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

(Stock Code: 2418)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Deewin Tianxia Co., Ltd (the "Company") hereby announces the audited results announcement of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024. This announcement, containing the full text of the 2024 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in relation to the information to accompany preliminary announcement of annual results and has been reviewed by the audit committee under the Board of the Company.

The Company's 2024 annual report will be published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.deewintx.com) in due course.

By order of the Board of Directors

Deewin Tianxia Co., Ltd

德銀天下股份有限公司

Guo Wancai

Chairman

Xi'an, the PRC 27 March 2025

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Guo Wancai as Chairman and non-executive Director, Mr. Wang Runliang and Mr. Wang Wenqi as executive Directors, Mr. Tian Qiang, Mr. Zhao Chengjun and Ms. Feng Min as non-executive Directors, and Mr. Li Gang, Mr. Ip Wing Wai and Mr. Yu Qiang as independent non-executive Directors.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Runliang Mr. Wang Wengi

Non-executive Directors

Mr. Guo Wancai (Chairman)

Mr. Tian Qiang Mr. Zhao Chengjun Ms. Feng Min

Independent Non-executive Directors

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

Supervisors

Mr. Ji Jianguo (appointed on 30 May 2024)

Mr. Zhang Shaojie Mr. Qin Xiaohui

AUDIT COMMITTEE

Mr. Ip Wing Wai (Chairperson)

Mr. Li Gang Mr. Yu Qiang

REMUNERATION COMMITTEE

Mr. Li Gang (Chairperson)

Mr. Yu Qiang Mr. Ip Wing Wai

NOMINATION COMMITTEE

Mr. Guo Wancai (Chairperson)

Mr. Li Gang Mr. Yu Qiang

JOINT COMPANY SECRETARIES

Mr. Liu Lulu

Ms. Chan Yin Wah (appointed on 30 May 2024)

AUTHORIZED REPRESENTATIVES

Mr. Wang Runliang

Ms. Chan Yin Wah (appointed on 30 May 2024)

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Economic and Technological

Development Zone

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The PRC

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Wan Chai

Hong Kong

LEGAL ADVISORS TO THE COMPANY

Jingtian & Gongcheng LLP (As to Hong Kong law)

Beijing Jia Yuan Law Offices (As to PRC law)

INDEPENDENT AUDITOR

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

PRINCIPAL BANKS

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

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

STOCK CODE

2418

COMPANY'S WEBSITE

www.deewintx.com

Chairman's Statement

Dear shareholders:

In 2024, despite the challenges posed by a complex international environment, weak growth momentum in the world economy, geopolitical conflicts and insufficient effective domestic demand, in 2024, China's economy moved steadily along the path of high-quality development, with the gross domestic product (GDP) for the year increasing by 5.0% year-on-year.

In 2024, due to weakening investment in the commercial vehicle industry, coupled with the still low freight rates, the replacement demand in the commercial vehicle end-market was not sufficient, resulting in the relatively weak performance of the commercial vehicle market in China. In 2024, the annual sales of commercial vehicles reached 3,873 thousand units, a year-on-year decrease of 3.9%. Among these, the domestic sales of commercial vehicles were 2,969 thousand units, a year-on-year decrease of 9.0%; and the export volume of commercial vehicles reached 904 thousand units, a year-on-year increase of 17.5%. As observed from the figures, compared with the domestic market, the export of commercial vehicles had an active performance and the overseas market has become a strong support for the domestic commercial vehicle industry.

In 2024, we strive to advance towards the vision of "becoming a leader in China's commercial vehicle service industry", we will continue to consolidate and enhance the advantageous position of the group in the integrated value-added services market of the commercial vehicle industry chain. During the Reporting Period, the Group tapped fully into the market potential, and branched out into independent third-party customers. We also promoted R&D and innovation capabilities, steadily implemented management reform, and continuously made advancements in model innovation and business integration. Throughout the year, our revenue was RMB2,627.8 million, representing a year-on-year decrease of 15.8% (2023: RMB3,119.4 million); net profit attributable to equity shareholders of the Company was RMB153.2 million (2023: RMB149.3 million), representing a year-on-year increase of 2.7%; and basic earnings per share was RMB0.07 (2023: RMB0.07).

In the logistics and supply chain service sector, we provided automobile manufacturing supply chain service for the production of approximately 131.2 thousand commercial vehicles, and provided automobile logistics service for approximately 48.8 thousand commercial vehicles in 2024. Our subsidiary, Tonghui Logistic, as the national 5A-level logistics enterprise, and has led the establishment of the Automotive Logistics Association of Logistics and Purchasing Federation of Shaanxi, and was honored as the president unit. In 2024, TongHui Logistics undertook 2 key logistics projects at the national and provincial levels, published the group standards named "Code of Commercial Vehicle Production and Logistics Service Management"(《商用車生產物流服務管理規範》),and was awarded the "Xi'an National Logistics Hub (Base) Construction Benchmarking Unit"(西安市國家物流樞紐(基地)建設標桿單位);and it has established the "Intelligent Logistics Research Institute"(智慧物流研究院)together with Xi'an University of Technology to promote the development of autonomous trailers, AGVs and IC-to-electric forklift conversion projects, which started a new mode of college-enterprise cooperation on technology research topics.

In the supply chain financial service sector, our newly invested funds in finance lease business and factoring business totaled RMB7,861.3 million in 2024. The completion of a sharing financing platform enlarged the capital source. Deewin Financial Leasing issued asset-backed securities (ABS) with an aggregate amount of RMB1,860 million. At the same time, Deewin Factoring strengthens bank-enterprise cooperation and promotes the diversification of portfolio on the electronic debenture platform, which recorded total order volume of more than RMB600 million and financing balance of more than RMB300 million for 2024. Deewin Financial Leasing was awarded the 2024 "West Lake Forum Cup" Leasing Enterprise Management Award (「西湖論壇杯」 租賃企業管理獎). In 2024, Deewin Factoring was selected as a pilot unit for the application of the group standards for commercial factoring industry by the Business Factoring Professional Committee of the China Association of Trade in Services (CATIS), and also a sample unit for China commercial factoring index by the China Federation of Logistics & Purchasing (CFLP).

In the IoV and data service sector, the number of heavy commercial vehicles registered with our IoV platform was approximately 1,142.9 thousand as of 31 December 2024. We have completed the development of BeiDou "singlemode + dual-frequency + inertial navigation" (單模+雙頻+慣導) products and successfully engaged in the national single BeiDou substitution project to align the business development of the Company with national strategies. We have also completed the development and trial operation of several functions, such as multi-vehicle scheduling, route management and remote driving, in physical scenarios. In the area of autonomous driving, we provide customers with efficient and safe cloud control services, which improves our competitiveness in the comprehensive solution to autonomous driving and facilitates the implementation of the strategy to take the lead in the autonomous vehicle industry. In addition, in respect of the digital intelligence product and services concerning environmental protection and emission, we have developed the "Remote Emission Data Analysis Platform" (遠程排放數據分析平台) to enable the efficient analysis of the emission data of the National Stage VI vehicles and assist commercial vehicles in avoiding the risk of environmental protection violations and improving the quality of vehicles. In 2024, our subsidiary, commercial vehicles Tianxingjian Internet of Vehicle, was named an "Outstanding Enterprise for High-Quality Industrial Development" (工業高質量發展優秀企業) in the Xi'an Economic and Technological Development Zone, and won the second prize in the traffic and transportation group of the 2024 "Data Element X" competition, Shaanxi ("數據要素 X"大賽陝西分賽) for its "Commercial Vehicle Big Data Application Project Based on Diversified Integration" (基於多元融合的商用車大數據應用項目).

Moreover, in the new energy business area, the Group actively explored the business model of providing integrated logistics capacity solutions for customers. This means that we provide our partners with transportation management, financial, battery charging and swapping and other services through resource integration based on logistics capacity services and our strengths in the logistics, capital flow and information flow business, which would bring scale effect to support our sustainable operation. In 2024, we have developed our own vehicle battery swap system and the "4+1" skid-mounted swap station, changing the history of the Company with zero independently-developed products. Besides, benchmarking against top battery bank manufacturers, we have launched the "Battery Bank" programme to diversify the marketing instruments for the integrated mode of new energy transport capacity and provide customers with tailored comprehensive solutions.

Chairman's Statement

We believe that China's economy has a stable foundation, multiple advantages, strong resilience and great potential, and the supporting conditions and fundamental trend for its long-term sound development remain unchanged, and the general trend of high-quality economic development remain unchanged as well, which will create new opportunities for the development of the commercial vehicle industry. In 2025, the concluding year of China's "14th Five-Year Plan", we will implement strategies to fulfil our mission and responsibilities, focus on our targets and work hard, continue to maintain our strategic stability, enhance our core competitiveness, strengthen the integration and synergy of all sectors, expand our business in the direction of new energy and intelligence, step up efforts to promote the integrated service mode of new energy transport capacity, and enhance the development and operation of digital intelligence products to form new advantages in comprehensive services, thus realizing sales-finance collaboration.

On behalf of the board of Directors, I would like to express my heartfelt gratitude to all shareholders, people from all walks of life and customers who have shown their concern and support to the Group, and to all staff members who have worked diligently. I would like to thank all shareholders and partners for their continued support and understanding of the Group, and all staff for their effective work and tireless efforts.

This year, the Group will leverage its industry advantages in the integrated service of the commercial vehicle industry chain, remain committed to the commercial vehicle service market, and create greater value for shareholders of the Company.

> **Guo Wancai** Chairman 27 March 2025

Financial Highlights

For the year ended 31 December 2024, the Group's revenue was approximately RMB2,627.8 million, representing a decrease of 15.8% as compared to the corresponding period in 2023; gross profit was approximately RMB430.6 million, representing a decrease of 16.5% as compared to the corresponding period in 2023; profit before income tax was approximately RMB199.2 million, representing a decrease of 4.7% as compared to the corresponding period in 2023; and profit for the year was approximately RMB156.7 million, representing an increase of 3.6% as compared to the corresponding period in 2023.

The following table sets forth the consolidated financial indicators of the Group for 2020-2024:

Consolidated Results

	Year ended 31 December				
Years	2024	2023	2022	2021	2020
			(in RMB million)		
Revenue	2,627.8	3,119.4	2,728.3	3,126.9	3,261.7
Gross profit	430.6	515.4	494.0	732.4	653.4
Profit before income tax	199.2	209.1	278.8	444.6	399.8
Profit for the year	156.7	151.3	220.0	368.7	318.0

Consolidated Financial Position

Years	2024	2023	t 31 December 2022 RMB million)	2021	2020
Total assets	9,489.2	9,204.8	9,172.7	10,188.0	11,367.1
Total liabilities Total equity	6,130.7 3,358.5	5,885.5 3,319.3	5,837.1 3,335.6	7,738.3 2,449.7	9,218.1 2,149.0

BUSINESS OVERVIEW

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

In 2024, the Group recorded revenue of approximately RMB2,627.8 million, representing a year-on-year decrease of approximately 15.8%, of which revenue from the logistics and supply chain service sector was approximately RMB1,944.2 million, representing a year-on-year decrease of 20.0%; revenue from the supply chain financial service sector was approximately RMB463.3 million, representing a year-on-year increase of approximately 0.8%; and revenue from the loV and data service sector was approximately RMB220.3 million, representing a year-on-year decrease of approximately 3.7%. The three major businesses accounted for 74.0%, 17.6% and 8.4% of the Group's total revenue, respectively.

Logistics and Supply Chain Service Sector

In 2024, our business of logistics and supply chain service mainly included commercial vehicle manufacturing supply chain business, automobile sales business and aftermarket product business. Our major customers are components suppliers, commercial vehicle manufacturers, commercial vehicle sales dealers, logistics companies and commercial vehicle end-customers.

In terms of supply chain service, we provide supply chain management and "integrated logistics" services in relation to commercial vehicle components. Through seamless integration with the manufacturing plan of commercial vehicle manufacturers, we streamlined redundant processes and achieved a lower logistics cost while maintaining service quality. In 2024, we provided automobile manufacturing supply chain service for the production of approximately 131.2 thousand commercial vehicles, and provided automobile logistics service in relation to approximately 48.8 thousand commercial vehicles. In 2024, we launched 5 businesses, including vehicle unlocking application, spare parts sales, landed access, supply chain logistics mobile end and leasing mobile end, on the CLGG Online Platform.

Leveraging our network, we provide logistics service to independent customers such as raw material suppliers, resources companies and express courier service providers. In order to further expand our industry advantages in third party logistics service, we continued to diversify our customer base while exploring cooperation with more independent customers through the expansion and development of our third party logistics service in relation to raw materials (such as coal and ore), commodities and express couriers. In 2024, the revenue from logistics service to independent customers was approximately RMB992 9 million

In terms of automobile sales business, we realised a sale of 819 commercial vehicles, including 323 new energy vehicles, representing a year-on-year increase of 361.4% for such new energy vehicles. We recorded a revenue of approximately RMB222.7 million for the automobile sales business in 2024. We have formulated the annual sales plan according to the market conditions in China and each sales region. We believe that with the continuous implementation of the national policy to comprehensively expand domestic demand and the combined support of fiscal and monetary policies, the market vitality and consumption potential will be further stimulated, which will in turn drive the rebound of the Group's commercial vehicle market demand and achieve sales recovery and growth.

In terms of aftermarket product business, we engaged in aftermarket product business that mainly covered the sales of (i) tyres, (ii) lubricants, and (iii) other commercial vehicle-related products, such as carbamide and components. In 2024, these businesses achieved a revenue of RMB152.5 million in total.

Supply Chain Financial Service Sector

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

We engage in finance lease business through our wholly-owned subsidiary Deewin Financial Leasing. We specialise in providing sale and leaseback service to our customers. In 2024, newly invested funds reached RMB4,927.2 million, and the number of newly cumulative effective finance lease agreements is 8,624. We have served a total of 7,314 customers for 11,933 leased commercial vehicles through our network of quality commercial vehicle sales dealers in the PRC.

We conduct our factoring business through our wholly-owned subsidiary Deewin Factoring. In 2024, we invested additional RMB2,934.1 million.

We have further expanded our sources of funding through diversified funding channels. In 2024, Deewin Financial Leasing issued 3 batches of asset-backed securities (ABS), with an aggregate principal amount of RMB1,860 million.

Set out below are further details of the business model and performance of the supply chain financial services sector during the Reporting Period:

(i) Customer profiles

Finance lease business: As at 31 December 2024, our finance lease business has served customers located in about 26 provinces, municipalities and autonomous regions in the PRC.

Factoring business: As at 31 December 2024, our factoring business has served customers located in about 22 provinces, municipalities and autonomous regions in the PRC.

(ii) Credit approval processes

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

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

(iii) Number of lessees/borrowers

Finance lease business: For the year ended 31 December 2024, we had a total of 8,624 new finance lease agreements cumulatively, and served a total of 7,314 customers.

Factoring business: For the year ended 31 December 2024, we had a total of 771 new factoring agreements cumulatively, and served a total of 216 customers.

(iv) Major terms of loans

Finance lease business: A summary of the key terms of the finance lease agreement is set out below (demonstrated by those under a core commercial vehicle finance lease transaction):

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

- Dispute resolution: the finance lease agreement shall be interpreted in accordance with the laws of the PRC, and if any dispute arises, it shall be heard by the people's court at the place where the contract is signed or the place where the parties are domiciled or the place where the contract is performed; and
- Completion: after full settlement of all interest and principal payables or compensation settled.

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

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

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

Size and diversity of lessees/borrowers (v)

Finance lease business: As at 31 December 2024, in terms of number of customers, more than 94.2% of our customers were individuals who are independent third parties of the Company. The remaining customers of our finance lease business mainly include (a) various companies providing logistics service in relation to a wide range of goods and products, (b) an independent commercial automobile manufacturer, and (c) licensed companies conducting finance lease business.

During the year ended 31 December 2024, there was (a) one single customer who contributed more than 5.0% of the total revenue of our finance lease business, and (b) no single customer who contributed more than 1.0% of the total revenue of the Group.

During the year ended 31 December 2024, based on the amount placed, the amount we invested into the provision of the finance lease services to the top five customers represents approximately 13.7% of the total amount invested into the provision of finance lease services.

Factoring business: As at 31 December 2024, the major customers of our factoring business include components suppliers and assembly plants in the supply chain of commercial vehicle manufacturing, as well as customers in the logistics industry (including without limitation, logistics platform companies, small and medium logistics enterprises, enterprises running supply chain projects and contract logistic projects), and further expanding into infrastructure, commerce and trade sectors.

In relation to the customers of our factoring business, during the year ended 31 December 2024, there were (a) 5 single customers who contributed more than 5.0% of the total revenue of our factoring business, and (b) no single customer who contributed more than 1.0% of the total revenue of the Group.

During the year ended 31 December 2024, based on the amount placed, the amount we invested into the provision of the factoring services to the top five customers represents approximately 39.8% of the total amount invested into the provision of factoring services.

(vi) Interest and administrative fees

Finance lease business: During the year ended 31 December 2024, we charged interest rates ranging from 3.00% to 11.00% per annum; the administrative fees charged ranged from 0.00% to 4.20%.

Factoring business: During the year ended 31 December 2024, the annual interest rates we charged ranged from 0.00% to 10.55%; the administrative fees charged ranged from 0.00% to 4.50%. In addition, during the year ended 31 December 2024, the average Consolidated Effective Annualized Interest Rate of the Company's factoring business was 8.12%.

(vii) Ageing analysis of outstanding loans

Finance lease business: The following table sets out the movement in the number of finance lease agreements and the finance lease receivables balance classified in accordance with the terms of the finance lease agreements during the years and as at the dates indicated:

	As of 31 December					
	2024	1	2023			
		Finance lease		Finance lease		
		receivables		receivables		
Period ⁽¹⁾	Number (2)	balance	Number (2)	balance		
		RMB		RMB		
		(million)		(million)		
Less than 1 year	7,620	2,371.1	6,219	2,063.1		
Between 1 and 2 years	7,114	2,858.8	5,137	2,505.3		
Over 2 years	2,174	1,030.8	1,444	923.3		
Total	16,908	6,260.7	12,800	5,491.7		

Notes:

⁽¹⁾ Period means the length of time remaining until the agreed maturity date of the finance lease agreements as of 31 December 2024 and 31 December 2023, respectively.

Number represents the number of finance lease agreements under performance as of 31 December 2024 and 31 December 2023, (2)

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

	As of 31 December					
	202	4	202	3		
Period ⁽¹⁾	Finance lease receivables balance RMB (million)	Percentage	Finance lease receivables balance RMB (million)	Percentage		
Less than 1 year	3,594.8	57.4%	3,215.1	58.6%		
Between 1 and 2 years	1,733.1	27.7%	1,568.1	28.6%		
Over 2 years	932.8	14.9%	708.5	12.8%		
Total	6,260.7	100.0%	5,491.7	100.0%		

Note:

Period means the length of time of the outstanding loans granted as of the end of 2024 and the end of 2023, respectively. (1)

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

	As of 31 December				
	2024			23	
Period ⁽¹⁾	Number ⁽²⁾	Factoring receivables balance RMB (million)	Number ⁽²⁾	Factoring receivables balance RMB (million)	
Less than 3 months	194	856.6	229	1,224.5	
Between 3 months and 6 months	98	310.0	85	271.5	
Between 6 months and 12 months	35	70.2	32	73.9	
Over 12 months	5	19.6	0	0.0	
Total	332	1,256.4	346	1569.9	

Notes:

- Period means the length of time remaining until the agreed maturity date of the factoring agreements as of 31 December 2024 and (1) 31 December 2023, respectively.
- (2) Number represents the number of factoring agreements under performance as of 31 December 2024 and 31 December 2023, respectively.

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

	As of 31 December				
	202	4	202	3	
	Factoring		Factoring		
	receivables		receivables		
Period ⁽¹⁾	balance	Percentage	balance	Percentage	
	RMB		RMB		
	(million)		(million)		
Less than 3 months	567.7	45.2%	1,067.8	68.0%	
Between 3 months and 6 months	347.2	27.6%	242.5	15.5%	
Between 6 months and 12 months	64.2	5.1%	149.6	9.50%	
Over 12 months	277.3	22.1%	110.1	7.0%	
Total	1,256.4	100.0%	1,569.9	100.0%	

Note:

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

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

Period means the length of time of the outstanding loans granted as of the end of 2024 and the end of 2023, respectively. (1)

As of 31 December 2024, the Company's finance leasing business involved long-term receivables of RMB6,260.7 million (2023: RMB5,491.7 million) and a balance of bad debt provision for long-term receivables of RMB403.2 million (2023: RMB385.2 million). In 2024, the provision for bad debts slightly increased as compared with 2023, mainly due to the impact of existing contracts. In 2024, the asset quality of the new vehicle business was good, and the overdue amount was effectively controlled.

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

As of 31 December 2024, the Company's factoring business involved factoring receivables of RMB1,256.4 million (2023: RMB1,569.9 million) and the balance of bad debt provision for factoring receivables was RMB175.0 million (2023: RMB153.1 million). The increase in the balance of bad debt provision in 2024 as compared with 2023 was mainly due to additional provisions were made by evaluating the operating conditions of certain individual clients, fully considering the associated credit risks.

IoV and Data Service Sector

We conduct our IoV and data service business through our wholly-owned subsidiary Tianxingjian. As at 31 December 2024, the number of heavy commercial vehicles registered with our IoV platform was approximately 1,142.9 thousand.

Our IoV system has maintained its strong data collection capabilities and broad range of application scenarios. As at 31 December 2024, the intellectual property rights owned by Tianxingjian included 28 patents and 115 copyrights, and Tianxingjian is in the process of applying for 25 patents.

In addition, based on our advantages in the platform scale and data collection, we have developed several application scenarios, including (i) intelligent logistics comprehensive solutions, (ii) automobile finance lease IoV solutions, (iii) industry chain digital intelligence service solutions, (iv) dump truck supervision solutions, (v) integrated solutions for driverless cloud control and new energy capacity, and (vi) environmental protection supervision solutions. The large number of automobiles covered by the above application scenarios enables us to be one of the top players among IoV applications of the same kind in China.

BUSINESS OUTLOOK

In 2024, we continued to deliver a solid performance. While consolidating and enhancing the integration and synergy of various sectors, we accelerated the deployment of the new energy industry, and created new models and new types of business. In 2025, we have mapped out the working policy of "being innovative, pragmatic and cooperative for new quality development" aiming to expand business in the direction of new energy and intelligence, reshape the aftermarket business mode and realise sales-finance collaboration. We plan to focus on the following tasks:

(1) Focus on Three Major Segments and Achieve New Development of Principal Responsibility and Principal Business

Logistics and supply chain service sector: We will accelerate the expansion into the external market; complete the development of Deewin's comprehensive supply chain logistics platform and APP, and launch transport capacity platform service products in key market areas; promote the integrated marketing model of supply chain business through the transport scenarios built by supply chain projects, integrate and develop value-added products and services, and implant aftermarket products to improve the gross profit margin of the business; speed up the construction of intelligent logistics, steadily expand the scope of application of intelligent projects such as AGVs and self-driving vehicles, deepen and refine the integrated logistics industry chain, and provide customers with tailored integrated logistics solutions; promote the marketisation of warehousing and distribution and transportation business, and expand the volume of shared packaging business.

