543	3,009
At 1 January 2021	4,022	3,380	(7,683)	780	1,967	—	543	3,009
Credited/(charged) to consolidated statement of comprehensive income	800	3,094	(649)	—	879	—	(510)	3,614
At 31 December 2021	4,822	6,474	(8,332)	780	2,846	—	33	6,623
At 1 January 2022	4,822	6,474	(8,332)	780	2,846	—	33	6,623
Credited/(charged) to consolidated statement of comprehensive income	510	1,161	(147)	—	(2,367)	(1,240)	(640)	(2,723)
At 31 December 2022	5,332	7,635	(8,479)	780	479	(1,240)	(607)	3,900

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future taxable profits is probable.

The Group did not recognise deferred income tax assets of RMB4,963,000, RMB6,593,000 and RMB7,923,000, in respect of tax losses amounted to RMB19,854,000, RMB26,372,000 and RMB31,692,000 as at 31 December 2020, 2021 and 2022, respectively, as it is not certain that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and entities.

The expiry date of these tax losses are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	979	881	3,336
Between two to five years	26,989	36,608	28,597
No expiry date	796	796	796
At end of the year	28,764	38,285	32,729

As at 31 December 2020, 2021 and 2022, deferred income tax liability has not been provided for in the consolidated financial statements in respect of temporary differences attributable to unremitted profits earned by certain PRC subsidiaries of the Group amounting to approximately RMB5,082,000, RMB7,881,000 and RMB10,735,000, respectively as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	20,969	43,010	91,773
Adjustment for:			
Provision for credit losses	2,098	3,870	4,877
Provision for inventories	2,876	7,674	6,886
Depreciation	86,996	102,583	98,267
Amortisation of intangible assets	10,357	14,026	13,614
Loss on disposals of property and equipment	927	2,822	2,062
Fair value loss/(gain) on ordinary shares with redemption right	6,932	4,153	(47,251)
Fair value gain on financial assets through profit or loss	—	8	(1,998)
Finance income	(1,849)	(2,008)	(973)
Finance cost	111,021	119,829	143,991
Operating cash flow before changes in working capital	240,327	295,967	311,248
Decrease/(increase) in trade and other receivables and finance lease receivables	100,078	(287,825)	(207,693)
(Decrease)/increase in trade and other payables	(1,003)	27,755	38,485
(Increase)/decrease in restricted cash	(9,675)	4,675	466
Decrease/(increase) in inventories	41,484	(10,642)	(58,637)
Cash generated from operations	371,211	29,930	83,869

(b) Disposal of property and equipment

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Proceeds	8,023	24,615	29,823
Lease liabilities written-off	4,655	4,561	55
Net book value of disposed property and equipment *(Note 14)*	(13,605)	(31,998)	(31,940)
Loss on disposals	(927)	(2,822)	(2,062)

(c) Reconciliation of cash used in purchase of property and equipment

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Total property and equipment addition during the year *(Note 14)*	172,165	65,570	213,581
Less: transfer from inventory to property and equipment	(3,329)	(12,128)	(68,808)
Less: addition of right-of-use assets *(Note 14)*	(1,928)	(7,819)	(6,861)
Cash used in purchase of property and equipment during the year	166,908	45,623	137,912

(d) Cash flow information — Financing activities

	Borrowings		
	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	1,304,176	1,155,958	1,382,822
Non-cash movements			
Interest	109,569	118,953	143,188
Discount effect of deposits for borrowings	(192)	938	1,259
Net gain on extension of borrowing from **[REDACTED]** Investor 1	—	(683)	—
Non-cash repayment of borrowing *(Note)*	—	—	(6,343)
Cash flow from operating activities			
Interest paid	(124,141)	(97,505)	(142,660)
Cash flow from financing activities			
Addition	638,873	1,168,915	1,338,324
Repayment	(772,327)	(963,754)	(1,003,175)
At the end of year	1,155,958	1,382,822	1,713,415

Note: During the year ended 31 December 2022, the Group and an individual lender mutually agreed to off-set the borrowing of RMB6,343,000 with the redemption amount of asset-backed securities (Note 23).