Supply chain financial service sector: We will strengthen the construction of core channels for vehicle business, expand the portfolio of financial products, enhance the ability of digital financial services, improve the adaptability of financial products to sales, strengthen the support for vehicle sales with differentiated financial policies and financial leasing policies, reshape business mode and promote business integration to achieve efficient process, differentiated policies, and refined services to enable sales-finance collaboration and synergies.

IoV and data service sector: We will further strengthen the development and application of autonomous intelligent network equipment to achieve the integrated layout of IoV hardware and software and build new advantages of data empowerment; by focusing on new energy vehicle electricity replenishment scheduling scenarios, complete the design and development of intelligent energy replenishment and battery management functions, and apply them to the new energy full life cycle digital operation platform to improve the accuracy of electricity consumption data of new energy vehicles; establish a customer-specific labels management system based on the scenarios of customers "using", "managing" and "maintaining" vehicles, and strengthen the development and operation of digital intelligence products; tap into the need for autonomous driving scenario application of port, mining, iron and steel and metallurgical enterprises, expand scenario-based application development and optimise operation mode.

Focus on Market Demand and Expand New Areas of External Business (II)

Vigorously promote new energy business. We will keep a close watch on the development trend of new energy products and technology routes, establish new energy business supplier resource support systems and after-sales service systems, give full play to the demonstration effect of projects implemented, and promote the integrated service mode of new energy transport capacity; explore new modes of business, such as operating leasing and aggregate resources from various segments to enhance the core competitive edge of the Company.

Improve the quality of used car business. We will optimise the channel development and layout of the usedcar business, and, through high-quality platforms in the industry and by conducting market researches on usedcar channels and logistics companies, publicising special policies supporting commercial vehicles trade-in and focusing on solving customers' financing pains, further activate existing business operations, explore new growth opportunities, improve business quality, and push forward the steady development of the used-car business.

Layout of overseas market business. We will adhere to the strategy of business volume expansion and step-by-step implementation, and the direction of developing the export, sales and leasing of commercial vehicles as our principal business, to gradually establish overseas sales and service networks based on the mature markets in Southeast Asia, Africa and other regions. Meanwhile, we will focus on brand building and talent reserves to help the Company make breakthroughs in overseas business.

(III) Focus on Refined Control and Improve Operation Quality and Efficiency

Improve risk control mechanism. We will monitor trend changes and risk factors, and strengthen the control of the whole business process.

Strengthen talent team construction. We will continue to optimise employee structure, improve training system, and stimulate the vitality of all employees at work.

Accelerate Deewin digitalisation. We will implement the requirements on network and data security and launch the Deewin Tianxia Digital Collaboration Office Platform to align the management entry with business information entry and enhance the ability for full-process business management.

Enhance corporate control efficiency. We will further improve the development of corporate institutional systems, standardise management process, ensure the rules and regulations are well-implemented; strengthen budget control, enhance capital supervision, and improve financial information technology and the quality of accounting information.

Safeguard safety bottom line. We will effectively prevent and resolve risks existed in key areas, including ideology, production safety, finance and environmental protection, implement risk assessment, strengthen the investigation and rectification of hidden safety problems, and support high-quality development with a high level of safety.

Focus on Employee Dynamics and Improve Employee's New Look

Focus on central work and promote democratic management. By strengthening democratic corporate management, promoting the spirit of pioneers and models, launching labour competitions and increasing assistance and protection, we will strive to mobilise the enthusiasm, initiative and creativity of our employees to participate in corporate management, promote cost reduction and efficiency improvement, and enhance profitability so as to bring vitality to the development of the Company.

Serve employees attentively and build a solid development foundation. We will carry out various team building and recreational activities in an orderly manner to enrich the cultural life of employees, stimulate their passion to stick to their positions and work hard, and improve the cohesion and cohesiveness of the Company in order to align the interests of employees with company development, enhance their sense of achievement and happiness and ultimately build a happy Deewin's family.

The following discussion and analysis are based on the Group's consolidated financial statements and notes thereto prepared in accordance with the IFRSs and are designed to assist readers in further understanding the data provided in this report so as to better understand the financial position and operating results of the Group as a whole.

REVENUE

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

The revenue of the Group decreased by 15.8% to RMB2,627.8 million for the year ended 31 December 2024 from RMB3,119.4 million for the corresponding period of 2023.

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

	Year ended 31 December			
	2024		2023	
	Amount	%	Amount	%
	(in thou	sands of RMB, ex	cept for percentag	jes)
Logistics and Supply Chain Service Sector	1,944,229	74.0	2,431,163	77.9
—Sales of goods	375,124	14.3	351,520	11.3
 Logistics and warehousing service 	1,565,478	59.6	2,072,905	66.4
− Others note (1)	3,627	0.1	6,738	0.2
Supply Chain Financial Service Sector	463,261	17.6	459,517	14.7
-Interest income from finance lease business	373,962	14.2	363,511	11.6
-Interest income from factoring services	88,487	3.4	95,260	3.1
−Others note (2)	812	0.0	746	0.0
IoV and Data Service Sector	220,311	8.4	228,757	7.4
—Sales of goods	157,194	6.0	157,382	5.1
—IoV and data service	63,117	2.4	71,375	2.3
Total	2,627,801	100.0	3,119,437	100.0

Notes:

- (1) Other revenue from logistics and supply chain service sector was mainly (i) financial leasing assistance service for customers of automobile sales business, and (ii) provisional automobile plate service.
- Other revenue from the supply chain financing services sector is derived from the provision of satellite positioning devices and related (2) installation services to commercial vehicle brands other than Shaanxi Holding Group, which facilitates our provision of finance leasing services.

Logistics and supply chain service sector

Revenue for the Group mainly arises from logistics and supply chain service sector for the year ended 31 December 2024. Such revenue primarily derived from (i) sales of commercial vehicles and components, including tyres, lubricants and other automobile-related products, (ii) our logistics and warehousing services, and (iii) other services, such as leased automobile management services. Revenue from the logistics and supply chain service sector decreased by approximately 20.0% from RMB2,431.2 million for the year ended 31 December 2023 to RMB1,944.2 million for the year ended 31 December 2024, primarily due to (i) the decrease in revenue from the automobile sales business as compared to the same period last year during the Reporting Period, and (ii) the decrease in revenue from this sector as compared to the same period last year as a result of non-renewal of some supply chain project contracts upon expiry during the Reporting Period with less new third party logistics projects for the year.

Supply Chain Financial Service Sector

Supply chain financial service sector was our second largest source of revenue for the year ended 31 December 2024. It represented the revenue generated from (i) interest income from financial leasing business operated under a sales and leaseback model, (ii) interest income from factoring service and (iii) others, such as provision of satellite positioning device and the related installation service under our financial leasing service. Revenue from the supply chain financial service sector increased by approximately 0.8% from RMB459.5 million for the year ended 31 December 2023 to RMB463.3 million for the year ended 31 December 2024, primarily due to the Group's increased investments in the finance lease business, which led to an increase in revenue.

IoV and data service sector

The revenue of IoV and data services was generated from (i) sales of intelligent IoV products, and (ii) provision of IoV solutions and data services. Revenue from the IoV and data service sector decreased by approximately 3.7% from RMB228.8 million for the year ended 31 December 2023 to RMB220.3 million for the year ended 31 December 2024, primarily due to the decline in both unit price of IoV application service and number of subscribers as a result of the intense market competition.

COST OF REVENUE

The cost of revenue for the Group primarily consisted of (i) for our logistics and supply chain service sector, procurement costs of commercial vehicles, services fees paid to third party transportation fleet involved in our logistics services, depreciation and maintenance of our own transportation fleet involved in our logistics services, (ii) for our supply chain financial service sector, interest expenses of our external financing and marketing expenses, and (iii) for our loV and data service sector, procurement costs of hardware and data usage.

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

	Year ended 31 December			
	2024		2023	
	Amount	%	Amount	%
	(in thous	ands of RMB, ex	cept for percentag	ges)
Logistics and supply chain service sector	1,850,787	70.4	2,304,593	73.9
—Sales of goods	362,929	13.8	342,783	11.0
 Logistics and warehousing service 	1,486,483	56.5	1,959,661	62.8
— Others	1,375	0.1	2,149	0.1
Supply chain financial service sector	215,539	8.2	161,680	5.2
-Interest income from financial leasing business	180,620	6.9	131,423	4.2
-Interest income from factoring services	34,269	1.3	29,660	1.0
- Others	650	0.0	597	0.0
IoV and data service sector	130,870	5.0	137,751	4.4
—Sales of goods	118,733	4.5	120,965	3.9
—loV and data service	12,137	0.5	16,786	0.5
Total	2,197,196	83.6	2,604,024	83.5

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

	Year ended 31 December			
	2024		2023	
	Amount	%	Amount	%
	(in thousands of RMB, except for percentages)			es)
Transportation expenses	1,289,990	49.1	1,705,256	54.7
Purchase cost of commercial vehicles	218,855	8.3	265,972	8.5
Funding cost	202,864	7.7	149,730	4.8
Raw material consumed	183,591	7.0	204,068	6.5
Employee benefit expenses	131,055	5.0	126,287	4.0
Outsourced labour costs	81,243	3.1	76,925	2.5
Lease expenses	34,750	1.3	19,753	0.6
Depreciation of properties, plant and equipment	21,800	0.8	13,480	0.4
Amortisation of right-of-use asset	10,116	0.4	12,967	0.4
Network traffic costs	9,473	0.4	14,780	0.5
Others	13,459	0.5	14,806	0.6
Total	2,197,196	83.6	2,604,024	83.5

Cost of revenue for the Group decreased by approximately 15.6% from RMB2,604.0 million for the year ended 31 December 2023 to RMB2,197.2 million for the year ended 31 December 2024, mainly due to the fact that cost of revenue decreased in line with revenue during the Reporting Period.

For the year ended 31 December 2024, the cost of our logistics and supply chain service sector decreased by approximately 19.7% as compared to 2023, generally in line with the decrease of 20.0% in the sector's revenue for the same period.

For the year ended 31 December 2024, the cost of our supply chain financial service sector increased by approximately 33.3% as compared to 2023, relatively higher than the increase of 0.8% in the sector's revenue for the same period, primarily due to the increase in rebate sharing costs of approximately RMB29.5 million during the Reporting Period as compared to the same period last year as a result of increased business promotion efforts in product policies and other aspects in order to improve market competitiveness.

For the year ended 31 December 2024, the cost of our IoV and Data Services sector decreased by approximately 5.0% as compared to 2023, mainly due to the significant decrease in the network traffic costs during the Reporting Period as compared to the same period last year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth a breakdown of the gross profit and gross profit margin by business segments for the periods indicated:

		Year ended 31 December			
	202	4	202	3	
	Gross	Gross Profit	Gross	Gross Profit	
	Profit	Margin	Profit	Margin	
	(in thousar	nds of RMB and %	for gross profit	margin)	
Logistics and supply chain service sector	93,442	4.8	126,570	5.2	
—Sales of goods	12,195	3.3	8,737	2.5	
 Logistics and warehousing service 	78,995	5.0	113,244	5.5	
— Others	2,252	62.1	4,589	68.1	
Supply chain financial service sector	247,722	53.5	297,837	64.8	
-Interest income from financial leasing business	193,342	51.7	232,088	63.8	
-Interest income from factoring services	54,218	61.3	65,600	68.9	
— Others	162	20.0	149	20.0	
IoV and data service sector	89,441	40.6	91,006	39.8	
—Sales of goods	38,461	24.5	36,417	23.1	
—loV and data service	50,980	80.8	54,589	76.5	
Total	430,605	16.4	515,413	16.5	

The Group's gross profit decreased by 16.5% from RMB515.4 million for the year ended 31 December 2023 to RMB430.6 million for the year ended 31 December 2024. Gross profit margin is calculated by dividing gross profit by revenue. The Group's gross profit margin decreased from 16.5% for the year ended 31 December 2023 to 16.4% for the year ended 31 December 2024, which remained stable as compared to the last year.

SELLING EXPENSES

Our selling expenses primarily consisted of (i) employee benefits expenses incurred for our sales and marketing staff, including, salaries, bonuses, social insurance costs, housing provident funds and other employee benefits, (ii) travelling and accommodation costs incurred by business trips of our sales and marketing staff, (iii) business entertainment expenses incurred for our sales and marketing activities, (iv) advertisement expenses, (v) others, including primarily transportation allowance, office rent and overheads of our sales and marketing staff and conference expenses.

The following table sets forth a breakdown of the components of our selling expenses in absolute amounts and as percentages to the total selling expenses for the periods indicated:

	Year ended 31 December				
	2024		2023		
	Amount	%	Amount	%	
	(in thousands of RMB, except for percentages)				
Employee benefit expenses	33,941	78.6	38,978	78.8	
Travelling costs	6,239	14.5	6,278	12.7	
Business entertainment expenses	651	1.5	918	1.9	
Advertising expenses	620	1.4	613	1.2	
Others	1,713	4.0	2,698	5.4	
Total	43,164	100.0	49,485	100.0	

Our selling expenses decreased by approximately 12.7% from RMB49.5 million for the year ended 31 December 2023 to RMB43.2 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in employee benefit expenses due to the decrease in sales force during the Reporting Period as compared to 2023.

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily consisted of (i) employee benefits expenses incurred for our management and administrative staff, including wages, salaries, bonuses, social insurance costs, housing provident funds and other employee benefits, (ii) depreciation of property, plant and equipment used for administrative and general use, (iii) amortisation of intangible assets for administrative and general use, (iv) office rent for management and administrative staff, (v) business entertainment expenses incurred by our management and administrative staff, (vi) conference expenses, (vii) advisory fees paid to external advisors in connection with general consulting projects, and (viii) others, including primarily travelling and accommodation costs incurred by business trips and overheads of our management and administrative staff and advertising expenses for general purposes.

The following table sets forth a breakdown of the components of our administrative expenses in absolute amounts and as percentages to the total administrative expenses for the periods indicated:

	Year ended 31 December			
	2024		2023	
	Amount	%	Amount	%
	(in thousa	nds of RMB, exc	ept for percentage	s)
Employee benefit expenses	67,602	52.9	68,726	56.4
Advisory fees	10,653	8.3	7,411	6.1
Office rental	6,682	5.2	6,857	5.7
Amortisation of intangible assets	3,829	3.0	2,564	2.1
Depreciation of properties, plant and equipment	1,895	1.5	2,939	2.4
Business entertainment expenses	1,859	1.5	2,580	2.1
Conference expenses	42	0.0	258	0.2
Others	35,151	27.6	30,519	25.0
Total	127,713	100.0	121,854	100.0

Administrative expenses increased by approximately RMB5.8 million from RMB121.9 million for the year ended 31 December 2023 to RMB127.7 million for the year ended 31 December 2024. Such increase was mainly due to (i) a decrease of approximately RMB3.1 million in employee benefit expenses, depreciation of properties, plant and equipment, office rental and business entertainment expenses as compared to the same period in 2023, (ii) an increase of approximately RMB4.5 million in advisory fees and amortisation of intangible assets as compared to the same period in 2023, (iii) an increase of approximately RMB4.6 million in technical service fees of other projects and outsourced labour costs as compared to the same period in 2023.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses primarily consisted of (i) employee benefits expenses incurred for our research and development staff, including wages, salaries, bonuses, social insurance costs, housing provident funds and other employee benefits, (ii) technical service fees incurred for our outsourced research and development activities and testing fees, (iii) depreciation of property, plant and equipment used for research and development activities, (iv) office rent for our research and development team and activities, and (v) others, including primarily amortisation of intangible assets used for research and development activities.

The following table sets forth a breakdown of the components of our research and development expenses in absolute amounts and as percentages to the total research and development expenses for the periods indicated:

	Year ended 31 December			
	2024	2023		
	Amount %		Amount	%
	(in thousand	ls of RMB, ex	xcept for percentages)	
Employee benefit expenses	19,922	58.3	24,315	66.8
Office rental	6,398	18.7	6,747	18.5
Depreciation of properties, plant and equipment	2,466	7.2	3,284	9.0
Technical service fees	1,489	4.3	550	1.5
Others	3,924	11.5	1,534	4.2
Total	34,199	100.0	36,430	100.0

Research and development expenses decreased by approximately 6.0% from RMB36.4 million for the year ended 31 December 2023 to RMB34.2 million for the year ended 31 December 2024. Such decrease was mainly due to the increase in technical service fees and decrease in employee benefit expenses and office rental as some of the research and development projects were outsourced during the Reporting Period.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Net impairment losses represented the provision for impairment of certain financial assets and the provision for expected credit losses of our financial assets during the year ended 31 December 2023 and 2024. The Group calculates the expected credit loss based on the default risk exposure and the expected credit loss rate, which is in turn determined based on the default probability and the default loss rate. In determining the expected credit loss rate, the Group mainly considers internal historical credit losses and other relevant data, and adjusts such data for current conditions and forward looking data. In considering the forward looking data, the Group considers macroeconomic factors including gross domestic products, producer price index, consumer price index, fixed asset investment, total retail sales of consumer goods, RMB Loan and M2.

Net impairment losses on financial assets decreased by approximately 54.6% from RMB116.5 million for the year ended 31 December 2023 to RMB52.9 million for the year ended 31 December 2024. Such decrease was mainly attributable to (i) a decrease of approximately RMB41.0 million in the provision for bad debts in the logistics and supply chain service sector during the Reporting Period as compared to the last year, which was mainly due to the relatively large provision for bad debts in respect of individual customer credit risks in 2023, while there was no such situation this year; and (ii) a decrease of approximately RMB22.6 million in the provision for credit impairment loss in the supply chain financial service sector as compared to the corresponding period of the last year, of which, provision for credit impairment loss in the factoring business decreased by approximately RMB16.7 million as compared to last year due to the decrease in the balance of factoring receivables as a result of strengthened risk control efforts and reduced scale of investment.

OTHER INCOME

Other income increased by approximately 16.6% from RMB27.1 million for the year ended 31 December 2023 to RMB31.6 million for the year ended 31 December 2024, which was mainly due to the receipt of special government subsidy of approximately RMB5.9 million during the Reporting Period.

OTHER LOSSES - NET

Other losses - net consist of (i) notes receivable discount expenses; (ii) gains or losses on disposal of property, plant and equipment, and (iii) others (primarily including default interest income and liquidated damages).

Other losses - net increased by approximately 225.0% from RMB0.4 million for the year ended 31 December 2023 to RMB1.3 million for the year ended 31 December 2024. The increase was mainly due to the increase in business penalty charged by our customers in the logistics and supply chain services business during the Reporting Period.

FINANCE COSTS - NET

Finance income primarily derived from the interest income of our bank deposits. Finance costs primarily represented the interest expenses incurred for our borrowings to fund our operations other than the supply chain financial service sector, the interest expenses resulted from the unwinding of lease liabilities and exchange losses arising from settlement of foreign exchange.

The following table sets forth a breakdown of the components of net finance (costs)/income in absolute amounts and as percentages of total net finance costs/income for the periods indicated:

	Y	Year ended 31 December		
	2024	2024		3
	Amount	%	Amount	%
	(in thousan	ds of RMB, ex	cept for perce	entages)
Finance income	21,504	(242.3)	29,491	(212.3)
Finance costs	(30,378)	342.3	(43,384)	312.3
Net	(8,874)	100.0	(13,893)	100.0

We recorded finance net costs of RMB13.9 million and RMB8.9 million for the years ended 31 December 2023 and 2024, respectively, which represented the combined effect of our finance income and finance costs for the years indicated.

PROFIT BEFORE INCOME TAX

Profit before income tax decreased by 4.7% from RMB209.1 million for the year ended 31 December 2023 to RMB199.2 million for the year ended 31 December 2024. The decrease was mainly due to the decrease in gross profit as a result of the overall decrease in operating revenue during the Reporting Period.

INCOME TAX EXPENSE

Our income tax expense was approximately RMB42.4 million for the year ended 31 December 2024, as compared to RMB57.9 million for the year ended 31 December 2023. The decrease was due to the decrease in profit before tax during the Reporting Period.

PROFIT FOR THE YEAR

Our profit for the year ended 31 December 2024 was approximately RMB156.7 million, as compared to RMB151.3 million for the year ended 31 December 2023. Net profit margin for the year ended 31 December 2024 was 6.0%, as compared to 4.9% for the year ended 31 December 2023. The increase was mainly due to the following reasons: (i) the Group's supply chain financial service sector and logistics and supply chain service sector strengthened risk controls during the Reporting Period by adjusting the placement structure, enhancing the collection of due amounts and other measures to reduce the loans receivable and trade receivables balance, resulting in a decrease in credit impairment loss of approximately RMB63.6 million as compared to the same period last year; and (ii) the Group controlled its fees and expenses during the Reporting Period, resulting a decrease in selling expenses, administrative expenses, research and development expenses and finance costs of approximately RMB7.7 million as compared to the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

Current Assets and Current Liabilities

As at 31 December 2024, the Group's net current assets amounted to approximately RMB1,424.4 million, representing a decrease of approximately 23.8% from RMB1,870.4 million as at 31 December 2023. Such decrease was mainly because the current liabilities increased by RMB441.4 million as compared to the end of 2023, while the current assets merely decreased by RMB4.7 million as compared to the end of 2023.

The Group's current assets decreased by RMB4.7 million from approximately RMB7,020.4 million as at 31 December 2023 to approximately RMB7,015.7 million as at 31 December 2024. Such decrease was mainly due to (i) the increase of approximately RMB235.1 million in inventories, trade receivables, loan receivables and notes receivable compared to the end of 2023; and (ii) the decrease of approximately RMB244.0 million in prepayments, other receivables, cash and cash equivalents compared to the end of 2023.

The Group's current liabilities increased by approximately RMB441.4 million from approximately RMB5,150.0 million as at 31 December 2023 to approximately RMB5,591.4 million as at 31 December 2024. Such increase was mainly due to (i) the decrease of approximately RMB554.9 million in short-term borrowings and long-term borrowings due within one year compared to the end of 2023 and the increase of approximately RMB900.0 million in borrowings due to related parties compared to the end of 2023 as a result of changes in financing structure; and (ii) the increase of approximately RMB85.6 million in accounts payable compared to the end of 2023 as a result of expansion of business scale.

Other Receivables

Other receivables decreased by approximately RMB87.9 million from RMB180.1 million for the year ended 31 December 2023 to RMB92.2 million for the year ended 31 December 2024. Such decrease was mainly due to the decrease in other receivables and lease deposits transferred due within one year.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income increased by approximately RMB4.2 million from RMB112.3 million for the year ended 31 December 2023 to RMB116.5 million for the year ended 31 December 2024. The increase was mainly due to the increase in the proportion of notes receivable in repayments from customers during the Reporting Period, which resulted in an increase in notes receivable at the end of the year.

Loan Receivables

Loan receivables increased by approximately RMB415.7 million from RMB6,523.3 million for the year ended 31 December 2023 to RMB6,939.0 million for the year ended 31 December 2024. The increase was mainly due to the increase in receivables of the finance lease business of approximately RMB751.0 million as compared with that of 31 December 2023, which was mainly due to the increased investment in 2024 in the finance lease business during the Reporting Period.

Inventories

Inventories increased by approximately RMB29.4 million from RMB43.9 million for the year ended 31 December 2023 to RMB73.3 million for the year ended 31 December 2024. The increase was mainly due to the increase in purchases of packing boxes and other materials during the Reporting Period.

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

	Year ended 31 December	
	2024	2023
Average turnover days of inventories of the logistics and supply		
chain service sector Note (1)	58.1	84.0
Average turnover days of inventories of the IoV and data service sector Note (2)	3.1	5.7

Notes:

- (1) Average turnover days of inventories of the logistics and supply chain service sector equal to the average of the opening and closing inventory balances of the logistics and supply chain service sector of the indicated year divided by the cost of revenue of the logistics and supply chain service sector for such year and multiplied by number of days contained in that period.
- (2) Average turnover days of inventories of the IoV and data service sector equal to the average of the opening and closing inventory balances of the IoV and data service sector of the indicated year divided by the cost of revenue of the IoV and data service sector for such year and multiplied by number of days contained in that period.

Average turnover days of inventories of the logistics and supply chain service sector in 2023 and for the year ended 31 December 2024 were 84.0 days and 58.1 days, respectively, which was mainly due to the shorter average inventory turnover days as a result of the reduction of stock cars.

Average turnover days of inventories of the IoV and data service sector in 2023 and for the year ended 31 December 2024 were 5.7 days and 3.1 days, respectively, mainly due to shorter average turnover days of inventories as the Group continued to improve the level of inventory management during the Reporting Period.



Trade Receivables

Trade receivables increased by approximately RMB12.4 million from RMB784.3 million as at 31 December 2023 to RMB796.7 million as at 31 December 2024. The increase was mainly due to the slower collection from some customers during the Reporting Period, resulting in an increase in trade receivables for the year.

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

	Year ended 31 December	
	2024	2023
Average turnover days of trade receivables Note (1)	147.9	101.3

Note:

(1) Average turnover days of trade receivables equal to the average of the opening and closing trade receivables divided by revenue generated during the year (other than revenue generated from our supply chain financial service sector) and multiplied by the number of days contained in that year.

In 2023 and the year ended 31 December 2024, the average turnover days of trade receivables were 101.3 days and 147.9 days, respectively. The increase in turnover days was mainly due to the slow collection from some customers, resulting the increase in the turnover days of trade receivables during the Reporting Period.

Trade and Other Payables

Trade and other payables increased by approximately RMB707.3 million from RMB1,966.5 million for the year ended 31 December 2023 to RMB2,673.8 million for the year ended 31 December 2024. The increase was mainly due to (i) the short-term portion increased by approximately RMB708.5 million as compared to that as at 31 December 2023, which mainly comprised the decrease of approximately RMB19.7 million in financial leasing deposit due within one year as compared to that as at 31 December 2023, the increase of approximately RMB900.0 million in related party borrowings as compared to that as at 31 December 2023, the decrease of approximately RMB104.6 million in notes payable and accounts payable as compared to that as at 31 December 2023 (ii) the long-term portion decreased by approximately RMB1.3 million as compared to that as at 31 December 2023, which was mainly due to the decrease of approximately RMB0.9 million in financial leasing deposit from supply chain financial service sector as compared to that as at 31 December 2023.

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

	Year ended 31 December	
	2024	2023
Average turnover days of trade payables Note (2)	73.2	51.1

Note:

(2) Average turnover days of trade payables equal to the average of the opening and closing trade payables divided by cost of revenue for the same year and multiplied by the number of days contained in that year.

In 2023 and for the year ended 31 December 2024, the average turnover days of trade payables were 51.1 days and 73.2 days, respectively, primarily due to the longer settlement cycle for freight charges of third-party logistics in the logistics and supply chain service sector during the Reporting Period, resulting in increased average turnover days of trade payables.

Liquidity and Capital Resources

We have financed our operations primarily through cash generated from our operating activities, capital contribution from our Shareholders, bank borrowings, loan from related parties, asset-backed securities and other borrowings obtained from other financial institutions. As at 31 December 2023 and as at 31 December 2024, we had cash and cash equivalents of RMB976.9 million and RMB893.5 million, respectively.

The following table sets forth our cash flows for the periods indicated:

	Year ended 31 De	ecember
	2024	2023
	RMB'000	RMB'000
Operating profit before changes in working capital	310,906	378,926
Changes in working capital:		
- Restricted cash at banks	22,923	(30,179)
-Financial assets at fair value through other comprehensive income (FVOCI)	(4,196)	(22,016)
-Notes receivable	(581,784)	184,856
Trade receivables	(25,953)	(251,826)
-Loan receivables	(457,026)	(601,823)
Other receivables	89,833	232,121
- Prepayments	17,077	95,528
- Inventories	(55,441)	68,010
—Trade and other payables	1,316,687	277,017
-Contract liabilities	(21,419)	(71,149)
- Borrowings	(647,143)	40,677
- Provisions for warranty	(750)	(483)
Changes in working capital	(347,192)	(79,267)
Cash flow from operating activities		
Cash (used in)/generated from operations	(36,286)	299,659
Interests received	21,504	29,491
Income tax paid	(61,840)	(61,758)
Net cash (used in)/generated from operating activities	(76,622)	267,392
Net cash used in investing activities	(36,655)	(58,009)
Net cash generated from/(used in) financing activities	30,628	(381,162)

Net cash used in operating activities

Our primary source of cash generated from operating activities consists of revenue from our logistics and supply chain service sector, supply chain financial service sector and loV and data service sector. Our cash used in operating activities are mainly used to fund the purchase of commercial vehicles, financing costs and marketing, research and development activities. Our net cash generated from operating activities primarily reflected the combined effect of (i) operating profit before changes in working capital adjusted for non-operating items such as finance costs, and non-cash items such as provision, depreciation and amortisation, (ii) the effect of movements in working capital, including changes in restricted cash at banks, financial assets at fair value through other comprehensive income, trade receivables, loan receivables, other receivables, prepayments, inventories, trade and other payables, contract liabilities and borrowings, (iii) interests received, and (iv) income tax paid.

For the year ended 31 December 2024, net cash used in operating activities was RMB76.6 million, representing an increase of RMB344.0 million compared to the same period in 2023, which was primarily due to the increase in cash outflows from operating activities as compared to the same period last year as a result of increased investment in the finance lease business during the Reporting Period.

Net cash used in investing activities

Our cash generated from investing activities primarily reflected the proceeds received from disposal of equity interest, property, plant and equipment and wealth management products. Our cash used in investing activities primarily reflected the payments made for wealth management products and property, plant and equipment and intangible assets.

For the year ended 31 December 2024, net cash used in investing activities was RMB36.7 million, with a decrease of RMB21.4 million compared with the same period in 2023, mainly due to the decrease in cash payment for the purchase and construction of property, plant and equipment, intangible assets and other long-term assets during the Reporting Period compared with the same period of the previous year.

Net cash generated from financing activities

Our cash generated from financing activities primarily represented the proceeds we received from bank borrowings and bond issuance. Our cash used in financing activities primarily represented the repayment of borrowings and bond, dividend payment to our Company's Shareholders and non-controlling interests of our subsidiaries and repayment of lease liabilities.

For the year ended 31 December 2024, the net cash generated from financing activities was RMB30.6 million, representing an increase of RMB411.8 million compared to the same period in 2023, which primarily reflected the combined effects of (i) an increase of RMB293.6 million in the net cash inflow from financing activities for the year as compared to the last year as a result of expansion of business scale during the Reporting Period; and (ii) a decrease of RMB118.2 million in the payment of dividends, interest and share buybacks as compared to the same period last year.

Capital Expenditure

For the year ended 31 December 2024, the Group's capital expenditures amounted a total of RMB94.7 million, of which investments in property, plant and equipment was RMB56.8 million in total. The capital expenditure investments in intangible assets and right-of-use assets amounted to RMB23.7 million and RMB14.2 million, respectively.

The following table sets forth our capital expenditures for the periods indicated:

	Year ended 31 De	Year ended 31 December		
	2024	2023		
	RMB'000	RMB'000		
Property, plant and equipment	56,808	43,915		
Intangible assets	23,709	18,878		
Right-of-use assets	14,194	5,385		
Total	94,711	68,178		

INDEBTEDNESS

Bank Borrowings

Our bank borrowings decreased by 30.0% from RMB3,141.1 million as at 31 December 2023 to RMB2,200.2 million as at 31 December 2024, mainly due to the adjustment of the financing structure during the Reporting Period and the decrease in proportion of bank borrowings.

Loan from related parties

Our loan from related parties increased by 109.1% from RMB825.0 million as at 31 December 2023 to RMB1,725.0 million as at 31 December 2024, mainly due to an increase of RMB896.0 million in borrowings due to Shaanxi Automobile Holding in 2024.

Loan from third parties

Our loan from third parties decreased by 100.0% from RMB50.0 million as at 31 December 2023 to RMB0.0 million as at 31 December 2024, which was mainly due to the fact that all loans due were repaid and there were no new loans from third parties during the Reporting Period.

Asset-Backed Securities

Our asset-backed securities increased by 76.2% from RMB610.7 million as at 31 December 2023 to RMB1,076.0 million as at 31 December 2024, primarily due to the fact that the amount of newly issued asset-backed securities (ABS) during the Reporting Period was greater than the amount of the ABS due for repayment during the Reporting Period.

Other Borrowings

Our other borrowings obtained from other financial institutions increase by 109.0% from RMB40.0 million as at 31 December 2023 to RMB83.6 million as at 31 December 2024, which mainly represented a new other borrowings of RMB100.0 million during the Reporting Period and the repayment of other borrowings due of RMB56.4 million.

Notes Payable

Our notes payables decreased by 74.0% from RMB256.9 million as at 31 December 2023 to RMB66.7 million as at 31 December 2024, primarily due to (i) the decrease of approximately RMB152.1 million in the amount of notes at the end of the period as compared with the end of last year with decreased notes payment in the logistics and supply chain service sector and the IoV and data services sector during the Reporting Period; (ii) the decrease of RMB38.1 million in financial leasing business and the funds issued by banks to customers as compared with the end of last year.

The maturity date of financial liabilities is as follows:

31 December 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years (RMB'000)	Over 5 years	Total
Trade and other payables	2,495,548	152,668	_	_	2,648,216
Lease liabilities	9,633	9,268	5,083	287	24,271
Borrowings	2,111,577	244,353	_	_	2,355,930
Bond payables	937,135	155,296			1,092,431
Total	5,553,893	561,585	5,083	287	6,120,848

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

Items	Weighted average interest rate
Bank borrowings	3.32%
Loan from related parties	2.39%
Asset-backed securities	2.64%
Borrowings from other financial institutions	3.30%

Management Discussion and Analysis

Lease Liabilities

Our lease liabilities represent the lease of office buildings and facilities for our logistics and warehousing services. Our lease liabilities amounted to RMB27.8 million and RMB23.1 million, respectively, as at 31 December 2023 and 31 December 2024. The lease term of our lease of buildings and facilities ranges from one year to ten years.

Charges on Assets

Details of the Group's charges on assets as at 31 December 2024 are set out in note 33 to the consolidated financial statements.

Contingent Liabilities

As at 31 December 2024, our Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

As at 31 December 2024, save as disclosed above, our Group did not have any other outstanding borrowings, mortgage, charges, debentures or other loan capital (issued or agreed to issue), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, financial leasing commitments, hire purchase commitment.

Save as disclosed above, our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 31 December 2024 and up to the Latest Practicable Date.

Gearing Ratio

The Group's gearing ratio increased from 52.5% as at 31 December 2023 to 55.5% as at 31 December 2024. This was mainly due to an increase of RMB465.2 million in bond payables in 2024 as compared to 2023, and a decrease of RMB88.5 million in cash and cash equivalents as compared to 2023, leading to an increase in the leverage ratio.

Exposure to Fluctuations in Exchange Rates

The Group mainly operates in Mainland China with most of the transactions settled in RMB, and there is no significant exchange rate risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange movements to best preserve the Group's cash value.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

Our Group's activities and operations are exposed to a variety of market risk, credit risk, liquidity risk and capital risk. Our overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. We currently do not use any derivative financial instruments to hedge certain risk exposures.

Management Discussion and Analysis

Market Risk

Our market risk primarily includes cash flow and fair value interest rate risk, which is mainly attributable to our cash and cash equivalents, restricted cash at banks, loans receivables, borrowings, bond payables, trade and other payables and lease liabilities. Specifically, we are exposed to cash flow rate risk with our financial assets and liabilities at variable interest rates and are exposed to fair value interest rate risk with our financial assets and liabilities at fixed interest rates.

As at 31 December 2024, if interest rates on our cash and cash equivalents, restricted cash at bank, trade and other payables and bank borrowings had been 10% higher/lower with all other variables held constant, our profit after income tax for the year would have been RMB1.6 million higher/lower, mainly as a result of higher/lower net interest income/ expense being recognised/incurred.

Credit Risk

We are exposed to credit risk primarily in relation to our cash and cash equivalents, restricted cash at banks, loan receivables and trade and other receivables.

We do not expect any significant credit risk associated with cash at bank and restricted cash at bank since they are deposited at state-owned banks and other medium or large size listed banks.

Our management has credit policy in place and the exposures to those credit risk are monitored on an ongoing basis. We have policies to monitor the credit exposure, trade receivables, loan receivables and other receivables. We assess the credit quality of and set credit limits on our customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. We regularly monitor the credit history of our customers. In respect of customers with a poor credit history, we will use written payment reminders, or shorten or cancel credit periods, to ensure that our overall credit risk is limited to a controllable extent.

Our loan receivables are mainly receivables generated from our financial leasing business. For such receivables, we perform standard credit management procedures, which include primarily project due diligence and proposal submission, credit guarantee review and approval, disbursement, post-lending monitoring and management of non-performing financial lease receivables. We enhance our credit risk management by strictly complying with our credit management procedures, strengthening customer investigation, lending approval and post-lending monitoring measures, enhancing risk mitigation effect of loan receivables through obtaining collateral, security deposits and corporate or individual credit guarantee.

We write off financial assets when there is no reasonable expectation of recovery with the indicators of bankruptcy, cancellation, revocation or closure of the debtor, and the debtor has no enforceable property.

We made provision for financial instruments measured at amortised cost, financial lease receivables, loan commitments and financial guarantee contracts using the "expected credit loss model" by dividing the financial instruments and loan receivables into 3 stages: (i) stage 1 is "the credit risk has not increased significantly since its initial recognition", at which we only need to measure the expected credit loss in the next 12 months; (ii) stage 2 is "the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired", at which we need to measure lifetime expected credit loss but do not perform credit impairment; and (iii) stage 3 is "financial instrument is credit-impaired", at which we need to measure lifetime expected credit loss and perform credit impairment.

Management Discussion and Analysis

Liquidity Risk

We aim to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, we monitor rolling forecasts of our Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flows. All the borrowings are in compliance with the relevant covenants. We expect to fund the future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

Capital Risk

Our primary objective for capital management is to safeguard our ability to continue as a going concern in order to provide returns for equity holders. We manage our capital structure and make adjustments to it, based on changes in economic conditions. In order to maintain or adjust our capital structure, we may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

We monitor 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", "lease liabilities", "loan from related parties", "loan from a third party" and "bond payable" as shown in our consolidated statement of financial position) less cash and cash equivalents and restricted cash at banks. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 31 December 2024, the Group had a total of 1,702 employees. Employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. The remuneration of the Group's employees includes salaries and allowances. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. Details of the employee benefit expenses are set out in notes 8 & 9 to the Financial Statements.

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

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments (same period in 2023: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

Executive Directors

Mr. Wang Runliang (王潤梁), aged 55, was appointed as an executive Director on 15 April 2019. Mr. Wang is primarily responsible for the overall management and operations of the Group. Mr. Wang has over 29 years of experience in commercial vehicle industry. Mr. Wang joined Shaanxi Automobile in 1993, during which he served at Shaanxi Automobile (previously known as Shaanxi Automobile Manufacturing) as a staff of the finance section from August 1993 to September 2002, and from September 2002 to May 2003 as a staff of the finance section of the sales department. From May 2003 to February 2008, he served as the chief of integrated finance section of sales department of the Shaanxi Heavy Duty Automobile. From February 2008 to January 2013, he served as the deputy general manager of integrated management department of the sales department of Shaanxi Heavy Duty Automobile. From May 2013 to January 2017, he served as deputy general manager of Shanzhong Financial Leasing Co., Ltd.* (山重融資租賃有限公司) and responsible for overall management and management. He served as deputy general manager of the Company from January 2017 to January 2019, and as the general manager of the Company from January 2019 to January 2025.

Mr. Wang graduated with a major in financial accounting (online courses), from Xi'an Jiaotong University, School of Network Education* (西安交通大學網絡教育學院) in the PRC in July 2010.

Mr. Wang Wenqi (王文岐), aged 53, was appointed as an executive Director on 25 December 2020. He is also the vice general manager of the Company. Mr. Wang is primarily responsible for the overall management and operations of the Group.

Mr. Wang has more than 34 years of experience in the commercial vehicle industry. From December 1990 to March 2002, he worked at Shaanxi Automobile (formerly known as Shaanxi Automobile Manufacturing Plant (Engine branch)* 陝西汽車 製造總廠發動機分廠) as a staff. From April 2002 to November 2007, he worked at the Shanghai branch, the Nanjing branch and the Shandong branch of Shaanxi Automobile. From December 2007 to November 2010 and from November 2010 to April 2012, he served as officer of the Wuhan branch and the Shanghai-Ningbo branch of Shaanxi Heavy Duty Automobile, respectively. Mr. Wang served as general manager of the leasing division from June 2012 and then serve as deputy general manager in Deewin Financial Leasing since January 2014. From January 2016 to January 2017, he served as the deputy general manager of the Company. He served as the general manager of Tonghui from January 2017 to December 2020, and chairman of Tonghui since April 2019, and responsible for the overall management and operation of Tonghui. He has been the deputy general manager of the Company since December 2020.

Mr. Wang graduated from Shaanxi Automobile Technical School* (陝西汽車技工學校) in the PRC in August 1990 and he studied major of business administration (MBA) in Xi'an Jiaotong University* (西安交通大學) in the PRC in April 2012.

Independent Non-Executive Directors

Mr. Li Gang (李剛), aged 51, was appointed as an independent non-executive Director on 25 December 2020. Mr. Li is primarily responsible for supervising and providing independent judgement to our Board. Mr. Li is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr Li has been engaged in teaching and scientific research in the field of supply chain management and e-commerce, internet business innovation, as well as business analytics and intelligent decision-making for over 23 years. Mr. Li worked as an assistant professor and associate professor of Xi'an Jiaotong University* (西安交通大學) from February 2005 to December 2014. He is currently a professor and Ph.D. supervisor of Xi'an Jiaotong University since December 2014. From October 2011 to February 2012, he was an International Faculty Fellow at The Massachusetts Institute of Technology Sloan School of Management. From July to August 2016, he was a Visiting Professor at Hong Kong Polytechnic University. From September 2017 to August 2018, he was a Fulbright Visiting Research Scholar at the University of Florida.

Mr. Li graduated with a bachelor's degree in computer and application from Xidian University* (西安電子科技大學) in the PRC in July 1996. He also obtained a master's degree in computer and application from Xi'an Shiyou University* (西安石油 大學) in the PRC in June 2001. He obtained a doctor degree in management science and engineering from Xi'an Jiaotong University* (西安交通大學) in the PRC in May 2005.

Mr. IP Wing Wai (葉永威), aged 46, was appointed as an independent non-executive Director on 25 December 2020. Mr. Ip is primarily responsible for supervising and providing independent judgement to our Board. Mr. Ip is also the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Ip has over 25 years of experience in the accounting, auditing and corporate field. Mr. Ip worked in KPMG from September 2000 to September 2003 and Beijing Enterprises Holdings Limited (a company listed on the Stock Exchange (Stock Code: 392)) as an accounting manager. During September 2006 to August 2008, Mr. Ip served as a finance manager and company secretary in a Fortune Dragon Group Limited. He was in charge of financial reporting, corporate finance, mergers and acquisitions and company secretarial matters. He then worked with Shougang Fushan Resources Group Limited (a company listed on the Stock Exchange (Stock Code: 639)) as a senior finance manager from September 2008 to March 2010. During the tenure, he was mainly responsible for the group's financial reporting, project evaluation, regulatory compliance and investors relationship. From June 2015 to May 2018, Mr. Ip served as executive director of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (a company listed on the GEM of the Stock Exchange (Stock Code: 8095)) and then has served as the non-executive director of Beijing Beida Jade Bird Universal Sci-Tech Company Limited from May 2018 to May 2021. Mr. Ip has worked at King Stone Energy Group Limited (a company listed on the Stock Exchange (Stock Code: 663)) since April 2010 as the chief investment officer and currently serves as a vice president at the group. Mr. Ip served as the independent non-executive director of 8088 Investment Holdings Limited (formerly known as AID Life Science Holding Limited) (a company listed on the GEM of the Stock Exchange (Stock Code: 8088)), from 2020 to August 2022. He has served as an independent Director at iClick Interactive Asia Group Ltd. (NASDAQ: ICLK) from 24 June 2024.

Mr. Ip holds a bachelor's degree in Business Administration in Accounting from The Hong Kong University of Science and Technology in Hong Kong in 2000. He is a member of The Hong Kong Institute of Certified Public Accountants since July 2004.

Mr. Yu Qiang (余強), aged 63, was appointed as an independent non-executive Director on 25 December 2020. Mr. Yu is primarily responsible for supervising and providing independent judgement to our Board. Mr. Yu is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Yu has been engaged in teaching and scientific research in the field of transportation and vehicle engineering specialising in smart cars, new energy automobiles and vehicle system dynamics for over 24 years. From 2000 to 2003, Mr. Yu served as the head of the department of vehicle engineering, then from 2003 to 2008 as the deputy dean, and from 2009 to 2018 as the dean of the school of Automobile, Chang'an University* (長安大學汽車學院).