	Lease liabilities		
	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	31,700	19,161	14,305
Non-cash movements			
Addition	1,928	7,819	6,861
Interest	1,452	876	803
Write-off	(4,655)	(4,561)	(55)
Cash flow from operating activities			
Interest paid	(1,452)	(876)	(803)
Cash flow from financing activities			
Repayment	(9,812)	(8,114)	(7,255)
At the end of year	19,161	14,305	13,856

	Ordinary shares with redemption right		
	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	181,966	177,886	196,640
Cash flow from financing activities			
Issuance of ordinary shares with redemption right	—	20,000	—
Non-cash movements			
Fair value changes through profit or loss	6,932	4,153	(47,251)
Fair value change due to own credit risk	—	—	(2,432)
Exchange difference arising from translation	(11,012)	(5,399)	16,172
At the end of year	177,886	196,640	163,129

	Dividend payable		
	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	36,129	9,688	3,365
Non-cash movements			
Dividend declared	—	—	—
Expenses paid by the Group on behalf	(12,932)	—	—
Cash flow from financing activities			
Dividend paid	(13,509)	(6,323)	—
At the end of year	9,688	3,365	3,365

32 CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2020, 2021 and 2022.

33 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the Track Record 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 Group and the respective related parties.

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

Related party	**Relationship with the Group**
Ningde Public Transport Company Limited ("寧德市公共交通有限公司")	Related company controlled by non-controlling shareholder of a subsidiary with significant influence
Shenghui Logistic Group Co., Ltd. ("盛輝物流集團有限公司")	A company controlled by a director of the Company
Ningde Yongsheng Property Management Co., Ltd. ("寧德市永盛物業管理有限公司")	A company controlled by a director of the Company

(b) Transactions with related parties

During the Track Record Period, the following transaction was carried out with related parties at terms mutually agreed by the Group and the relevant related parties:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Lease payment *(Note i)*			
— Ningde Public Transport Company Limited	342	273	140
— Shenghui Logistic Group Co. Ltd.	2,310	1,633	869
— Ningde Yongsheng Property Management Co. Ltd.	342	172	12
	2,994	2,078	1,021
Property management fee *(Note ii)*			
— Ningde Yongsheng Property Management Co., Ltd.	321	235	120
Delivery charge *(Note iii)*			
— Shenghui Logistic Group Co. Ltd.	—	380	—

Notes:

(i) Lease payment is charged in accordance with the agreement entered into between the Group and the related party.

(ii) Management fee is charged in accordance with the agreement entered into between the relevant parties.

(iii) Delivery charge is charged in accordance with the agreement entered into between the relevant parties.

(c) Year-end balances with related parties

The Group

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use asset (trade nature)			
— Ningde Public Transport Company Limited	785	498	249
— Shenghui Logistic Group Co. Ltd.	4,374	1,067	427
	5,159	1,565	676
Lease liabilities (trade nature)			
— Ningde Public Transport Company Limited	834	552	288
— Shenghui Logistic Group Co. Ltd.	2,973	1,392	579
	3,807	1,944	867

Note: Lease liabilities are settled in accordance with the agreement entered into between the Group and the related party.

(d) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	13,976	3,205	2,548
Retirement benefit costs — defined contribution plans	225	203	220
	14,201	3,408	2,768

34 AMOUNTS DUE FROM/TO SHAREHOLDERS

The balances with shareholders are non-trade related, unsecured, interest-free and repayable on demand and the Directors confirmed that the balance with shareholders will be settled prior to the **[REDACTED]**.