From October 1978 to July 1982, Mr. Yu studied an undergraduate degree in automobile application engineering obtaining a bachelor's degree in Engineering at Xi'an Highway University* (西安公路學院) in the PRC. From September 1982 to September 1985, he studied a postgraduate in automobile application engineering obtaining a master's degree in Engineering at Xi'an Highway University* (西安公路學院). From September 1997 to June 2000, he studied a postgraduate degree in transport engineering obtaining a doctoral degree in engineering at the Chang'an University (formerly known as Xi'an Highway and Jiaotong University) in the PRC.

Non-executive Directors

Mr. Guo Wancai (郭萬才), aged 51, was appointed as a non-executive Director and the chairman of our Board on 17 July 2020. Mr. Guo is primarily responsible for the overall affairs of the Board, and participating in the formulation of business plans, strategies and major decisions of the Group through being a member of the Board. Mr. Guo is also the chairman of the Nomination Committee.

Mr. Guo has over 28 years of experience in corporate finance and accounting. During the period from June 1997 to March 2014, Mr. Guo served in various positions of the Financial Assets Division of Shaanxi Nuclear Industry Geology Bureau* (陝西省核工業地質局財務資產處) including as a staff member, assistant accountant, accountant, chief staff member and deputy director. From March 2014 to June 2017, he served as the deputy director of the finance and accounting department of China Shaanxi Nuclear Industry Group Corporation* (中陝核工業集團公司). From March 2014 to December 2015, he acted as the chairman of the board of supervisors of Shaanxi Hechang Electromechanical Equipment Co., Ltd.* (陝西核昌機電裝備有限公司). From June 2017 to August 2019, he served as chief financial officer of Shaanxi Hexin Mining Co., Ltd.* (陝西核鑫礦業有限責任公司), and from October 2018 to August 2019, he also served as the head of the audit department of China Shaanxi Nuclear Industry Group Corporation* (中陝核工業集團公司). Since August 2019, Mr. Guo has been serving as a chief accountant of Shaanxi Automobile Holding and was primarily responsible for relevant work in finance. From July 2020 to March 2021, he served as a director of Shaanxi Automobile. From July 2020 to date, he serves as the general accountant Shaanxi Automobile.

Mr. Guo graduated with a bachelor's degree in economics, majoring in accounting, from Central South Institute of Technology* (中南工學院) in the PRC in June 1997.

Mr. Tian Qiang (田強), aged 45, was appointed as a non-executive Director on 30 May 2023. Mr. Tian is primarily responsible for participating in the formulation of business plans, strategies and major decisions of the Group.

Mr. Tian graduated from the School of Economics and Management of Hubei Shashi University majoring in accounting and the Correspondence College of Yangtze University (長江大學函授學院) majoring in computer science. From July 2000 to October 2004, Mr. Tian Qiang worked as an employee of the finance department of Shaanxi Automobile Manufacturing Plant. From October 2004 to March 2013, he worked in the financial and accounting department of Shaanxi Heavy Duty Motor Company Limited (陝西重型汽車有限公司), and successively served as employee of the financial and accounting department, section officer of management accounting section, section officer of fund management section and section officer of management accounting section, and section officer of fund management section. From March 2013 to February 2014, he served as the deputy manager of the general management department of the sales company of Shaanxi Heavy Duty Motor Company Limited. From February 2014 to January 2016, he served as the deputy head of the finance and accounting department of Shaanxi Heavy Duty Motor Company Limited (陝西重型汽車有限公司). From January 2016 to January 2019, he served as the head of the operation management department and secretary of the Party branch of Shaanxi Automobile Holding Group Co., Ltd. (陝西汽車控股集團有限公司). From January 2019 to January 2023, he served as the general manager of Shandong Automobile Manufacturing Co., Ltd. (山東汽車製造有限公司) (later renamed Weichai New Energy Commercial Vehicle Co., Ltd. (濰柴新能源商用車有限公司)). Since January 2023 until now, he has been serving as the director of commercial vehicles of Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司); deputy secretary of the Party Committee, director and general manager of Shaanxi Automobile Group Commercial Vehicle Co., Ltd. (陝汽集 團商用車有限公司).

Mr. Zhao Chengjun (趙承軍), aged 46, was appointed as a non-executive Director on 30 May 2023. Mr. Zhao is primarily responsible for participating in the formulation of business plans, strategies and major decisions of the Group.

Mr. Zhao holds a junior college degree in marketing from Shaanxi University of Finance and Economics, a bachelor's degree in business management from Xi'an University of Technology, and a master's degree in business administration from the School of Business Administration of Xi'an University of Technology. From March 2003 to September 2005, Mr. Zhao Chengjun was engaged in market research in the marketing department of the sales company of Shaanxi Heavy Duty Automobile Co., Ltd (陝西重型汽車有限公司). From October 2005 to February 2014, he worked in the sales company of Shaanxi Heavy Duty Automobile Co., Ltd and successively served as the section officer of the market research section of the marketing department, the director, the manager of the sales department, the deputy general manager, the deputy general manager and the manager of the sales service department of the Zhengzhou office. From February 2014 to January 2022, he worked in the quality management department of Shaanxi Automobile Holding Group Co., Ltd. (陝西汽車控股 集團有限公司), and successively served as the head of the quality management department and the secretary and head of the general party branch of the quality management department. Since January 2022 until now, he has been serving as the sales director of Shaanxi Heavy Duty Automobile Co., Ltd; secretary of the Party Committee and general manager of the sales company.

Ms. Feng Min (馮敏), aged 37, was appointed as a non-executive Director and an employee representative Director on 27 August 2021. Ms. Feng is primarily responsible for participating in the formulation of business plans, strategies and major decisions of the Group.

Ms. Feng has over 14 years of experience in financial management and accounting. From 2011 to 2014, she worked in the accounts department of Shaanxi Heavy Duty Automobile as a staff. Ms. Feng served as a financial staff from April 2014 to December 2014 at the financial and information department of Xi'an Kangmingsi Generator Co., Ltd.* (西安康明斯發 動機有限公司). From January 2015 to December 2016, she served as head of accounting and accounting manager of the operations centre of the Company. Since January 2017, Ms. Feng served as the deputy director and director of the financial management department of the Company.

Ms. Feng graduated with a bachelor's degree in accounting from Wuhan University of Technology* (武漢理工大學) in the PRC in 2011.

SUPERVISORS

Mr. Ji Jianguo (季建國), aged 39, was appointed as the shareholder representative Supervisor and the chairman of the Board of Supervisors on 30 May 2024. Mr. Ji is primarily responsible for supervising the operations and financial activities of the Group and organising meetings of the Board of supervisors.

Mr. Ji worked in the financial management department of Shaanxi Automobile Group Co., Ltd from June 2012 to January 2018, serving as a staff member of the financial management department and the head of the financial management section. From January 2018 to January 2020, he served as Deputy Director of Investment and Securities Department of Shaanxi Automobile Holding Group Co., Ltd. From January 2020 to December 2022, he served as Party Branch Secretary and Director of Audit Department of Shaanxi Automobile Holding Group Co., Ltd. From December 2022 to January 2023, he served as Party Branch Secretary and Director of Audit Department of Shaanxi Automobile Holding Group Co., Ltd, Member of the Party Committee, Director and Chief Financial Officer of Shaanxi Dexin Parts Group Co., Ltd. From January 2023 to January 2024, he served as Member of the Party Committee, Director and Chief Financial Officer of Shaanxi Dexin Parts Group Co., Ltd. From January 2024 to June 2024, he served as Party Branch Secretary and Director of Investment Management Department of Shaanxi Automobile Holding Group Co., Ltd. Since July 2024, he has served as the chief auditor at Shaanxi Construction Engineering Holding Group Co., Ltd.

Mr. Ji holds a bachelor's degree in financial management from the School of Management of Xuzhou University of Technology and a master's degree in accounting from the School of Management of Xi'an Polytechnic University. He is a chief senior accountant and a senior auditor.

Mr. Zhang Shaojie (張少傑), aged 49, was appointed as the representative supervisor of the Shareholders on 30 May 2023. Mr. Zhang is mainly responsible for monitoring the Group's operation and financial activities.

Mr. Zhang graduated from Baoji School of Finance and Economics majoring in financial accounting and holds a master's degree in business administration from the School of Business Administration of The Hong Kong Polytechnic University. He is a member of the Chinese Institute of Certified Public Accountants. Mr. Zhang Shaojie worked in the finance department of the production segment of Shaanxi Automobile Group Co., Ltd. from August 1995 to January 2005, successively serving as the accountant and the director of the finance department of the production segment. From January 2005 to October 2005, he served as the financial director of the material procurement department of Shaanxi Automobile Group Co., Ltd.. From October 2005 to January 2013, he served as the chief financial officer of Shaanxi Tonghui Automobile Logistics Co., Ltd. (陝西通匯汽車物流有限公司). From January 2013 to January 2017, he served as the general manager of Shaanxi Tonghui Automobile Logistics Co., Ltd. From January 2017 to February 2021, he served as Party branch secretary and general manager of Shaanxi Huazhen Industry and Trade Service Co., Ltd. (陝西華臻工貿服務有限公司). From February 2021 to May 2024, he served as the Party branch secretary and head of the financial management department of Shaanxi Automobile Holding Group Co., Ltd. Since May 2024, he has served as the director of the financial management department of Shaanxi Investment Group Co., Ltd.

Mr. Qin Xiaohui (秦曉輝), aged 47, was appointed as the employee representative Supervisor on 11 August 2016. Mr. Qin is primarily responsible for monitoring our Group's operations and financial activities.

From April 2004 to July 2012, Mr. Qin served as discipline inspection and supervision officer of discipline inspection and audit office of Shaanxi Automobile. From November 2012 to March 2016, he served as general manager assistant and director of the integrated management department of Shaanxi Zhongfu Wulian Technology Service Co., Ltd.* (陝西中富物 聯科技服務有限公司). From April 2016 to February 2018, he served as the chairman of the labour union, deputy director of the administrative personnel department. From February 2018 to February 2021, he has been serving as the chairman of the labour union, director of the integrated management department of the Company. Since March 2021, he has been serving as the chairman of the labour union and the director of the general manager office of the Company.

Mr. Qin graduated with a major in business administration from the Open College in Central Party School* (中央黨校函授學 院) in the PRC in 2006.

SENIOR MANAGEMENT

For the biographical details of Mr. Wang Runliang and Mr. Wang Wengi, see the sub-section named "Executive Directors" above in the section headed "Directors, Supervisors and Senior Management".

Mr. Zhao Peng (趙鵬), aged 42, was appointed as the general manager of the Company on 21 January 2025. Mr. Zhao is primarily responsible for the overall management and operations of the Group.

From July 2004 to February 2006, Mr. Zhao worked in the heavy truck sales and marketing department of the marketing company of Anhui Jianghuai Automobile Co., Ltd. (安徽江淮汽車股份有限公司). From February 2006 to February 2012, he successively served as a sales representative of the Shenyang office and a commercial representative of the specialized vehicle department of the sales company of Shaanxi Heavy Duty Automobile Co., Ltd. (陝西重型汽車有限公司). From February 2012 to August 2012, he served as the assistant to the general manager in Shaanxi Automobile Group Wenzhou Yunding Automobile Co., Ltd. (陝西汽車集團溫州雲頂汽車有限公司). From August 2012 to January 2020, he successively served as the marketing research project manager, the director of Nanchang office and the director of Jinan office of the sales company of Shaanxi Heavy Duty Automobile Co., Ltd. From January 2020 to July 2022, he served as the deputy director of the group management department of Shaanxi Automobile Holding Group Co., Ltd. (陝西汽車控股集團有限公 司). From July 2022 to January 2025, he served as the deputy general manager of the sales company of Shaanxi Heavy Duty Automobile Co., Ltd. From January 2025, he has been the general manager of Deewin Tianxia Co., Ltd. Mr. Zhao Peng was proposed by the Board to be appointed as an executive Director on 21 January 2025, which is subject to the approval of general meeting.

Mr. Zhao graduated with a bachelor's degree in automobile operation engineering from Chang'an University (長安大 學) in 2004 and graduated from Shaanxi Master of Business Administration College with an executive master of business administration (EMBA) in 2023.

Mr. Lin Jun (林俊), aged 54, was appointed as the vice general manager of the Company on 21 January 2016. Mr. Lin is primarily responsible for the overall management and operations of the Group.

From August 1990 to January 2003, Mr. Lin served as officer of Handan No. 1 Transportation Corporation No. 2 Auto Repair Factory* (邯鄲市第一運輸總公司第二汽車修理廠). Mr Lin served as manager of sales and credit department, deputy general manager and chairman of the labour union of Handan Group Automobile Trading Service Co., Ltd.* (邯運集團汽車 貿易服務有限公司) from January 2003 to April 2010. From April 2010 to April 2011, Mr. Lin served as deputy director of the property management department of Handan Transportation Group Co., Ltd* (邯鄲交通運輸集團有限公司). From April 2011 to September 2012, Mr. Lin served as deputy director of the security technology department then as vice chairman of the labour union of Wanhe Group Co., Ltd.* (萬合集團股份有限公司). He served as general manager of the supply chain division of Deewin Financial Leasing from June 2012 to October 2013. He then served as general manager of Fargo from March 2016 to February 2018. Since January 2016, he has been serving as deputy general manager of the Company.

Mr. Lin graduated (online courses) in law from the Xi'an Jiaotong University (西安交通大學) in the PRC in 2013.

Mr. Li Rui (李鋭), aged 41, was appointed as the vice general manager of the Company on 15 February 2021. Mr. Li is primarily responsible for the overall management and operation of the Group.

Mr. Li has over 19 years of experience in research and development of heavy truck electronic, electrical systems and intelligent product. Mr. Li served in various positions in the Department of Electronics and Electrical Appliances of the Automotive Engineering Research Institute* (汽車工程研究院電子電器所) of Shaanxi Heavy Duty Automobile, including as a staff of the Department of Electronics and Electrical Appliances from August 2006 to October 2011, the deputy officer and the officer of the General Electrical Layout Room from October 2011 to August 2012 and from August 2012 to July 2015 respectively, the officer of the Applied Technology Research and Development Room from July 2015 to March 2016 and the deputy director of the Department of Electronics and Electrical Appliances from March 2016 to June 2018. Mr. Li served as the director of the Department of Electronics and Electrical Appliances from June 2018 to February 2021. Since February 2021, he has been serving as deputy general manager of the Company.

Mr. Li graduated with a bachelor's degree in electrical engineering and automation from the School of Electrical Engineering of the Xi'an Jiaotong University* (西安交通大學電氣工程學院) in the PRC in July 2006. He then obtained a master's degree in automotive engineering from the School of Automobile of the Chang'an University* (長安大學汽車學院) in the PRC in June 2015.

Mr. Liu Lulu (劉錄錄), aged 40, he was appointed as the financial director of the Company on 29 January 2019, Board secretary of the Company on 25 December 2020 and the joint company secretary of the Company on 20 January 2021. Mr. Liu is primarily responsible for the financial management of the Group, information disclosure of Board related matters and liaison with regulatory authorities.

Mr. Liu has over 15 years of experience in corporate finance. From July 2010 to April 2013, he served as officer of the financial management department of Shaanxi Huazhen Industry and Trade Service Co., Ltd.* (陝西華臻工貿服務有限公司). From November 2013 to April 2016, he served as financial director of Xinjiang Fargo Supply Chain Management Co., Ltd. From April 2016 to February 2018, he served as financial director of Shanghai Fargo. He then served as deputy director of the financial services department of Shaanxi Automobile Holding from January 2018 to January 2019. Since January 2019, he has been serving as financial director of the Company.

Mr. Liu graduated with a master degree in financial science in 2010 from the Xinjiang University of Finance and Economics* (新疆財經大學) in the PRC.

JOINT COMPANY SECRETARIES

Mr. Liu Lulu (劉錄錄) is one of our joint company secretaries. For the biographical details of Mr. Liu Lulu, see the subsection named "Senior Management" above in the section headed "Directors, Supervisors and Senior Management" for his detailed background.

Ms. Chan Yin Wah (陳燕華) is one of our joint company secretaries and was appointed on 30 May 2024. Ms. Chan Yin Wah is an associate director of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Chan has extensive company secretarial professional experience. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chan is also a fellow member of the Association of Chartered Certified Accountants.

The Board of Directors ("Board") are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is a joint stock company established in accordance with the PRC Company Law, the Securities Law and other applicable regulations of the People's Republic of China. The Company provides various value-added services, including logistics and supply chain services, financial services and IoV data services, to players along the commercial vehicle industry chain. The business scope of the company covers the following: automobile components sales; automobile after-sales (excluding assembly) service; machinery and equipment leasing, automobile leasing; second-hand automobile information consulting, automotive marketing planning; site leasing; investment in automobile and automotive products, management and consulting (investment with own assets only; for items subject to approval according to law, business activities can only be carried out after the approval by relevant authorities).

Results and Dividend Distribution

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 138.

Based on the operating results of the Group for 2024 and taking into account the overall financial position and cash flow of the Group, the Board recommended the payment of final dividend of RMB0.3513 (tax inclusive) per 10 Shares for 2024. The proposed 2024 final dividend will be paid on Friday, 22 August 2025 or earlier to Shareholders whose names appear on the register of members of the Company on Tuesday, 10 June 2025.

To determine the identity of Shareholders who are entitled to the proposed 2024 final dividend, the register of members will be closed from Wednesday, 4 June 2025 to Tuesday, 10 June 2025 (both days inclusive). In order to establish entitlements to the proposed 2024 final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 3 June 2025.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group during the year ended 31 December 2024, a discussion and analysis on the Group's future business development and the key financial and operational performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 20 to 38 of this annual report.

Environmental Policies and Performance

Discussions on the Group's environmental policies and performance, relationships with key stakeholders, and compliance with the relevant laws and regulations are contained in the "Environmental, Social and Governance Report" section of this report.

Compliance with Relevant Laws and Regulations

Our business has been and will continue to be governed in accordance with the relevant Chinese laws and regulations, which were promulgated and implemented by Chinese government authorities, including national and local laws and regulations related to logistics and supply chain services, supply chain financial services, IoV and data services. As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group and has obtained all material licenses, approvals and permits from relevant regulatory authorities for the operations of the Group in the PRC. During the year ended 31 December 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

ANNUAL GENERAL MEETING

The 2024 AGM will be held on 29 May 2025. Notice of the 2024 AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed during the following periods:

For ascertaining eligibility to attend and vote at the AGM:

- Latest time to lodge transfers documents for registration: before 4:30 p.m. on Monday, 28 April 2025
- Closure of register of members: from Tuesday, 29 April 2025 to Thursday, 29 May 2025 (both days inclusive)

To be eligible to attend and vote at the AGM, all duly stamped instruments of transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the respective latest time as stated above.

FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group in the form of a comparative table for the last five financial years is set out on page 7 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTY

Our Group has designed and implemented risk management policies to address various potential risks we have identified in relation to our operations. Our risk management policy sets forth procedures to identify, analyse, mitigate and monitor the relevant risks. We are dedicated to establishing a risk management system which operates effectively and is suitable for our long-term business development.

Our audit committee under the Board is responsible for overseeing the overall risk management practice and closely works with the senior management to evaluate the implementation and effectiveness of our risk management policies. We make timely adjustment to our risk management policies in response to the rapid development of our operations.

EVENTS AFTER REPORTING PERIOD

Resignation of Executive Director and General Manager and Proposed Appointment of Executive Director and Appointment of General Manager

Mr. Wang Runliang, due to age concern, tendered his resignation as the general manager of the Company with effect from 21 January 2025; and also tendered his resignation as an executive Director of the second session of the Board of the Company with effect from the date on which a new Director is appointed. On 21 January 2025, the Board resolved to appoint Mr. Zhao Peng as the general manager of the Company for a term commencing from the date of consideration and approval by the Board until the expiry of the term of the second session of the Board; and nominate Mr. Zhao as an executive Director of the second session of the Board for a term commencing from the date of consideration and approval at the general meeting of the Company to the expiry of the term of the second session of the Board. Pursuant to the articles of association of the Company, the proposed appointment of Mr. Zhao as an executive Director is subject to the approval of the Shareholders at the general meeting. Please refer to the announcement of the Company dated 21 January 2025 for details.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company's H Shares were listed on the Stock Exchange on 15 July 2022. The net proceeds from the Listing were approximately HKD1,011.0 million (equivalent to approximately RMB868.8 million) (after deducting the underwriting commissions and other related listing expenses payable by the Company in connection with the Global Offering).

As of 31 December 2024, the Company used approximately RMB72.0 million of the proceeds raised from H Shares during the year, and the cumulative total utilised proceeds raised from H Shares amounted to RMB276.3 million, and the balance of the unutilized proceeds raised from H Shares amounted to RMB592.5 million. As at the date of this report, the unutilized net proceeds have been deposited in licensed banks in the PRC and will continue to be used in accordance with the purposes set out in the Prospectus, which is expected to be fully utilized by 31 December 2026. The table below sets out the details of the use of the net proceeds:

	Actual net p receiv HKD/	proceeds	Amount available for utilisation as at the beginning of the Reporting Period (RMB/	Amount utilised during the Reporting Period (RMB/	Accumulated amount utilised) (RMB/	Unutilized amount (RMB/	Expected timetable for the utilized net proceeds
	million	million	million)	million)	million	million)	
Offline business development - establishment of an offline digital warehousing and distribution network, as well as a repair service network targeting at commercial vehicle aftermarket Online business development - ongoing establishment of online service	379.1	325.8	246.8	37.7	116.7	209.1	by the end of 2026
platform for commercial vehicle	227.5	195.5	189.7	3.6	9.4	186.1	by the end of 2025
aftermarket (being CLGG Online Platform) Enhance the core technology capabilities and data service capabilities of IoV and data service sector	303.3	260.6	228.0	30.7	63.3	197.3	by the end of 2026
Replenishment of general				- 2	33.8		fully utilized
working capital	101.1	86.9			86.9		in 2022
Total	1,011.0	868.8	664.5	72.0	276.3	592.5	

Note: We engaged PricewaterhouseCoopers Zhong Tian LLP to verify the increase in registered capital and share capital of the Company as of 12 August 2022 due to the proceeds raised from the initial issuance of overseas-listed foreign shares (H Shares) and over-allotment of H Shares to domestic/foreign investors, and issued the Capital Verification Report (PwC Zhong Tian Yan Zi (2022) No. 0794) on 28 November 2022.

SHARE CAPITAL

The changes in share capital of the Group during the Reporting Period are set out in note 29 to the Financial Statements.

RESERVES

Details of the changes in reserves of the Group during the Reporting Period are set out in note 30 to the Financial Statements.

As at 31 December 2024, the reserves of the Company available for distribution to Shareholders was approximately RMB390.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Company's major customers mainly included commercial vehicle manufacturers and automobile sales dealers, components suppliers, logistics companies, commercial vehicle and aftermarket product end-users and governmental or industry regulatory bodies. For the year ended 31 December 2024, the Group's five largest customers accounted for approximately 42.0% of the Group's total revenue, as compared to approximately 44.2% of the Group's total revenue for the year ended 31 December 2023.

The Group's single largest customer for year ended 31 December 2024 accounted for approximately 14.3% of the Group's total revenue, as compared to approximately 16.1% of the Group's total revenue for the year ended 31 December 2023. For the year ended 31 December 2024, Shaanxi Heavy Duty Automobile and its subsidiaries were the second largest customer of the Group, and Shaanxi Automobile Holding and its subsidiaries (excluding the Group) were the fourth largest customers of the Company. Save as disclosed above, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5.0% of the number of issued Shares of the Company) had any interest in the Group's five largest customers.

Major Suppliers

The Company's major suppliers mainly included commercial vehicle manufacturers, carrier and transportation fleet for logistics and supply chain services, aftermarket product suppliers and intelligent IoV product manufacturers. For the year ended 31 December 2024, the Group's five largest suppliers accounted for approximately 44.3% of the Group's total purchase amount, as compared to approximately 37.3% of the Group's total purchase amount for the year ended 31 December 2023.

For the year ended 31 December 2024, the Group's single largest supplier accounted for approximately 16.0% of the Group's total purchase amount, as compared to approximately 9.8% of the Group's total purchases for the year ended 31 December 2023. During the year ended 31 December 2024, Shaanxi Heavy Duty Automobile and its subsidiaries were the third largest supplier of the Group. Save as disclosed above, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5.0% of the number of issued Shares of the Company) had any interest in the Group's five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the Reporting Period are set out in note 14 to the Financial Statements.

DIRECTORS AND SUPERVISORS

The Directors and supervisors in office during the Reporting Period and as at the date of this annual report were as follows:

Executive Directors

Mr. Wang Runliang Mr. Wang Wenqi

Non-executive Directors

Mr. Guo Wancai (Chairman)

Mr. Tian Qiang Mr. Zhao Chengjun Ms. Feng Min

Independent Non-executive Directors

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

Supervisors

Mr. Ji Jianguo (appointed on 30 May 2024)

Mr. Zhang Shaojie Mr. Qin Xiaohui

Mr. Zhang Yu'an (retired on 30 May 2024)

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR **MANAGEMENT MEMBERS**

On 21 January 2025, Mr. Wang Runliang tendered his resignation as an executive director of the second session of the Board of the Company with effect from the date on which a new director is appointed. He also tendered his resignation as the general manager of the Company on the same date with immediate effect. On 21 January 2025, the Company appointed Mr. Zhao Peng as the general manager of the Company and nominated Mr. Zhao Peng as an executive director of the second session of the Board for a term commencing from the date of consideration and approval at the 2024 annual general meeting of the Company. Mr. Ji Jianguo was appointed as a Supervisor of the Company with effect from 30 May 2024 and was elected as the chairman of the second session of the Board of Supervisors of the Company. Mr. Zhang Yu'an retired as a Supervisor of the Company with effect from 30 May 2024. Save as aforesaid and as disclosed in the section headed "Directors, Supervisors and Senior Management" in this report, since the date of the Company's 2024 Interim Report, there are no changes in any information of current Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE **CONTRACTS**

Each of the Executive Directors has entered into a service contract/signed an appointment letter with the Company and is appointed for a specific term of three years with effect from the respective date stated therein until the expiry of the term of the current session of the Board of Directors.

Each of the Non-executive Directors and the Independent non-executive Directors has signed an appointment letter with the Company and is appointed for a specific term of three years with effect from the respective date stated therein until the expiry of the term of the current session of the Board of Directors.

None of the Directors and Supervisors has or is proposed to have a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Save as disclosed in the section headed "Connected Transactions" in the Report of the Board of Directors and set out in Note 39 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, the Company's holding company, any of the Company's subsidiaries or any fellow subsidiaries was a party and in which a Director or Supervisor of the Company or an entity connected with them had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTROLLING SHAREHOLDER'S INTEREST

Save as disclosed in this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

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

As of 31 December 2024, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, the following persons and entities (other than the Directors, Supervisors or chief executives of the Company) have interests or short positions in the Shares and underlying Shares which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares or Underlying Shares Held ⁽¹⁾	Approximate Percentage of Shareholding in the Total Share Capital of the Company as at the Date of This Report (2)
	5 (1)	D 61	4.500.445.400.(1)	50 770/
Shaanxi Automobile (3)	Beneficial owner	Domestic Shares	1,500,146,100 (L)	68.77%
	Interest in a controlled corporation	Domestic Shares	117,125,100 (L)	5.37%
	Interest in a controlled corporation	Domestic Shares	11,728,800 (L)	0.54%
Shaanxi Heavy Duty Automobile (3)(4)	Beneficial owner	Domestic Shares	117,125,100 (L)	5.37%
Weichai Power Co., Ltd. (濰柴動力股份有限公司) ⁽⁴⁾	Interest in a controlled corporation	Domestic Shares	117,125,100 (L)	5.37%
Shaanxi Automobile Holding (3)	Interest in a controlled corporation	Domestic Shares	1,629,000,000 (L)	74.68%
Shanghai International Trust Co., Ltd. (上海國際信託有限公司) ⁽⁵⁾	Trustee	H Shares	152,620,500 (L)	7.00%

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares or Underlying Shares Held ⁽¹⁾	Approximate Percentage of Shareholding in the Total Share Capital of the Company as at the Date of This Report (2)
SDIC Taikang Trust Co., LTD. (國投泰康信託有限公司) ⁽⁶⁾	Trustee	H Shares	136,333,500 (L)	6.25%
Hainan Tiankun Tianzhi Private Equity Investment Fund Partnership (Limited Partnership) (海南天坤天致私募股權 投資基金合夥企業 (有限合夥))(7)	Beneficial owner	H Shares	107,997,000 (L)	4.95%
Hainan Tiankun Private Equity Investment Fund Management Co., Ltd. (海南天堃私募股權投資 基金管理有限公司) ⁽⁷⁾	Interest in a controlled corporation	H Shares	107,997,000 (L)	4.95%
HWABAO TRUST CO., LTD(8)	Trustee	H Shares	44,104,500 (L)	2.02%
CCB Trust (Jianhang No.9	Trustee	H Shares	32,500,500 (L)	1.49%
Single Fund Trust			23,805,000 (S)	1.09%
Scheme) (建航 9 號 單一資金信託計劃) ⁽⁹⁾			8,695,500 (P)	0.40%

Notes:

- The letters "L" and "S" denote the Shareholder's long position and short position in such securities, respectively, and "P" denotes lending (1)
- (2) The percentage is calculated based on the total number of issued Shares as at 31 December 2024. As at 31 December 2024, the total number of issued Shares of the Company was 2,181,436,500 Shares.
- As at the date of this report, Shaanxi Automobile was owned as to 67.06% by Shaanxi Automobile Holding. By virtue of the SFO, Shaanxi (3) Automobile Holding is deemed to be interested in all the Shares in which Shaanxi Automobile is interested. As at the date of this report, Shaanxi Heavy Duty Automobile, who was beneficially interested in 117,125,100 Domestic Shares, was owned as to 49.00% by Shaanxi Automobile; Shaanxi Commercial Automobile, who was beneficially interested in 11,728,800 Domestic Shares, was owned as to 68.51% by Shaanxi Automobile. By virtue of the SFO, Shaanxi Automobile is deemed to be interested in all the Shares in which Shaanxi Heavy Duty Automobile and Shaanxi Commercial Automobile are interested.

- (4) As at the date of this report, Shaanxi Heavy Duty Automobile was owned as to 51.00% by Weichai Power Co., Ltd., a company listed on the Stock Exchange (stock code: 2338) and the Shenzhen Stock Exchange (stock code: 000338). By virtue of the SFO, Weichai Power Co., Ltd. Is deemed to be interested in all the Shares in which Shaanxi Heavy Duty Automobile is interested.
- (5) According to the revised equity disclosure filed by Shanghai International Trust Co., Ltd. (上海國際信託有限公司) on 25 August 2022, Shanghai International Trust Co., Ltd. (上海國際信託有限公司), as a trustee of the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22005), the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22006) and the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22007), holds 21,819,000 H Shares, 87,201,000 H Shares and 43,600,500 H Shares of the Company through these trusts, respectively.
- (6) According to the equity disclosure filed by SDIC Taikang Trust Co., LTD. (國投泰康信託有限公司) on 16 August 2022, SDIC Taikang Trust Co., LTD. (國投泰康信託有限公司), as a trustee of SDIC Taikang Trust - Ruijin No. 37 QDII Single Fund Trust, SDIC Taikang Trust -Ruijin No. 38 QDII Single Fund Trust and SDIC Taikang Trust -Ruijin No. 39 QDII Single Fund Trust, holds 43,873,500 H Shares, 44,500,500 H Shares and 47,959,500 H Shares of the Company through these trusts, respectively.
- According to the equity disclosure filed by Hainan Tiankun Private Equity Investment Fund Management Co., Ltd. (海南天堃私募股權投資基 金管理有限公司) on 8 May 2024, Hainan Tiankun Tianzhi Private Equity Investment Fund Partnership (Limited Partnership) (海南天坤天致私 募股權投資基金合夥企業(有限合夥)) was owned as to 0.01% by Hainan Tiankun Private Equity Investment Fund Management Co., Ltd. (海 南天堃私募股權投資基金管理有限公司). By virtue of the SFO, Hainan Tiankun Private Equity Investment Fund Management Co., Ltd.(海南天 堃私募股權投資基金管理有限公司) is deemed to be interested in all the Shares in which Hainan Tiankun Tianzhi Private Equity Investment FundPartnership (Limited Partnership) (海南天坤天致私募股權投資基金合夥企業(有限合夥)) is interested.
- (8) According to the equity disclosure filed by HWABAO TRUST CO., LTD on 26 July, 2022, HWABAO TRUST CO., LTD, as a trustee of HWABAO OVERSEAS INVESTMENT SERIES 2 NO 46-1 QDII SINGLE MONEY TRUST, holds 44,104,500 H Shares of the Company through these trusts.
- According to the equity disclosure filed by CCB Trust (Jianhang No. 9 Single Fund Trust Scheme) on 28 December 2023, CCB Trust (Jianhang (9) No. 9 Single Fund Trust Scheme) is interested in 32,500,500 H shares (long position), including a lending pool of 8,695,500 H Shares, and 23,805,000 H Shares (short position) as a trustee.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons (other than Directors, Supervisors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the year ended 31 December 2024 and up to the date of this annual report is the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PERMITTED INDEMNITY PROVISION

The Company has maintained directors' liability insurance to protect the directors of the Company against any loss that may arise from their actual or alleged misconduct. Such insurance was in force during the Reporting Period and remained in force as at the date of this report.

EOUITY-LINKED AGREEMENTS

As at the date of this annual report, no equity-linked agreements were entered into by the Company during the Reporting Period or subsisted at the end 31 December 2024.

SHARE OPTION SCHEME

As of the date of this annual report, the Company did not have any share option scheme.

SHARE AWARD SCHEME

As at the date of this annual report, the Company did not have any share awards scheme.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Company for the year ended 31 December 2024 are set out in Note 39 to the consolidated financial statements. Certain related party transactions as referred to in Note 39 to the consolidated financial statements also constituted connected transactions (including continuing connected transactions) as defined under Chapter 14A of the Listing Rules. The Company confirms that such transactions were in compliance with the requirements (including the disclosure requirements) of Chapter 14A of the Listing Rules.

DEBENTURE

In order to facilitate the Group to adjust its debt structure and reduce financing costs, the Group issued asset-backed securities (ABS) in an aggregate principal amount of RMB1,860 million with interest rates ranging from 2.45% to 3.80% during 2024.

Details of the principal terms of the Group's ABS are set out in note 32 to the consolidated financial statements.

CONNECTED TRANSACTIONS

Connected Transaction of One-off Lease Contract

Tonghui, a wholly-owned subsidiary of the Company, entered into a lease contract with Shaanxi Heavy Duty Automobile on 16 April 2024. Tonghui will lease land, property and equipment from Shaanxi Heavy Duty Automobile at an aggregate rental of RMB12,446,336.52 (including tax). Tonghui is a wholly-owned subsidiary of the Company, and Shaanxi Automobile is the controlling shareholder of the Company which directly holds 68.77% equity interests in the Company and directly holds over 30% equity interests in Shaanxi Heavy Duty Automobile, therefore Shaanxi Heavy Duty Automobile is a connected person of the Company. Accordingly, the transaction between Tonghui and Shaanxi Heavy Duty Automobile constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. Shaanxi Heavy Duty Automobile is a client of Tonghui with long-term cooperation and positive working relationship with Tonghui. To facilitate business operations, Tonghui has established its presence in the Shaanxi Automobile Industrial Park production base and is leasing land, property and equipment from Shaanxi Heavy Duty Automobile. The entering into of the lease contract is based on the overall strategic plan and business expansion needs of the Group, which is in line with the long-term development strategy of the Group and is conducive to the development of the Group's supply chain system, including warehousing, distribution, transportation, and various value-added services, facilitating the Group's long-term and healthy development. For details, please refer to the Announcement of the Company dated 16 April 2024.

Connected Transactions of One-off Industrial Products Sale and Purchase Contracts

Tonghui, a wholly-owned subsidiary of the Company, entered into an industrial products sale and purchase contract with Shaanxi Heavy Duty Automobile on 16 April 2024. Tonghui will provide Shaanxi Heavy Duty Automobile with power battery systems and battery replacement systems at an aggregate price of RMB17,106,194.20 (excluding tax). Tonghui is a wholly-owned subsidiary of the Company, and based on the above disclosure, Shaanxi Heavy Duty Automobile is a connected person of the Company. Accordingly, the transaction between Tonghui and Shaanxi Heavy Duty Automobile constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. Tonghui is a core member of our Group's New Energy Project Team, responsible for the battery pack assembly operations as a part of the innovative sales model of the Group's new energy business. Shaanxi Heavy Duty Automobile is a client of Tonghui with long-term cooperation and positive working relationship with Tonghui. As a result, the entering into of the industrial products sale and purchase contract is in line with the long-term development strategy of the Group, and is conducive to expanding the business channel of the Group, exploring new fields, enhancing the Group's competitiveness, and facilitating the Group's long-term and healthy development. For details, please refer to the Announcement of the Company dated 16 April 2024.

Shaanxi Fargo, a wholly-owned subsidiary of the Company, entered into an industrial products sale and purchase contract with Shaanxi Heavy Duty Automobile on 9 July 2024. Shaanxi Fargo will provide Shaanxi Heavy Duty Automobile with power battery systems and battery replacement systems at an aggregate price of RMB13,356,415.50 (excluding tax). Shaanxi Fargo is a wholly-owned subsidiary of the Company, and based on the above disclosure Shaanxi Heavy Duty Automobile is a connected person of the Company. Accordingly, the transaction between Shaanxi Fargo and Shaanxi Heavy Duty Automobile constitutes a connected transaction of the Company under the Chapter 14A of the Listing Rules. New energy battery is a type of environment-friendly, high-performance renewable energy, and the power battery segment represented by the application in new energy vehicles is developing the most rapidly, and the market demand related to the new energy vehicles is gradually increasing. The entering into of the industrial products sale and purchase contract is based on the needs of the Group's expansion of new energy business and is in line with the long-term development strategy of the Group, and is conducive to expanding the business channel of the Group, exploring new fields, enhancing the Group's competitiveness, and facilitating the Group's long-term and healthy development. For details, please refer to the Announcement of the Company dated 9 July 2024.

Connected Transaction of One-off Finance Lease Contract

On 14 May 2024, Deewin Leasing, a wholly-owned subsidiary of the Company, as lessor, entered into a finance lease contract with Shaanxi Dongming. Deewin Leasing agreed to purchase and Shaanxi Dongming agreed to sell the Leased Assets at a consideration of RMB20,000,000; Deewin Leasing agreed to lease the Leased Assets to Shaanxi Dongming for a term of 36 months at an aggregate rental of approximately RMB21,579,046. Deewin Leasing is a wholly-owned subsidiary of the Company. Shaanxi Automobile Holding, which holds directly and indirectly through its subsidiary an aggregate of approximately 74.68% of the issued shares of the Company, is the ultimate controlling Shareholder of the Company, and it also holds indirectly through its direct subsidiary Shaanxi Automobile Industry 63.89% interests in Shaanxi Dongming, therefore, Shaanxi Dongming is a connected person of the Company. Accordingly, the transaction between Deewin Leasing and Shaanxi Dongming constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The entering into of the Finance Lease Contract is based on the needs of the business development of the Group and the inter-segment coordination and interaction within Shaanxi Automobile Holding, which is in line with the Group's business strategy for long-term development, may increase the revenue from the Group's long-term and healthy development. For details, please refer to the Announcement of the Company dated 14 May 2024.

Non-exempt Continuing Connected Transactions

We have entered into the following transactions with Shaanxi Automobile Holding and/or its associates in the ordinary and usual course of our business, which constitute continuing connected transactions of our Company subject to the annual reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules (the "Non-exempt Continuing Connected Transactions").

Products Purchasing Framework Agreement

On 23 June 2022, we entered into a products purchasing framework agreement (the "Products Purchasing Framework Agreement") with Shaanxi Automobile Holding, pursuant to which Shaanxi Automobile Holding, the ultimate controlling Shareholder of the Company, and/or its associates will provide certain products to our Company and/or our subsidiaries. These products include commercial vehicles, commercial vehicle components and others, such as commercial vehicle components management and storage services (the "Commercial Vehicles and Other Products").

Our Group procured commercial vehicles, commercial vehicle components and others from Shaanxi Automobile Holding and/or its associates. Given our industry experience and our deep understanding of customer needs, we have accumulated many quality customers, which provides us with more bargaining power when we purchase commercial vehicles or commercial vehicle components and others from Shaanxi Automobile Holding and/or its associates. At the same time, we also benefit from Shaanxi Automobile Holding's customised services and our long-term stable business relationship with Shaanxi Automobile Holding to enhance our market competitiveness.

While we have readily available access to identical or similar commercial vehicles, commercial vehicle components and others from other commercial vehicle sales dealers which are independent third parties in the regions where our businesses operate in the PRC, we believe that such direct procurement from independent third parties would not be as efficient either on a cost basis or an operational basis as our current arrangement to procure through Shaanxi Automobile Holding and/or its associates. In addition, since Shaanxi Automobile Holding and/or its associates have been providing us with a long-term stable supply of commercial vehicles, commercial vehicle components and others, we believe that Shaanxi Automobile Holding and/or its associates have a deep understanding of our business and operational requirements.

The initial term of the Products Purchasing Framework Agreement will commence on the Listing Date and end on 31 December 2024, and is subject to renewal through mutual consent by the parties.

Pricing Policy (a)

The terms of the transactions contemplated under the Products Purchasing Framework Agreement will be separately negotiated between Shaanxi Automobile Holding and/or its associates and us on an arm's length basis. The sales price of the Commercial Vehicles and Other Products shall be determined with reference to (i) the ex-factory price set by Shaanxi Automobile Holding and/or its associates, which apply to all commercial vehicle dealership groups, and (ii) the technical specifications and requirements of the Commercial Vehicles and Other Products. In order to ensure that the prices of the Commercial Vehicles and Other Products are fair and reasonable, we will generally obtain quotations from independent commercial vehicle sales dealers, and compare the price offered by Shaanxi Automobile Holding and/or its associates with those offered by independent commercial vehicle sales dealers. If alternatives are available, our Company and our subsidiaries will conduct a price comparison process before selecting suppliers for such alternatives. In such price comparison process, the connected persons of our Company are treated no differently from any other independent suppliers. Consequently, the purchase of the Commercial Vehicles and Other Products by our Company and our subsidiaries from the connected persons of our Company would not be made if our Company and our subsidiaries could obtain better terms from any other independent suppliers.

(b) Annual caps and actual transaction amounts

The annual caps and actual transaction amounts of the continuing connected transactions contemplated under the Products Purchasing Framework Agreement for the year ended 31 December 2024 are as follows:

	cap for the year ended 31 December 2024	year ended 31 December 2024
Purchase of the Commercial Vehicles and Other Products Commercial vehicles	(RMB thousand) 401,000	(RMB thousand)
Commercial vehicle components and others Total	401,600	158,347

As the validity period of the above Products Purchasing Framework Agreement and the annual caps for the continuing connected transactions thereunder expired on 31 December 2024, on 18 December 2024, the Company entered into a new framework agreement for procurement of products and services with Shaanxi Automobile Holding for a period of three years commencing on 1 January 2025 and ending on 31 December 2027 (the "New Framework Agreement for Procurement of Products and Services"). For details of the transactions, please refer to the announcement of the Company on the Hong Kong Stock Exchange dated 18 December 2024.

The annual caps of the continuing connected transactions contemplated under the New Framework Agreement for Procurement of Products and Services for the three years ending 31 December 2027 are as follows:

	Proposed annual caps for the years ending 31 December (RMB thousand)		
	2025	2026	2027
Purchase of the Commercial Vehicles and Other Products			
Commercial vehicles	569,599	738,061	893,005
Commercial vehicle components and others	81,013	121,686	217,042
Lease of assets			
Lease fee	36,682	47,686	61,992
Right-of-use asset	1,103	3,758	710
Total	688,397	911,191	1,172,749

The New Framework Agreement for Procurement of Products and Services and the proposed annual caps were approved in the extraordinary general meeting of the Company held on 2 January 2025.

Supply of Products and Services Framework Agreements

By leveraging the one-stop service capacity for the commercial vehicle industry chain streaming from our integrated business layout, we provide diversified services to individual and corporate customers. During the Track Record Period, our Group provided various products and services, including (i) commercial vehicle-related goods, (ii) supply chain services (including transportation, distribution, logistics and warehousing services), and (iii) data-related services to Shaanxi Automobile Holding, the ultimate controlling Shareholder of the Company, and/or its associates. In particular, during the Track Record Period, (i) Fargo and Tianxingjian provided commercial vehicle-related goods, including intelligent IoV products and aftermarket products, (ii) Fargo and Tonghui provided supply chain services, including transportation, distribution, logistics and warehousing services, and (iii) Tianxingjian provided data-related services to Shaanxi Automobile Holding and/ or its associates.