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' remuneration

The remuneration of every director is set out below:

	Director's fees	Salaries, wages and bonuses	Pension cost — defined contribution plan	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020					
Executive directors					
Huang Wei	—	10,590	57	—	10,647
Ye Fuwei	—	1,149	57	—	1,206
Zhang Jinghua	—	506	55	—	561
Non-executive director					
Liu Wei	—	—	—	—	—
Xu Rui	—	—	—	—	—
Total	—	12,245	169	—	12,414
For the year ended 31 December 2021					
Executive directors					
Huang Wei	—	1,004	68	—	1,072
Ye Fuwei	—	1,004	68	—	1,072
Zhang Jinghua	—	504	66	—	570
Non-executive director					
Liu Wei	—	—	—	—	—
Xu Rui	—	—	—	—	—
Total	—	2,512	202	—	2,714
For the year ended 31 December 2022					
Executive directors					
Huang Wei	—	1,004	74	—	1,078
Ye Fuwei	—	1,039	74	—	1,113
Zhang Jinghua	—	506	71	—	577
Non-executive director					
Liu Wei	—	—	—	—	—
Xu Rui	—	—	—	—	—
Total	—	2,549	219	—	2,768

During the Track Record Period, the non-executive director had not received any remuneration.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealing in favour of directors, during the years ended 31 December 2020, 2021 and 2022.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2020, 2021 and 2022.

36 EVENT AFTER REPORTING PERIOD

By a shareholders' resolution dated [date], the Company conditionally adopted a share option scheme under which the board of directors may grant options to employees, directors or other selected participants of the Group to acquire shares of the Company. No options have been granted up to the date of this report.

37 PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries for the Group as at 31 December 2020, 2021 and 2022 are set out as below:

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	As at 31 December 2020	2021	2022	As at the date of this report	Note
Directly held:								
Celestial Bonanza Group Limited	BVI	Investment holding, BVI	USD50,000	100%	100%	100%	100%	(i), (iii), (v)
Indirectly held:								
XXF Group (Hong Kong) Limited ("XXF HK")	HK	Investment holding, HK	HK$5	100%	100%	100%	100%	(vi)
XXF Group	PRC	Leasing service, PRC	RMB410,168,750	100%	100%	100%	100%	(ii), (iv), (v)
Fujian Shenqi Financial Lease Co., Ltd.* ("Fujian Shenqi")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%	100%	100%	(i), (iii), (v)
Fujian Xiqi Automobile Sale Co., Ltd.* ("Fujian Xiqi")	PRC	Trading of automobile, PRC	RMB10,000,000	100%	100%	100%	100%	(i), (iv), (v)