Our Directors consider that the supply of products and services to Shaanxi Automobile Holding and/or its associates would benefit our Group for the following reasons: (a) our Group and Shaanxi Automobile Holding are long-standing partners; (b) prices and terms for the products and services provided by us to Shaanxi Automobile Holding and/or its associates are comparable to those offered by us to independent third parties; (c) according to the Frost & Sullivan Report, Shaanxi Automobile Holding, comprising its close associates, was the fourth largest commercial vehicle manufacturer in the commercial vehicle sales market in the PRC, thus the supply of products and services to Shaanxi Automobile Holding and/or its associates will provide us with a steady source of income which is in the interest of our Company and our Shareholders as a whole; and (d) to provide diversified services to commercial vehicle manufacturers is one of our important business models and development strategies.

Shaanxi Automobile Holding Supply of Products and Services Framework Agreements (1)

(a) Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement

On 23 June 2022, we entered into a supply of products and services framework agreement (the "Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement") with Shaanxi Automobile Holding, pursuant to which our Company and/or our subsidiaries will supply the following types of products and services to Shaanxi Automobile Holding and/or its associates (excluding Shaanxi Heavy Duty Automobile): (i) supply chain services, (ii) commercial vehicle-related goods and (iii) data-related services (the "Products and Services Supplied to Shaanxi Automobile Holding").

(i) **Principal Terms**

The initial term of the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will commence on the Listing Date and end on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term. Upon renewal of the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will continue to comply with the applicable disclosure and/or independent Shareholders' approval requirements under the Listing Rules and other requirements.

(ii) Pricing Policy

> The amount of fees to be charged by us in respect of the transactions contemplated under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will be separately negotiated between our Group and Shaanxi Automobile Holding and/or its associates (excluding Shaanxi Heavy Duty Automobile).

> The sales price or the services fee of the Products and Services Supplied to Shaanxi Automobile Holding charged by our Group under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will be determined on "cost-plus" basis (principle of cost plus a reasonable margin) and with reference to the market rate. The "market rate" represents the price provided or obtained by an independent third party in respect of a same or similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties.

> With respect to the supply chain services, the service fee of supply chain services will be determined based on a "cost-plus" basis and with reference to the market rate. In particular, Tonghui will update its scale of fees in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins and for each transaction entered by both parties under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement the services fee charged by our Group will be in line with such scale.

> With respect to the commercial vehicle-related goods the sales price of such goods will be determined on a "cost-plus" basis and with reference to the market rate. The reasonable margin of the sales price of such goods, will primarily be determined based on the gross profit margin of each product.

> With respect to the data-related services, the service fee of data-related services will be determined based on a "cost-plus" basis. For each transaction entered by both parties under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the parties will negotiate the services fee charged by our Group separately on an arm's length basis, by taking into account relevant factors, including but not limited to research and development costs, labour and operation costs as well as reasonable gross profit margins.

> We will make reference to the applicable historical prices of the Products and Services Supplied to Shaanxi Automobile Holding and the fees we charged from independent third parties, to ensure that the terms of the supply of the Products and Services Supplied to Shaanxi Automobile Holding are fair and reasonable.

Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement (b)

On 29 August 2024, we and Shaanxi Automobile Holding entered into an amended Shaanxi Automobile Holding supply of products and services framework agreement (the "Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement") to supersede and terminate the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, pursuant to which, (i) the service coverage under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement is expanded to cover supply chain financial services (including finance lease and factoring related services); (ii) the original pricing policy of products and services provided by the Group under the Original Shaanxi Automobile Holding Supply of Products and Services Framework Agreement is adjusted, and the pricing policy of supply chain financial services is correspondingly added; and (iii) the exclusivity terms specifying the Group as the sole supplier under the agreement are deleted. For details of the transactions, please refer to the announcement of the Company published on the Hong Kong Stock Exchange on 29 August 2024.

(i) **Principal Terms**

The Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will take effect from 29 August 2024 and expire on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term or for other reasons stated in the agreement. Upon renewal of the Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will continue to comply with the applicable disclosure and/or independent Shareholders' approval requirements under the Listing Rules and other requirements.

(ii) Pricing Policy

The sales price or the services fee charged by the Group for the supply of products and services to Shaanxi Automobile Holding and its associates (excluding Shaanxi Heavy Duty Automobile) under the Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement will be determined based on the market rate after arm's length negotiations between both parties. The "market rate" represents the price provided by the Group to an independent third party in respect of the same or a similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties. If the market rate is unavailable, it will be determined on a "cost-plus" basis (principle of cost plus a reasonable margin note). In particular:

With respect to the supply chain services, the service fee of supply chain services will be determined based on the market rate. If the market rate is unavailable, the service fee of supply chain services will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will update its fee rates in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins, and for each transaction entered into by both parties under the Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, the service fee charged by the Supplier will be in line with such fee rates.

With respect to the commercial vehicle-related products, the sales price of such products will be determined based on the market rate. If the market rate is unavailable, the sales price of such products will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will take into account relevant factors, including but not limited to costs of the products, management expense, tax rates and reasonable gross profit margins.

With respect to the data-related services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee will be determined on a "cost-plus" basis. For each transaction entered into by both parties under the Amended Shaanxi Automobile Holding Supply of Products and Services Framework Agreement, if it is determined on a "cost-plus" basis, the parties will take into account relevant factors, including but not limited to research and development costs, labor and operating costs as well as reasonable gross profit margins.

With respect to the supply chain financial services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee of the supply chain financial services will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will take into account relevant factors, including but not limited to labor, materials and time cost.

(c) Annual caps and actual transaction amounts

The annual caps and actual transaction amounts of the continuing connected transactions contemplated under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement for the year ended 31 December 2024 are as follows:

	cap for the year ended 31	year ended 31 December 2024
	(Auto asarra)	(minibal en o asama)
Supply of commercial vehicle-related goods Intelligent IoV products	111,600	92,289
Supply of supply chain services	199,600	61,510
Supply of data-related services	1,980	676
Supply of supply chain financial services		
Principal	190,000	56,100
Interest and commission fees	6,013	308
Total	509,193	210,883

(2) Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreements

Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreements (a)

On 23 June 2022, we entered into a supply of products and services framework agreement (the "Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement" with Shaanxi Heavy Duty Automobile, pursuant to which our Company and/or our subsidiaries will supply the following types of products and services to Shaanxi Heavy Duty Automobile and/or its subsidiaries: (i) supply chain services, (ii) commercial vehicle-related goods and (iii) data-related services.

(i) **Principal Terms**

The initial term of the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will commence on the Listing Date and end on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term. Upon renewal of the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will re-comply with the applicable disclosure and/or independent Shareholders' approval requirements under the Listing Rules and other requirements.

(ii) Pricing Policy

> The amount of fees to be charged by us in respect of the transactions contemplated under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will be separately negotiated between our Group and Shaanxi Heavy Duty Automobile and/or its subsidiaries. The sales price or the services fee of the Products and Services Supplied to Shaanxi Heavy Duty Automobile charged by our Group under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will be determined on "cost-plus" basis (principle of cost plus a reasonable margin) and with reference to the market rate. The "market rate" represents the price provided or obtained by an independent third party in respect of a same or similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties.

> With respect to the supply chain services, the service fee of supply chain services will be determined based on a "cost-plus" basis and with reference to the market rate. In particular, Tonghui will update its scale of fees in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins and for each transaction entered by both parties under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement the services fee charged by our Group will be in line with such scale.

> With respect to the commercial vehicle-related goods the sales price of such goods will be determined on a "cost-plus" basis and with reference to the market rate. The reasonable margin of the sales price of such goods, will primarily be determined based on the gross profit margin of each product.

> With respect to the data-related services, the service fee of data-related services will be determined based on a "cost-plus" basis. For each transaction entered by both parties under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the parties will negotiate the services fee charged by our Group separately on an arm's length basis, by taking into account relevant factors, including but not limited to research and development costs, labour and operation costs as well as reasonable gross profit margins. We will make reference to the applicable historical prices of the Products and Services Supplied to Shaanxi Heavy Duty Automobile and the fees we charged to independent third parties, to ensure that the terms of the supply of the Products and Services Supplied to Shaanxi Heavy Duty Automobile are fair and reasonable.

(b) Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement

On 29 August 2024, we and Shaanxi Heavy Duty Automobile entered into an amended Shaanxi Heavy Duty Automobile supply of products and services framework agreement (the "Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement") to supersede and terminate the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, pursuant to which, (i) the service coverage under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement is expanded to cover supply chain financial services (i.e. finance lease); (ii) the original pricing policy of products and services provided by the Group under the Original Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement is adjusted, and the pricing policy of supply chain financial services is correspondingly added; and (iii) the exclusivity terms specifying the Group as the sole supplier under the agreement are deleted. For details of the transactions, please refer to the announcement of the Company published on the Hong Kong Stock Exchange on 29 August 2024.

(i) Principal Terms

The Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will take effect from 29 August 2024 and expire on 31 December 2024. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement may be automatically renewed for a further term of three years from time to time, unless the Company provides a written notice to terminate the agreement during its term or for other reasons stated in the agreement. Upon renewal of the Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances and the Company will comply with the applicable disclosure and/or independent Shareholders' approval requirements under the Listing Rules and other requirements.

(ii) Pricing Policy

The sales price or the services fee charged by the Group for the supply of products and services under the Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement will be determined based on the market rate after arm's length negotiations between both parties. The "market rate" represents the price provided by the Group to an independent third party in respect of the same or a similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties. If the market rate is unavailable, it will be determined on a "cost-plus" basis (principle of cost plus a reasonable margin note). In particular:

With respect to the supply chain services, the service fee of supply chain services will be determined based on the market rate. If the market rate is unavailable, the service fee of supply chain services will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will update its fee rates in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins, and for each transaction entered into by both parties under the Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, the service fee charged by the Supplier will be in line with such fee rates.

With respect to the commercial vehicle-related products, the sales price of such products will be determined based on the market rate. If the market rate is unavailable, the sales price of such products will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will take into account relevant factors, including but not limited to costs of the products, management expense, tax rates and reasonable gross profit margins.

With respect to the data-related services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee will be determined on a "cost-plus" basis. For each transaction entered into by both parties under the Amended Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, if it is determined on a "cost-plus" basis, the parties will take into account relevant factors, including but not limited to research and development costs, labor and operating costs as well as reasonable gross profit margins.

With respect to the supply chain financial services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee of the supply chain financial services will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Supplier will take into account relevant factors, including but not limited to labor, materials and time cost.

(c) Annual caps and actual transaction amounts

The annual caps and actual transaction amounts of the continuing connected transactions contemplated under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement for the year ended 31 December 2024 are as follows:

	cap for the year ended 31	year ended 31 December 2024
Supply of commercial vehicle-related goods		
Intelligent IoV products	140,600	61,270
Aftermarket products	8,500	_
New energy battery products	158,000	_
Supply of supply chain services	550,700	209,327
Supply of data-related services	13,500	2,921
Supply of supply chain financial service		
Principal	460,000	_
Interest and Commission fees	2,760	
Total	1,334,060	273,518

The Company confirms that the execution and enforcement of the specific agreements under the above continuing connected transactions for the year ended 31 December 2024 have followed the pricing principles of such continuing connected transactions.

(d) New Framework Agreement for Supply of Products and Services

As the validity period of the above supply of products and services framework agreements and the annual caps for the continuing connected transactions thereunder expired on 31 December 2024, on 18 December 2024, the Company entered into a new framework agreement for supply of products and services with Shaanxi Automobile Holding for a period of three years commencing on 1 January 2025 and ending on 31 December 2027 (the "New Framework Agreement for Supply of Products and Services"). For details of the transactions, please refer to the announcement of the Company on the Hong Kong Stock Exchange dated 18 December 2024.

The annual caps of the continuing connected transactions contemplated under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027 are as follows:

	Proposed annual caps for the years ending 31 December (RMB thousand)		
	2025	2026	2027
Supply of commercial vehicle-related goods			
Intelligent IoV products	186,458	212,058	242,058
Aftermarket products	15,000	18,000	20,000
New energy battery products	96,072	130,383	161,023
Supply of supply chain services	410,822	527,664	678,437
Supply of data-related services	44,060	48,610	52,470
Supply of supply chain financial service			
Principal	1,030,000	1,117,000	1,098,000
Interest and Commission fees	18,805	38,983	52,646
Total	1,801,217	2,092,699	2,304,635

The New Framework Agreement for Supply of Products and Services and the proposed annual caps were approved in the extraordinary general meeting of the Company held on 2 January 2025.

INTERNAL CONTROL PROCEDURES IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

Our Company has adopted the following internal control procedures to ensure that the continuing connected transactions are fair and reasonable and on normal commercial terms or better:

- we have adopted and implemented a management system on connected transactions. Under this system, our designated departments including finance management department, audit department and operation management department will be jointly responsible for reviewing and evaluating the terms of the continuing connected transactions and, in particular, the fairness of the pricing terms and will provide periodic reports on connected transactions to our management team, which is responsible for ensuring that the annual caps of the continuing connected transactions have not been exceeded and that the price of each of the continuing connected transactions remains fair and reasonable:
- the financial management department of the Group prepares monthly cumulative annual transaction amounts for each continuing connected transaction (as the case may be) and reconciles the cumulative annual transaction amounts for each continuing connected transaction (as the case may be) against the relevant pre-approval caps. If any cumulative annual transaction amount exceeds 70% of the pre-approved annual cap, the relevant continuing connected transaction will be reported to the office of the Board of the Company for monitoring, follow-up and, if necessary, amendment of the annual caps in accordance with the requirements of the Listing Rules. The Group's financial management department conducts quarterly internal reviews and assesses the effectiveness of the relevant internal control measures
- the independent non-executive Directors have reviewed the continuing connected transactions every year pursuant to Rule 14A.55 of the Listing Rules and confirmed in the annual report of our Company that the transactions have been entered into: (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better to our Group; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole. If our independent non-executive Directors cannot so confirm, we will duly comply with Rule 14A.59 of the Listing Rules by promptly notifying the Stock Exchange and publishing an announcement. The independent non-executive Directors have also reviewed our management system on connected transactions, supervising our implementation and making recommendations to our Board and review and approve connected transactions of our Company and other related matters to the extent authorised by our Board; and
- the external auditor of our Company has also conducted an annual review and reported on the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules. We have disclosed in the annual report the work performed by the Company's external auditors on our continuing connected transactions and their review conclusions on the continuing connected transactions.

Report of the Board of Directors

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements of the Group in this annual report. None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2024. Details of the remuneration of the current senior management of the Company by band for the year ended 31 December 2024 are set out as follows:

Range Number of individuals 5 RMB0-RMB1,000,000

PURCHASE, SALE AND REDEMPTION OF SHARES

The resolution on granting general mandate to the Board to repurchase H Shares of the Company was considered and approved at the annual general meeting, the H Share Class Meeting and the Domestic Shareholders Class Meeting of the Company held on 30 May 2023. According to such mandate, from the period from 11 July 2023 to 22 January 2024, the Company repurchased a total of 54,606,000 H Shares on the Hong Kong Stock Exchange with a total amount of approximately HK\$108.2 million (excluding transaction fees). Such repurchase was made for the purpose of enhancing the net asset value per Share and/or earnings per Share based on prevailing market conditions and funding arrangements. Details of the Monthly Repurchase for the year ended 31 December 2024 are summarised as follows:

	Pι	ırchase considera	tion per Share	
	Number of			Total
Month of repurchase during the year ended	Shares	Highest	Lowest	consideration
31 December 2024	repurchased	price paid	price paid	paid
		(HK\$)	(HK\$)	(HK\$)
January 2024	15,885,000	2.00	1.90	31,191,450

The H Shares repurchased as mentioned above were fully cancelled on 22 May 2024. For details, please refer to the announcement and the Next Day Disclosure Return of the Company on the Hong Kong Stock Exchange dated 22 May 2024.

Save as disclosed above, during the year ended 31 December 2024, there was no purchase, sale or redemption of any listed securities (including treasure shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries.

There is no provision regarding pre-emptive rights in the Articles or the laws of the PRC which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability. The Company is committed to the view that the Board should include a balanced composition of Executive Directors and Independent nonexecutive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board has established following mechanisms to ensure the Board can obtain independent opinions when necessary for enhancing an objective and effective decision making. The Board also reviews the implementation and effectiveness of the following mechanisms annually:

- among the nine Directors of the Board, there are three independent non-executive Directors, which fulfills the 1. requirement which there shall be at least three independent non-executive Directors in the Board and the number of independent non-executive Directors shall be at least one-third of the Board under the Listing Rules;
- 2. independent non-executive Directors are required to be assessed in terms of independence, qualification and ability at the time of appointment and continue to be assessed on the aforementioned matters upon appointment;
- 3. the Board listens to the work report of independent non-executive Directors every year, and evaluates the time that independent non-executive Directors have devoted to the affairs of the Company and the situation of expressing independent opinions during the year. The attendance record of Directors in 2024 is set out in the "Corporate Governance Report" of this annual report;
- the Directors can seek independent professional advice at the Company's expense, if necessary; 4.
- 5. Directors (including independent non-executive Directors) with a material interest in contracts, arrangements or other proposals shall not vote on any Board resolution approving such matters or be counted in the quorum.
- 6. the chairman meets with independent non-executive Directors every year without the presence of executive Directors and non-executive Directors.

The Audit Committee, consisting of all three Independent non-executive Directors, namely Mr. Ip Wing Wai (chairman of the Audit Committee), Mr. Li Gang and Mr. Yu Qiang is responsible for reviewing the Company's corporate governance policies and the Company's compliance with the CG Code and will make relevant recommendations to the Board accordingly.

CONFIRMATION OF INDEPENDENT STATUS

The Company has received, from each of the Independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent non-executive Directors be independent.

Report of the Board of Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 December 2024, none of the Directors or their respective close associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

SUFFICIENT PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient public float required under the Listing Rules as at the date of this annual report.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group recognises that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employee can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term cooperative relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of the Group's brand and products, the Group abides by the principles of honesty and trustworthiness and commits itself to consistently provide quality products and services to establish a reliable service environment for its customers.

During the Reporting Period, there was no material and significant legal dispute between the Group and its suppliers and/or customers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

REVIEW OF ANNUAL RESULTS

The Audit Committee had reviewed this annual report (including the Financial Statements) and the annual results announcement of the Company for the year ended 31 December 2024 and had submitted the same to the Board for approval. Members of the Audit Committee were of the opinion that the Financial Statements, the annual results announcement and this annual report had been prepared in compliance with the applicable accounting standards and the Listing Rules and that adequate disclosure had been made.

AUDITOR'S CONFIRMATION

Pursuant to Rule 14A.56 of the Listing Rules, a listed issuer must engage its auditors to report on the continuing connected transactions every year. The Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practise Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention that causes them to believe that:

- i. the above continuing connected transactions have not been approved by the Board of the Company;
- ii. for transactions involving the provision of goods or services by the Group, the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- iii. the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- the above continuing connected transactions have exceeded the annual caps set by the Company. iv.

AUDITOR

PricewaterhouseCoopers was appointed as auditor of the Company in 2024. PricewaterhouseCoopers has been the auditor of the Company since the listing of the Company in 2022.

The financial statements of the Company for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers. All references above to other sections, reports or notes in this report form part of this Report of the Board of Directors.

> By order of the Board of Directors Chairman **Guo Wancai** 27 March 2025

The Company is committed to maintaining and enhancing the standard of corporate governance so as to enhance the accountability and transparency of the Group and to enhance long-term returns to the Shareholders. During the Reporting Period, the Company has complied with the code provisions and principles of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules.

During the Reporting Period and as of the date of this report, Mr. Guo Wancai is the Chairman and Non-executive Director of the Company, Mr. Wang Runliang resigned as the general manager on 21 January 2025, and Mr. Zhao Peng was appointed as the general manager of the Company on 21 January 2025.

BOARD GOVERNANCE STRUCTURE

As of the end of the current Reporting Period, the Board comprised nine Directors, three of whom are independent non-executive Directors. The Board has established three committees, namely the Audit Committee comprising three independent non-executive Directors, Ip Wing Wai (Chairman), Li Gang and Yu Qiang; the Remuneration Committee comprises Li Gang (Chairman), an independent non-executive Director, Yu Qiang, an independent non-executive Director, and Ip Wing Wai, an independent non-executive Director; and a Nomination Committee comprising Guo Wancai (Chairman), a non-executive Director, Li Gang, an independent non-executive Director, and Yu Qiang, an independent non-executive Director.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at Board meetings, general meetings (including H Share class meeting and Domestic Share class meeting) (the "Shareholders' Meetings"), and Board Committee meetings of the Company held during the Reporting Period are set out in the table below:

Name of Director	Shareholders' Meeting (No. of meetings attended/No. of meetings held)	The Board of Directors (No. of meetings attended/No. of meetings held)	Audit Committee (No. of meetings attended/No. of meetings held)	Remuneration Committee (No. of meetings attended/No. of meetings held)	Nomination Committee (No. of meetings attended/No. of meetings held)
Executive Directors					
Wang Runliang	4/4	9/9	NA	NA	NA
Wang Wenqi	4/4	9/9	NA	NA	NA
Non-executive Directors					
Guo Wancai <i>(Chairman)</i>	4/4	9/9	NA	NA	2/2
Tian Qiang	4/4	9/9	NA	NA	NA
Zhao Chengjun	4/4	9/9	NA	NA	NA
Feng Min	4/4	9/9	NA	NA	NA
Independent Non-executive Directors					
Li Gang	4/4	9/9	3/3	1/1	2/2
Ip Wing Wai	4/4	9/9	3/3	1/1	NA
Yu Qiang	4/4	9/9	3/3	1/1	2/2

During the Reporting Period, the number of Board meetings held, procedures for convening Board meetings, record keeping, rules for conducting meetings and relevant matters were in compliance with the relevant code provisions.

THE DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors is accountable to the general meeting, and exercises its powers in accordance with the Articles of Associations and the Rules of Procedures of Meetings of the Board. According to the Articles of Association, the main duties of the Board include: (1) to convene general meetings and report its work to the general meetings; (2) to determine the Company's business plans and investment plans; (3) to formulate the Company's annual financial budget plans and accounting plans; (4) to formulate the Company's profit distribution plans and loss recovery plans; (5) to determinate the structure of the Company's internal management organization; and (6) to appoint or dismiss the general manager and Secretary to the Board of the Company; to appoint or dismiss the deputy general manager and financial officer according to the nomination of the general manager, and to decide on matters of their remuneration, rewards and punishments.

The Board is responsible for performing the corporate governance functions including: (1) to develop and review the Company's policies and practices on corporate governance and make recommendations; (2) to review and monitor the training and continuous professional development of Directors and senior management members; (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report. During the Reporting Period, the Board actively performed its corporate governance duties. For specific implementation, please refer to the disclosure in this Corporate Governance Report.

THE DUTIES OF THE MANAGEMENT

The management shall strictly abide by various responsibilities stipulated by laws, regulations and the Articles of Association, and its main tasks are to ensure that the Company's business practises comply with economic policies and market regulatory requirements, and to ensure transparent financial conditions through responsible and supervision of the daily operation of the Company, so as to achieve the Company's strategic goals. The management shall also diligently perform their duties, conscientiously implement the tasks and plans determined by the Board, and promote the implementation of operation and management. At the same time, safeguarding the rights and interests of corporate property is also the primary responsibility of the management. Members of the management are required to deal with the conflict between their personal interests and the interests of the Company, and are prohibited from taking advantage of their personal positions to seek business opportunities that belong to the Company, or cooperating with others on their own to compete in the same industry and disclosing the Company's trade secrets to the detriment of the interests of the Company and its shareholders.

The main duties and powers performed by the management include: (1) to promote the production, operation and management of the Company, organise the implementation of the Company's annual business plan and investment plan, and formulate and implement the Company's internal management structure and basic management system; (2) to be responsible for the daily financial management of the Company, organise and urge the departments to complete the corresponding responsibilities, such as monitoring and reporting major economic activities that may cause economic losses to the Company in a timely manner, organising the preparation of financial budgets, final accounts and tax payments in a timely manner, and being responsible for asset verification of the Company; (3) to formulate and supervise the implementation of corporate human resources strategic plans; (4) to strengthen the internal scientific governance of listed companies and to carry out compliance information disclosure, equity investment and external investor relations; (5) to promote other daily management affairs of the Company.

PROCEEDINGS OF THE BOARD

According to the Articles of Association of the Company, the Board shall hold at least two meetings each year, which shall be convened by the Chairman and notified to all the Directors and supervisors 10 days prior to the meeting in writing. Shareholders representing more than one-tenth of the voting rights, and more than one-third of the Directors or Board of Supervisors may propose an interim Board meeting. The Chairman of the Board shall convene and preside over a Board meeting within 10 days after receiving the proposal. The chairman shall convene and preside over a Board meeting within 10 days after receiving the proposal. The notice of interim board meeting held by the Board shall be served by hand, email or facsimile 5 days before the date of the meeting. If an interim meeting of the Board needs to be held quickly due to urgent circumstances, a meeting notice may be given at any time by telephone or other oral method, provided that the convener gives an explanation thereof at the meeting and the same is entered into the meeting minutes.

ELECTION OF DIRECTORS

According to the Articles of Association, the Directors of the Company who are not employee representatives shall be elected or replaced by the general meeting, and Directors who are employee representatives shall be elected or replaced by the general meeting of employees of the Company. The Directors shall have a term of office of 3 years. Upon the expiration of the term, the Directors may be reelected and serve consecutive terms. In addition, the Chairman of the Board shall be elected by more than half of votes casted by all Directors at the meeting of the Board for a term of three years, and eligible for re-election.

PROCEDURES FOR THE ELECTION AND APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS

The Nomination Committee shall conduct a comprehensive assessment and analysis of the Company's existing directors and senior management members, fully communicate with relevant departments of the Company, learn the Company's needs for new directors and senior management members, and prepare written materials; extensively identify candidates for directors and senior management members through various channels including the Company, its subsidiaries, and talent market in accordance with the job requirements and the Board Diversity Policy; obtain information of the occupation, educational background, job title, detailed work experience and all the part-time positions of the preliminary candidates and prepare written materials; seek the consent of the candidates for the nomination of directors and senior management members by relevant institutions or personnel in accordance with the provisions of laws and regulations and the Articles of Association; otherwise, the candidates shall not be selected as directors and senior management members; convene a meeting of the Nomination Committee to review the qualifications of the preliminary candidates according to the job descriptions of directors and senior management members; formulate the resolutions of the Nomination Committee meeting, and to propose candidates and relevant materials to the Board of the Company; and carry out other follow-up work according to the decision(s) and feedback of the Board.

BOARD DIVERSITY POLICY

The Nomination Committee shall consider relevant factors according to the Company's business model and specific needs in reviewing the size and composition of the Board, searching for and proposing candidates for directors to achieve the diversity of board members. The Committee may consider board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service period. After considering the above-mentioned relevant factors, the Committee will make a final appointment recommendation to the Board based on the strengths of the director candidates and their contribution to the Board. At least one female director has been appointed among the Directors of the Company (Ms. Feng Min was appointed as a non-executive Director of the Company on 27 August 2021). As at the end of the Reporting Period, the proportion of female director on the Board was approximately 11%. The Nomination Committee considered that the board diversity had been achieved. The Company will also endeavor to achieve gender diversity when recruiting staff at all levels (including mid to senior level) so that suitable succession planning for the Board can be made to ensure gender diversity of the Board.

EMPLOYEE DIVERSITY

The Group values and cultivates the diversity, and is committed to creating an equal, inclusive, healthy and comfortable working environment for all employees. We treat all employees equally, so that all employees can gain a sense of belonging and respect. Any form of discrimination regarding gender, ethnicity, race, religion and other aspects is prohibited. The Group's recruitment strategy is to hire the right staff for the right positions, regardless of gender. The Group welcomes all people to join, and promises to provide equal opportunities for employees in terms of recruitment, training and development, job promotion, salary and benefits, and protect employees' rights and interests from infringement. As at the end of the Reporting Period, the male to female ratio of all employees of the Group (including senior management) was approximately 1.89:1.

THE TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE **DIRECTORS**

The management of the Company provides appropriate and sufficient information to the Directors in a timely manner to keep them abreast of the latest development of the Company and enable them to perform their duties.

Newly appointed Directors (if any) are provided with an induction programme on the Company's activities to help them familiarise themselves with the management, business and governance practises of the Company. The Company also encourages the Directors to attend seminars and courses organised by qualified institutions to ensure that they continuously update their skills and keep abreast of the latest developments or changes in the regulations, the Listing Rules and the Code that are required to be complied with when performing their duties.

The Directors confirmed that they have complied with the code provision C.1.4 of the Code on Directors' training. All Directors have participated in continuous professional development by attending training and courses or reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company. Details of the training are as follows:

Directors	Special Training
Executive Directors	
Wang Runliang	ABCDEF
Wang Wenqi	ABCDEF
Non-executive Directors	
Guo Wancai (Chairman)	ABEF
Tian Qiang	ABEF
Zhao Chengjun	ABEF
Feng Min	ABCDEF
Independent Non-executive Directors	
Li Gang	ABEF
lp Wing Wai	ABEF
Yu Qiang	ABEF

- On 20 February 2024, the Directors completed the learning of the Review of Issuers' Annual Reports 2023 during Α. their term of office.
- В. On 12 April 2024, the Directors completed the learning of the Consultation Conclusions on Proposed Amendments to Listing Rules Relating to Treasury Shares during their term of office.
- С. On 19 April 2024, the Directors received the training on the Interpretation of the Latest Amendments to the Company Law (2023 Revision) provided by the board office of the Company during their term of office.
- D. On 18 June 2024, the Directors received the training on the Compliance of Corporate Transaction Matters provided by the overseas legal adviser, Jingtian & Gongcheng during their term of office.
- Ε. On 18 November 2024, the Directors completed the learning of the Hong Kong Stocks Regulatory Compliance Information for August and September 2024 during their term of office.
- F. On 10 December 2024, the Directors received the training on the Key Points of the New Company Law, Responsibilities and Obligations of Directors, Supervisors and Senior Management, and Compliance Management Requirements of State-owned Enterprises provided by the domestic legal adviser, Beijing Jia Yuan Law Offices during their term of office.

The Board has delegated certain of its functions to the Board committees, details of which are set out below.

BOARD COMMITTEES

Audit Committee

Functions of the Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the relevant requirements of the Listing Rules. The main responsibilities of the Audit Committee include: to make recommendations to the Board on the appointment, removal, remuneration and terms of engagement of the external auditor, and supervise and evaluate the external auditor; to guide the internal auditing; to review and comment on the Company's financial reports; to evaluate the effectiveness of the financial reporting system and internal controls; to coordinate the communication between the management, the internal audit department, and relevant departments and external auditor; to review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements; to review the Company's compliance with the applicable corporate governance code and the corporate governance reports required to be disclosed by the listing rules of the place where the shares of the Company are listed; to ensure that the Company establishes appropriate channels so that employees can report or raise questions about potential improper behaviors in financial reporting, internal control or other aspects under the premise of confidentiality; and to review relevant arrangements from time to time to allow the Company to conduct a fair and independent investigation into such matters and take appropriate follow-up actions, and to report its decisions or suggestions to the Board, unless prevented from doing so by law or by other restrictions.

Members of the Audit Committee and the Audit Committee Meeting

As of 31 December 2024, the Audit Committee consists of three members, all of whom are independent non-executive Directors. The chairperson of the Audit Committee is Mr. Ip Wing Wai and other members include Mr. Yu Qiang and Mr. Li Gang.

During the Reporting Period, the Company held three meetings of the Audit Committee. Analysed as:

On 26 March 2024, the Company convened the first meeting of the Audit Committee in 2024. All members attended the meeting. The meeting mainly approved the draft audited consolidated financial statements of the Group for the year ended 31 December 2023, the draft annual results announcement, the draft annual report, the continuing connected transactions and the re-appointment of PricewaterhouseCoopers as Auditor for the year 2024. The Audit Committee reviewed the risk management and internal control systems and the effectiveness of the internal audit function of the Company.

On 29 August 2024, the Company convened the second meeting of the Audit Committee in 2024. All members attended the meeting. The meeting considered and approved the financial position of the Group for the half-year ended 30 June 2024, the interim financial statements, the draft interim results announcement, the draft interim report and the remuneration and terms of engagement of external auditors.

On 20 December 2024, the Company convened the third meeting of the Audit Committee in 2024. All members attended the meeting. The meeting mainly considered and approved the update to the Group's annual audit plan for 2024.

For the attendance records of the relevant committee members, please refer to the section above headed "Attendance Records of Directors and Committee Members".

Decision-Making Procedures of the Audit Committee

The Company shall prepare for the preparatory work for the decision-making of the Audit Committee, and the coordination between the Company's internal audit department, financial department and other relevant departments to provide written information of the Company; the Audit Committee meeting shall review the reports provided by the relevant departments, and submit relevant written resolution materials to the Board for discussion.

Remuneration Committee

Functions of the Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the relevant requirements of the Listing Rules. The main responsibilities of the Remuneration Committee include: to consider and draw up the evaluation criteria for directors and senior management members, conduct evaluations and make recommendations; to study and review the remuneration policies and plans for directors and senior management members, and submit relevant proposals to the Board for approval; to supervise and implement the implementation of the resolutions of the Board in relation to the remuneration or assessment of the Directors and senior management of the Company; to review and monitor the training and continuous professional development of the directors and senior management members; and to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Members of the Remuneration Committee and the Remuneration Committee Meeting

As at 31 December 2024, the Remuneration Committee consists of three members, all of whom are independent non-executive Directors. The chairperson of the Remuneration Committee is Mr. Li Gang, an independent non-executive Director, and other members include Mr. Yu Qiang (an independent non-executive Director) and Mr. Ip Wing Wai (an independent non-executive Director).

During the Reporting Period, the Company convened one Remuneration Committee meeting.

On 26 March 2024, the Company convened its first meeting of the Remuneration Committee in 2024. All members attended the meeting. The meeting reviewed the remuneration policy and structure of the Company's Board of Directors and senior management, remuneration packages of executive Directors and senior management, remuneration of independent non-executive Directors and made recommendations to the Board of Directors.

For the attendance records of the relevant committee members, please refer to the section above headed "Attendance Records of Directors and Committee Members".

Decision-Making Procedures for the Remuneration of the Directors and Senior Management **Members**

After the Company's directors and senior management members report and make self-evaluation to the Remuneration Committee, the Remuneration Committee shall evaluate the performance of directors and senior management members in accordance with the performance evaluation standards and procedures. The amount of remuneration and reward method for directors and senior management members shall be proposed in accordance with the performance evaluation results of the post and the remuneration distribution policies, and shall be submitted to the Board after being approved by voting. Pursuant to the Terms of Reference of the Remuneration Committee of the Board, the remuneration plan for the directors of the Company proposed by the Remuneration Committee shall be submitted to the Board for approval and submitted to the general meeting of shareholders for deliberation and approval before implementation. The remuneration distribution plan for the senior management members of the Company shall be submitted to the Board for approval before implementation.

Nomination Committee

Functions of the Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the relevant requirements of the Listing Rules. The main responsibilities of the Nomination Committee include: to consider and draw up the criteria and procedures for selection of directors and senior management members of the Company, including but not limited to the appointment or re-appointment of directors and the succession plan for directors (in particular the chairman and Chief Executive Officer), and make recommendations to the Board; to extensively identify qualified candidates for directors and senior management members, and select and nominate relevant persons to serve as directors or make recommendations to the Board; to review the candidates for directors and senior management members, and make recommendations; to assess the independence of independent non-executive directors; to advise the Board on the scale and composition of the Board based on the Company's business activities, asset size, and equity structure and review the structure, number of people, and composition of the Board (including the diversity of skills, knowledge, and experience) at least annually, and make recommendations on proposed changes to the Board in line with the Company's strategy; and to report its decisions or recommendations to the Board, unless prevented from reporting by laws or regulatory restrictions.

Members of the Nomination Committee and the Nomination Committee Meeting

As at 31 December 2024, the Nomination Committee consists of three members, including two independent non-executive Directors and one non-executive Director. The chairperson of the Nomination Committee is Mr. Guo Wancai, a non-executive Director, and other members include Mr. Yu Qiang (an independent non-executive Director) and Mr. Li Gang (an independent non-executive Director).

During the Reporting Period, the Company held two meetings of the Nomination Committee.

On 26 March 2024, the Company held the first meeting of the Nomination Committee for 2024. All members attended the meeting. The meeting reviewed the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy and board diversity policy. In addition, the meeting assessed the independence of the independent non-executive Directors and noted that all independent non-executive Directors are considered independent. It reviewed and made recommendations to the Board on the Board Diversity Policy, the measurable objectives and the progress on achieving the objectives. The meeting reviewed the Director nomination policy and resolved that the above policy remained in effect. The meeting resolution passed the change of the first session of the Board and recommended the results to the Board.

On 30 May 2024, the Company held the second meeting of the Nomination Committee for 2024. All members attended the meeting. The meeting reviewed and made recommendations to the Board on the appointment of general manager, deputy general manager, financial director, Board secretary and joint company secretary of the Company.

For the attendance records of the relevant committee members, please refer to the section above headed "Attendance Records of Directors and Committee Members".

BOARD OF SUPERVISORS

During the Reporting Period, with the support and cooperation of the Board and leaders at all levels, the Board of Supervisors of the Company actively attended the Board meetings and Shareholders' general meetings in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Listing Rules and other relevant laws and regulations, as well as the Articles of Association and the Rules of Procedure for the Board of Supervisors, in order to effectively safeguard the interests of the Company and protect the interests of the Shareholders, effectively supervised the Company's major operating activities and the performance of duties by the Directors and senior management members, and effectively performed the supervisory function of the Board of Supervisors, promoted the standardised operation of the Company and protected the legitimate rights and interests of the Company and the Shareholders. The work of the Board of Supervisors for 2024 is reported as follows:

Attendance Records of Members of the Board of Supervisors

The attendance records of the meetings of Board of Supervisors of the Company held by all Supervisors during the Reporting Period is set out in the table below:

Name of Supervisors	Board of Supervisors
Ji Jianguo <i>(Chairperson)</i>	2/3
Zhang Shaojie	3/3
Qin Xiaohui	3/3
Zhang Yu'an (Retired on 30 May 2024)	1/3

Performance of the Board of Supervisors

Working by Rules, Operating by Laws and Performing Monitoring Functions

By attending the Board meetings and Shareholders' general meetings, the Board of Supervisors listened to various important proposals and resolutions of the Company, understood the formation process of various important decisions of the Company, mastered the operating results of the Company, and performed the informed supervision and inspection functions of the Board of Supervisors. It also understood the major decisions of the Company and played the necessary audit functions and statutory supervision functions.

Enhancing the Supervision on the Operation of the Company to Prevent Violations

In accordance with the requirements of relevant laws and the Articles of Associations, the Board of Supervisors mainly follows up and understands the daily operation of the Company. The Board and the management team have given due attention, support and convenience to the works of the Board of Supervisors. Through supervision and examination on the operating, financial and management conditions, the Board of Supervisors is of the view that the Company has conducted its business in respect of corporate governance, business development of the Company and its subsidiaries, financial accounting and results of the Company pursuant to the requirements of the Articles of Association of the Company in 2024. The Board of Supervisors has not found any damage to the interests of the Company and the Shareholders.

Adhering to the principle of authorization control, the Company has updated the Authorization Management System of the Board, Measures for the Implementation of the "Three Importance and One Significance Events" Decision-making System and other system documents, and has conducted its business pursuant to the Shareholders' general meetings and the terms of reference of the Board and the management. There was no violation of the Articles of Association, nor was there any material decision-making matters of the Company beyond the authority of the Shareholders' general meeting and the Board of Directors without consideration and approval. The Shareholders' general meeting has fulfilled its functions of the right, the Board has fulfilled its functions of decision-making, the Board of Supervisors has fulfilled its functions of supervision and the management has fulfilled its functions execution in general.

In addition, the Board of Supervisors had not found any acts of Directors and managers which are in breach of discipline, regulations and the Articles of Association or against the interests of the Company in fulfilling their duties.

RISK MANAGEMENT AND INTERNAL CONTROLS

Review of Risk Management and Internal Controls

The Board acknowledges that it is responsible for maintaining sound and effective risk management and internal control systems and reviewing their effectiveness. The Company's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has in place an internal audit function, which is to have a designated risk management and internal control team (the "team") responsible for identifying and monitoring the Company's risks and internal control issues and reports directly to the Board of any findings and follow-up actions. The Board receives regular updates from the senior management and reviews the Group's business plan, financial results, investment strategies and business indicators to ensure that the business risks are identified and managed. The senior management supervises the Group's business performance on an on-going basis via regular meetings with respective departments and project teams, to identify potential risks and develop strategies to address the risk. The Group monitors a wide range of indicators, such as overdue ratio of supply chain finance business, asset-debt ratio, the occupation of "two funds" and employee turnover rate, and responds promptly if any risk indicators arise. The Group also works with external legal, accounting and other professional advisers as required to ensure that it is in compliance with relevant legislation and regulations. All departments of the Company are required to adhere to the Company's internal control procedures and report to the team of any risks or internal control issues. The Audit Committee of the Board also regularly reviews the Company's financial controls, risk management and internal control systems at least on an annual basis.

The Board has received confirmation from the management that in respect of the year ended 31 December 2024:

- the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and
- the risk management and internal control systems of the Group are effective.

Based on the framework for risk management and internal control systems established by the Group, the Board and the Audit Committee considered that, through the review of risk management and internal control systems of the Group, it can evaluate and improve their effectiveness and resolve material internal control defects. The Board, with the concurrence of the Audit Committee, considered that the Company's internal control systems, including financial, operational and compliance, were effective and adequate for the year ended 31 December 2024 based on the work performed and report prepared by the team as well as the confirmation letter received by the management. The Company will perform ongoing assessments to update all material risk factors on a regular basis. In any case, review of risk management and internal control systems by the Board will be conducted annually.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND **DISSEMINATION OF INSIDE INFORMATION**

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, reports to the Board once identified any inside information for dissemination.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 132 to 244 of this annual report.

DIVIDEND POLICY

We currently do not have any pre-determined dividend pay-out ratio. The payment and the amount of any future dividends will be at the discretion of our Board and will also depend on factors such as our results of operations, cash flow, capital requirements, general financial condition, contractual restrictions, future prospects and other factors that our Board deem relevant. Any declaration and payment as well as the amount of dividends will be subject to Articles of Association and the Company Law, including the approval of our Shareholders. In addition, dividends can only be paid out of profits or other distributable reserves.

Pursuant to the requirements of the Enterprise Income Tax Law of the People's Republic of China, the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (collectively, the "Enterprise Income Tax Law") and the Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares《國家税務總局關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guoshuihan [2008] No. 897, the "Notice"), the Company is required to withhold enterprise income tax at the rate of 10% when distributing the final dividend to non-resident enterprise Shareholders whose names appear on the H Share register of members of the Company.

Pursuant to the regulations promulgated by the SAT, the dividend (bonus) received by the overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents according to the relevant laws. However, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between Mainland China and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing Shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents may file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and such Shareholders shall timely submit application to withholding agents and collect and file related information for reference pursuant to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements (《非居民納税人享受協定待遇管理辦法》) (Announcement No. 35 [2019] of the State Administration of Taxation) and related tax agreements/arrangement. Upon approval by the tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed upon effective tax rate when distributing dividends, and are not obligated to file an application; and (3) for citizens from countries without tax agreements/arrangements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their taxation advisors regarding relevant tax laws and regulations in Mainland China, Hong Kong and other countries on the taxation implications of the dividend payment by the Company, holding, or dealing in the H shares of the Company.

SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS AND SUPERVISORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the rules governing dealings by the Directors and Supervisors in the listed securities of the Company. Specific enquiries have been made to all Directors and Supervisors who have confirmed that they have complied with the Model Code during the Reporting Period.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The auditor of the Company is PricewaterhouseCoopers. For the year ended 31 December 2024, a total of RMB3,922 thousand was paid/payable by the Group to PricewaterhouseCoopers as service fees.

Service item	Amount of service fees (RMB, thousand yuan)
Audit services	2 500
Non-audit services	3,500
	200
– Professional services in major transaction	200
– Agreed-upon procedures services	115
– Independent Auditor's Assurance Report on Continuing Connected Transactions	100
– Hong Kong tax report services	
	3,922

Note: Service fees are exclusive of tax and disbursements.

JOINT COMPANY SECRETARIES

Ms. Mak Po Man Cherie, the vice president of SWCS Corporate Services Group (Hong Kong) Limited, resigned as the joint company secretary of the Company on 30 May 2024, and Ms. Chan Yin Wah was appointed as the joint company secretary of the Company on the same date. The current joint company secretaries of the Company are Mr. Liu Lulu, the financial director and Board secretary, and Ms. Chan Yin Wah, an associate director of SWCS Corporate Services Group (Hong Kong) Limited. Mr. Liu Lulu is the key contact person of Ms. Chan Yin Wah in the Company.

In 2024, the joint company secretaries of the Company have received not less than 15 hours of training to update their professional skills and knowledge in compliance with Rule 3.29 of the Listing Rules during the year.