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	As at 31 December 2020	2021	2022	As at the date of this report	Note
Fujian Lvyi Information Technology Co., Ltd.* ("Fujian Lvyi")	PRC	Information technology, PRC	RMB50,000,000	100%	100%	100%	100%	(i), (iii), (v)
Fujian Anxin Second-hand Car Market Co., Ltd.* ("Fujian Anxin")	PRC	Dormant, PRC	RMB10,000,000	N/A	N/A	N/A	N/A	(vii)
Fujian Xidun Automobile Service Co., Ltd.* ("Fujian Xidun")	PRC	Information technology, PRC	RMB50,000,000	100%	100%	100%	100%	(i), (iii), (v)
Fujian Qoocar Information Technology Co., Ltd.* ("Fujian Qoocar")	PRC	Information technology, PRC	RMB10,000,000	100%	100%	100%	100%	(ii), (iv), (v)
Fujian ZyooCar Technology Co., Ltd.* ("Fujian ZyooCar")	PRC	Leasing service, PRC	RMB50,000,000	51%	51%	51%	51%	(ii), (iv), (v)
Xixiangfeng (Xiamen) Automobile Service Co., Ltd.* ("Xiamen Xixiangfeng")	PRC	Leasing service, PRC	RMB10,000,000	100%	100%	100%	100%	(i), (iii), (v)
Fujian Taoqi Internet Technology Co., Ltd.* ("Taoqi Internet")	PRC	Information technology, PRC	RMB50,000,000	100%	100%	100%	100%	(ii), (iv), (v)
Fujian Taoqi Yuncar Information Consultancy Co., Ltd.* ("Taoqi Yuncar")	PRC	Information technology, PRC	RMB10,000,000	100%	100%	100%	100%	(ii), (iii), (v)
Guoxin Zhonglian (Fuzhou) Automobile Service Co., Ltd.* ("Guoxin Zhonglian")	PRC	Leasing service, PRC	RMB50,000,000	100%	100%	100%	100%	(ii), (iv), (v)
Fujian Xidi Automobile Service Co., Ltd.* ("Fujian Xidi")	PRC	Leasing service, PRC	RMB170,000,000	100%	100%	100%	100%	(ii), (iv), (v)
Fujian Heqi Technology Co., Ltd.* ("Fujian Heqi")	PRC	Insurance agency service, PRC	RMB10,000,000	100%	100%	100%	100%	(i), (iii), (v)
Fujian Xiyun New Energy Technology Co., Ltd.* ("Fujian Xiyun")	PRC	Dormant, PRC	RMB25,000,000	N/A	60%	N/A	N/A	(iii), (v), (viii)
Fujian Xitu Technology Co., Ltd.* ("Fujian Xitu")	PRC	Information technology, PRC	RMB10,000,000	N/A	100%	100%	100%	(iii), (v)
Shanxi Zhonghong Automobile Service Co., Ltd.* ("Shanxi Zhonghong")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(v), (ix)
Guangdong Minyue Automobile Service Co., Ltd.* ("Guangdong Minyue")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(v), (x)
Nanning Xidi Automobile Hailing Operation Service Co., Ltd.* ("Nanning Xidi")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(xi)
Zhongshan Xidi Automobile Service Co., Ltd.* ("Zhongshan Xidi")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(xii)

Company name	Place and date of incorporation	Principal activities and place of operation	Registered capital	As at 31 December 2020	2021	2022	As at the date of this report	Note
Tianjin Xidi Automobile Service Co., Ltd.* ("Tianjin Xidi")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(xiii)
Taizhou Xidi Automobile Service Co., Ltd.* ("Taizhou Xidi")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(xiv)
Shaoxing Xidi Automobile Service Co., Ltd.* ("Shaoxing Xidi")	PRC	Leasing service, PRC	RMB10,000,000	N/A	N/A	100%	100%	(xv)

Notes:

(i) No statutory financial statements were issued for the year ended 31 December 2020.

(ii) The statutory financial statements for the year ended 31 December 2020 prepared in accordance with Chinese accounting standards have been audited by 福建中誠信德會計師事務所, a certified public accounting firm registered in the PRC.

(iii) No statutory financial statements were issued for the year ended 31 December 2021.

(iv) The statutory financial statements for the year ended 31 December 2021 prepared in accordance with Chinese accounting standards have been audited by 福建中誠信德會計師事務所, a certified public accounting firm registered in the PRC.

(v) No statutory financial statements were issued for the year ended 31 December 2022.

(vi) The statutory financial statements for the period from 2 May 2019 (date of incorporation) to 31 December 2020 and for the years ended 31 December 2021 and 2022 prepared in accordance with Hong Kong Small and Medium-Sized Entity Financial Reporting Standard have been audited by Centurion ZD CPA Limited, a certified public accounting firm registered in Hong Kong.

(vii) The company was deregistered on 9 July 2020.

(viii) The company was deregistered on 31 March 2022.

(ix) The company was established on 17 May 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(x) The company was established on 18 May 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(xi) The company was established on 31 October 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(xii) The company was established on 28 September 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(xiii) The company was established on 15 July 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(xiv) The company was established on 21 November 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

(xv) The company was established on 24 November 2022. No statutory financial statements were issued from the establishment date to 31 December 2022.

* *The English name of companies established in the PRC are translations of their Chinese names at the best effort of the directors of the Company as they do not have official English names.*

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022 up to the date of this report.

No dividend or distribution have been declared, made or paid by the Company or, any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022.