SHAREHOLDER'S RIGHTS

Shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to request the Board to convene an extraordinary general meetings, which shall be submitted in writing to the Board. The Board shall, in accordance with the law, administrative regulations and these Articles of Association, give a written reply on whether to agree or disagree with the convening of the extraordinary general meeting within ten days after receiving the request. If the Board consents to hold an extraordinary general meeting, it should issue a notice of general meeting within 5 days after the resolution is approved by the Board, and any change to the original request in the notice shall be subject to consent from the relevant shareholders. If the Board disagrees to hold an extraordinary general meeting, or fails to give a reply within 10 days after receiving the request, shareholders who, individually or jointly, hold not less than 10% of the shares of the Company shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting, and the request shall be submitted to the Board of Supervisors in writing. If the Board of Supervisors consents to hold an extraordinary general meeting, it should issue a notice of general meeting within 5 days after receiving the request, and any change to the original appeal in the notice shall be subject to consent from the relevant shareholders. If the Board of

Supervisors fails to issue a notice of general meeting within the prescribed period, the Board of Supervisors is deemed to refuse to convene and preside over the general meeting, and shareholders who, individually or jointly, hold not less than 10% shares of the Company for not less than 90 consecutive days may convene and preside over a general meeting. Where the Company convenes a general meeting, the shareholders individually or jointly holding more than 3% of the shares of the Company may raise a temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. For details, please refer to Articles 56 and 60 of the Articles of Association of the Company. Shareholders who intend to put forward their enquiries to the Board of the Company may send their enquiries to the Company in writing. The Company will not normally deal with verbal or anonymous enquiries. Shareholders may put forward proposals or enquiries to the Board through the Company Secretary. The contact detail of the Company Secretary is as follows: ir@deewinfl.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company attaches great importance to communication with shareholders and investors. The Company informs shareholders of the Company's operations through various channels, especially periodic reports such as annual reports and interim reports. The Company publishes its circulars, notices, financial reports and other corporate information electronically through its corporate website at http://www.deewintx.com. The Company regards the annual general meeting as an important event of the Company during the year. The Directors, Supervisors and senior management members attended the meeting and arranged a session for shareholders to ask questions and communicate directly with shareholders. As such, the Board members attended the AGM held on 30 May 2024 and the extraordinary general meeting of the Company held on 20 September 2024 to provide Shareholders with opportunities to understand the latest development of the Group and raise questions. The date, content, delivery method, announcement method and shareholders' voting procedures of the circular to shareholders and the notice of the general meeting of the Company strictly comply with the relevant provisions of the Company Law of the People's Republic of China, the Articles of Association and the Listing Rules to ensure the smooth realization of shareholders' right to attend the general meeting. According to the Articles of Association, shareholders of the Company shall have the right to supervise the operation of the Company, and to put forward proposals or raise questions.

The Company is committed to promoting investor relations and maintaining good communication with investors through investor relations hotline, e-mail and investor reception. The Company has reviewed the implementation of the policies relating to communication with shareholders during the Reporting Period and considered that such policies are appropriate and effective. In the coming year, the Company will further strengthen its communication with investors, increase their understanding of the Company, and at the same time, hope to receive more support and attention from investors.

ARTICLES OF ASSOCIATION

According to Articles of Association, the Company shall amend the Articles of Association under any of the following circumstances: (I) after the PRC Company Law or relevant laws and administrative regulations are amended, the provisions of the Articles of Association are in conflict with the provisions of the amended ones; (II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; and (III) the general meeting decides to amend the Articles of Association. Except as otherwise provided in the Articles of Association, the following procedures shall be followed to amend the Articles of Association: (I) the Board shall adopt a resolution in accordance with the Articles of Association to prepare a proposal to amend the Articles of Association or a proposal by the shareholders to amend the Articles of Association; (II) notify the shareholders of the amendment proposal and call a general meeting to vote on it; (III) the amendments submitted to the general meeting for voting shall be adopted by special resolution. The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

On 28 March 2024, the Board resolved to propose to amend certain provisions of the Articles of Association, the Rules of Procedures for General Meetings and the Rules of Procedures for the Board Meetings of the Company, which were considered and approved at the annual general meeting and class meeting held on 30 May 2024. For details, please refer to the announcements of the Company dated 28 March 2024 and 30 May 2024.

On 30 May 2024, the Board resolved to propose to change the registered capital and to make amendments to the registered capital clause under the Articles of Association of the Company. The proposed amendments were considered and approved at the extraordinary general meeting held on 20 September 2024. For details, please refer to the announcements of the Company dated 30 May 2024 and 20 September 2024.

Save as disclosed above, there were no other amendments to the Articles of Association of the Company during the Reporting Period.

NON-COMPETITION UNDERTAKING

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

As of 31 December 2024, the controlling shareholder of the Company did not hold any interest in any other business which may compete, either directly or indirectly, with the business of the Group.

The Company has received confirmation from the controlling shareholders of the Company, confirming their compliance with the Non-Competition Undertaking during the year ended 31 December 2024 for disclosure in this report.

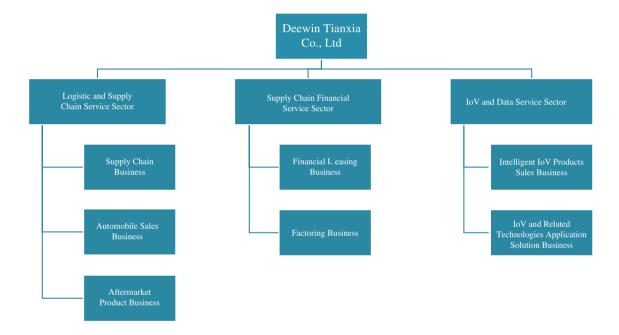
The independent non-executive Directors have reviewed the compliance with the Non-Competition Undertaking for the year ended 31 December 2024 on the basis of the information and confirmations provided by or obtained from the controlling shareholder of the Company and are satisfied that the Non-Competition Undertaking has been duly complied with by the controlling shareholder of the Company.

The Company will review the signatures of the confirmations from the controlling shareholders of the Company in a timely manner prior to the publication of each annual report, and the independent non-executive Directors will review the compliance with the Non-Competition Undertaking by the controlling shareholders of the Company during the relevant reporting period. The Company will disclose the progress of the Non-Competition Undertaking during the relevant reporting period in a timely manner in the annual report.

1. **About the Company**

1.1. Introduction of Company

Deewin Tianxia Co., Ltd is a major player in China's commercial vehicle service industry, with business scopes covering three major sectors: logistics and supply chain services, supply chain financial services, and vehicle networking and data services. Our company provide participants in the entire commercial vehicle industry chain with integrated comprehensive solutions including whole vehicle sales, supply chain services, aftermarket products, financing leases, commercial factoring, vehicle networking products, and vehicle networking technology. This achieves comprehensive coverage of logistics, capital flow, and data flow, greatly satisfying customers' needs for commercial vehicle services during operations.



1.2 **Industry Culture**

The Group's philosophy and principles focused on our valued customers and production quality. Encompassing dedication, apprentice, trust, and renovating and the business philosophy of "virtue wins the world; silver leads the future, quality achieves the future." The Group aims to present our clients and shareholders the best and earnest services and products. DeeWin, in Chinese refers to virtue wins the world and people-oriented, with that in mind, our company aims to embrace the openness, give back to the community, create wealth for the society, and grow together with our employees and nations in both the present and the future.

	Corporate Vision		Business Philosophy
>	Develop together with clients and employees	>	Virtue wins the world, leading with exceptional services, and quality creates the future
	Core Values		Management Philosophy
>	People-oriented, serving the nation with excellence Pursuit of excellence, strive for premium	>	Making communication simple
	Enterprise Purpose		Service Concept
>	Customer-centric	>	Heed the market, Connect with clients, Empathic thinking, Sincere services
	Corporate Mission	C	Quality Concept ("Double Excellence" Ideals)
>	Provoke more values for the society, Provide better services for clients, Generate greater returns for stakeholders, Present employee with platform for development	>	Aspired by clients' satisfaction, producing the best product and service quality among industry

2. **About the Report**

2.1. Introduction of Report

Deewin Tianxia co., Ltd (the "Company") and its subsidiaries (collectively called as "the Group" or "us") is pleased to release the Environmental, Social and Governance Report ("ESG Report"), summarizing the Group's efforts and achievements in environmental and social aspects throughout the year of 2024.

2.2. Scope of Report

The report focuses on the performance of the Group regarding the environmental management and social responsibility during the period of 1 January 2024 to 31 December 2024 (the "Year"), which includes the Group's logistics and supply chain services, supply chain financial services, and IoV and Data services in the People's Republic of China ("PRC"); Whereas the Key Performance Indicators ("KPI") disclosed in the report will be focusing on the performance of subsidiaries and the Group's offices, including Shaanxi Tonghui Automobile Logistics Co., Ltd. ("Tonghui logistics"), Shanghai Yuanxing Supply Chain Management (Group) Co., LTD. ("Shanghai Yuanxing"), Deewin Financial Leasing Co., Ltd. ("Deewin Leasing"), Shanghai Deewin Commercial Factoring Co., Ltd. ("Shanghai Factoring"), Shaanxi Tianxingjian Internet of Vehicles Information Technology Co., Ltd. ("Tianxingjian"), Shaanxi Yuanxing Supply Chain Management Co., Ltd. ("Shaanxi Yuanxing"), Shaanxi Zhongfu Wulian Technology Services Ltd. ("Shaanxi Zhongfu"), Shanxi Deewin Yuanxing Supply Chain Management Co., Ltd. ("Shanxi Yuanxing"), Henan Deewin Supply Chain Management Co., Ltd. ("Henan Deewin"), Xinjiang Yuanxing Supply Chain Management Co., Ltd. ("Xinjiang Yuanxing"), Beijing Deewin Yuanxing Supply Chain Management Co., Ltd. ("Beijing Yuanxing") and Shanghai Yuanxing Logistics Services Co., Ltd ("Shanghai Logistics") located in China, and Shanghai offices. The scope of the report was set by the Group's operational control rights.

2.3. Reporting Framework

The ESG (Environmental, Social, and Governance) report, the Group has made relevant disclosures in accordance with the "Environmental, Social and Governance Reporting Guide" in Appendix C2 of the Listing Rules of the Stock Exchange of Hong Kong Limited ("HKEX"). The Group have complied with the mandatory disclosure requirements and the "comply or explain" provisions.

2.4. Reporting Principles

Materiality

The content of the ESG report are determined according to the situation and materiality assessment conducted by the stakeholders. The assessment includes the identification of ESG related issues, collecting and examining suggestions from internal management and different stakeholders, evaluating the relevance and importance of company's issues, and the preparation and confirmation of data reported. The major issues which concerned various stakeholders are also included in the ESG report as well.

Quantitative

ESG report discloses the quantified environmental and social key performance indicators ("KPIs") to help stakeholders better understanding the Group's performance in different environmental and social aspects. The relevant calculation standards, methods, references, and data sources of each KPIs have been presented in the appropriate places within the ESG report, together with the conversion factors used for each KPIs.

Balance

The Group's performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.

Consistency

Where feasible, the Group will adopt a consistent reporting format and calculation method, as to facilitate the comparison of ESG performance in future years.

3. **Sustainability Management**

3.1. Board Statement

The Group deeply believes that a comprehensive ESG governance could strengthens the company's adaptability to risks and sustainable development, as such its investment value would increase, and thus bringing in long term returns to stakeholders. The Board of Directors ("Board") has established its responsibility and duties, and are responsible for monitoring the implementation of all the Group's ESGrelated matters. The Board will oversee the establishment of ESG's overall vision, methods, strategies, and/or initiatives, with regular policy reviews to critique company's overall ESG performance. Besides, the Board has formulated the Group's overall plan for sustainable development and established communication channels with key stakeholders. Communication channels and ESG issues that stakeholders valued will be reviewed regularly to ensure information flow and performance meet stakeholders' expectations. The Board will be informed with the implementation of ESG-related issues through different communication channels such as board meetings. The Board will also supervise the preparation process of the ESG report, and learn about the Group's annual ESG highlights through the reporting of the ESG report to ensure that the content complies with its requirements.

The Board has established clear criteria and basis, and identified potential ESG-related risks and issues. To assess the materiality of different ESG-related risks or issues, the Board has entrusted an independent consulting firm to conduct materiality assessment, and assist in prioritizing issues according to their importance. The Board also participates in the materiality assessment and provides opinions on the importance of ESG issues as a stakeholder. The Board has reviewed, summarized, and validated the results of the materiality assessment. The Board will continue to review and formulate policies and measures to better respond to the important issues related to ESG.

The Board will based on its business and stakeholders to formulate and review the most important ESGrelated issues to improve ESG management. The Board will review the progress towards the Group's ESG targets and ESG performance during regular ESG meetings to make sure the company is heading towards the right directions, achieving its ESG goals, and to draw up company's future ESG development blueprints.

3.2. Stakeholder Engagement

The Group understands that stakeholders' opinions are crucial in improving business operations and in formulating both short-term and long-term business development strategies. As such, the Group is dedicated to enhance the effectiveness of communication among stakeholders, establishing numerous communication channels to interact with stakeholders. The Group understands the expectations and concerns that stakeholders had in us in terms of sustainability development and potential business operating risks, so as to generate sustainable development strategy in a targeted manner.

The table below listed the requirements and expectations of stakeholders have on the Group, and our corresponding communication methods and responses.

Stakeholders	Requirements & Expectations	Communication & Responses
Government & Regulating Authority	 Adhering to national policies & regulations Promoting local economic development Leading local employment Timely taxation Production Safety 	 Regular reports Regular conversations with regulatory authorities Special report Check-ups & monitoring Adherence to work process guidelines, regular training
Shareholders	 income return Compliance operation Raising company revenue Information transparency and efficient communication 	 and real-time monitoring shareholders meeting Group Announcements and Circulars Email, Telephone Communications and Company Website Special report On-site inspections
Partnerships	 Integrity management Fair competition Perform according to law Mutual benefits 	 Review and Evaluation Meeting Business communications Exchange seminars Cooperation talks
Clients	 Quality Products and Services Health & Safety Perform according to law Integrity management 	 Customer Service Centre and Hotline Customer opinion survey Customer communication meeting Social media platform Return visits

Stakeholders	Requirements & Expectations	Communication & Responses
Environmental regulators	Discharge quotasEnergy-savingsEcological protectionReasonable water usage	Communicate with local environmental authorities
Industry Partners	Industry standard formulationPromoting industry development	 Communicate with local labour authorities Participate in industry forums Mutual study tours
Employee	 Rights protection Occupational health & safety Remuneration and benefits Career development Humanistic care 	 Employee meetings Company Newsletter and Intranet employees' mailbox Training Activities Employee activities Workers Congress Democratic seminars
Community and public	 Community improvement Participate in public welfare undertakings Open and transparent information 	 Company website Company Announcement Media interviews Social media platforms Community Communication Meeting

3.3. Materiality Assessment

The Group has carried out several materiality assessments throughout the year, helping us to identify the most crucial ESG issues regarding the company's businesses and its stakeholders. The data will help generate ESG management policy more effectively. This materiality assessment was established based on the results of internal stakeholder surveys, combined with the analysis from third-party ESG consultants and the materiality map¹ provided by a well-known external organization. The results of this evaluation are also used as a reference for the Group to strengthen our internal management.

Identifying potential significant ESG issues that may impact the group's business or stakeholder interests is illustrated as follows:

Env	ironment and Resources	Emp	oloyment and Labour Practices	Ope	ration Practices	Con	nmunity Investment
1.	Environmental Compliance	19.	Employment Compliance	27.	Operation Compliance	39.	Charity
2.	Air Pollution Management	20.	Employees' Remuneration and Benefits	28.	Supply Chain Management	40.	Promotion of Community Development
3.	Fleet Emissions Management	21.	Employees' Working Hours and Rest Period	29.	Purchasing Practices	41.	Poverty Alleviation
4.	Wastewater Management	22.	Diversity and Equality	30.	Quality Management		
5.	Noise management	23.	Employee Health and Safety	31.	Customer Health and Safety		
6.	Greenhouse Gas Emission	24.	Training and Education	32.	Responsible Marketing and Promotion		
7.	Air Quality	25.	Prevention of Child Labour and Forced Labour	33.	Customer Service Management		
8.	Waste Management	26.	Employee Rights	34.	Intellectual Property Protection		
9.	Energy Consumption			35.	Research and Development		
10.	Use of Water Resources			36.	Information Security		
11.	Green Office			37.	Customer Privacy Protection		
12.	Green Energy Project			38.	Anti-corruption		
13.	Green Building						
14.	Use of Raw Materials and						
15.	Packaging Materials Soil Contamination						
	Management						
16.	Ecological Protection						
17.	Responding to Climate						
18.	Change Prevention and Handling of Environmental Incidents						

The materiality assessment refers to the ESG industry materiality map provided by Morgan Stanley Capital International (MSCI) and the materiality map provided by the Sustainability Accounting Standards Board (SASB).

During the Year, the Group identified 11 ESG related issues, and will be discussed in each chapter of this report.

Aspects	Important Issues	Corresponding chapter
Environmental Protection	Air Quality	Emission of Exhaust Gases
	Greenhouse Gas Emission	Metrics and Targets
Employment and Labour	Employment Compliance	Employment and Labour Practices
Practices	Employee Health and Safety	Health and Safety
	Employee Rights	Employee Rights
Operation Practices	Operation Compliance	Operation Practices
	Supply Chain Management	Supply Chain Management
	Quality Management	Product Quality
	Intellectual Property	Intellectual Property Protection
	Information Security	Information Security
	Anti-corruption	Anti-corruption

3.4. Information and Feedback

For detailed information on the Group's environmental, social and corporate governance, please refer to the official website of Deewin Tianxia Co., Ltd (www.deewintx.com). Should you have any inquiry and suggestions about this report, feel free to contact us by email: ir@deewinfl.com.

4. **Environmental Protection**

To better respond the nation's carbon neutral and sustainable development goals, the Group is determine to achieve its low carbon operations goals, and will integrate environmental protection principles into Group's sustainable development strategies. The Group has ensured associated departments to adhere and conform to the nation's laws and regulation related to environmental protection, including but not limited to "Environmental Protection Law of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", "Energy Conservation Law of the People's Republic of China" and "Cleaner Production Promotion Law of the People's Republic of China", also implements and enhances our environmental protection work in accordance with the ISO 14001:2015 environmental management system certification standard. During the year, in order to enhance the environmental protection awareness of our employees, the Group arranged professional lawyers of law firm to conduct training on environmental protection related laws and regulations to ensure that our employees can fully understand and comply with the legal requirements and contribute to the development of a green corporate culture.

Within the different business segments, the Group has successfully established and certified an environmental management system that complies with the ISO 14001:2015 environmental management system certification standard. For Tonghui Logistics and Tianxingjian, the specific environmental management systems could be applied to manufacturing supply chain service and sales services of commercial vehicles and related management activity of Tonghui Logistics, as well as the design and development of vehicle driving recorders, vehicle networking system integration, and software development for Tianxingjian. The Group including its subsidiaries has formulated environmental management policies. For instance, Tonghui Logistics has established work environment management control procedures to ensure that production and office areas meet environmental management requirements and has developed environmental safety reward and penalty regulations to promote environmental compliance and enhance employees' awareness of their environmental responsibilities.

The Group has established annual targets for energy conservation, emission reduction and waste management in response to support the nation's "double carbon" targets. The Group have set up an "Environmental factors and hazard identification, evaluation control procedures" aimed at identifying and controlling activities that may have a significant impact on the environment, to ensure that our business operations comply with the requirements of the environmental management system.

The environmental targets set out by the Group throughout the year are as followed:

Environmental areas	Targets	Processes	Related to Business
Greenhouse gases (Note 1)	Reduction in greenhouse gases emission, reaching nation's	The greenhouse gas emissions intensity in 2024 is 2.15 tonnes of carbon dioxide	The main source of the Group's greenhouse gas emissions is vehicle fuel combustion
	carbon reduction targets by 2030	equivalent/RMB millions revenue, has increased by 15% compared to the year	(62.0%), and the Group has a high demand for vehicles usage in the provision of logistics
		2023.	and supply chain service.
Energy uses (Note 2)	Replacement of traditional energy with clean alternatives,	The energy consumption intensity in 2024 is 6.56 MWh/RMB millions revenue, has	The Group's energy usage is mainly derived from vehicle fuel consumption (76.6%), with a
	reducing energy consumption	increased by 4% compared to the year 2023.	higher demand for vehicles in the provision of the Group's logistics and supply chain service.
Water usage	Reduction in water consumption	The water consumption intensity in 2024 is	Since the Group's operation involves no
	and the practice water recycling	4.11 cubic meter/RMB millions revenue, has decreased by 32% compared to the year 2023.	consumption of water for industrial purpose, the water consumption of its business operation is relatively insignificant, mainly comes from offices, warehouses and charging rooms.
Waste (Note 3)	Reduction in waste emission	The waste intensity in 2024 is 0.91 tonnes/ RMB millions revenue, has increased by 8% compared to the year 2023.	As the Group provides logistics and supply chain services involving packaging of materials, waste such as waste wood pallets and waste cardboard is generated.

Notes:

- 1. The increase in greenhouse gas emissions is mainly due to the addition of Scope 2 energy indirect greenhouse gas emissions from purchased heating and Scope 3 other indirect greenhouse gas emissions from methane gas generated in landfills due to the treatment of waste paper during the year.
- The increase in energy consumption is mainly due to the addition of energy consumption from purchased heating during the year. 2.
- The increase in hazardous waste is mainly due to the expiry of the battery of electric forklift trucks in the factory, and the uniform treatment of large quantities of waste batteries was carried out during the year.

4.1. Emission and Waste Management

To reduce the production of emissions and waste, the Group strictly adheres to national laws and regulations namely the "Air Pollution Prevention and Control Law of the People's Republic of China" and "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", and also implements the environmental policy of "strengthening risk control and preventing environmental pollution". Moreover, the subsidiary companies of the Group have adopted a series of measures to implement control over exhaust emissions, waste, and greenhouse gas emissions, ensuring that operational activities not only comply with legal requirements but also provide a healthier and more sustainable living environment for the community.

Emission of Exhaust Gases

Exhaust gases are emitted in the provision of logistics, supply chains, and other daily operations from our company vehicles. The Group have implemented policies to control exhaust emissions while ensuring vehicles function and operate normally. The Group has established the Work Environment Management Control Program, ensuring the exhaust emissions of stackers and motor vehicles used in the production sites are all in compliance with the emission standards of relevant laws and regulations. The Group will also conduct regular check-ups for diesel stacker's emissions, and implement improvement measures once the emissions exceeded the required standard.

To ensure vehicle performance and reduce exhaust emissions, the Group including Tonghui Logistics, has established "Vehicle Safety Management Measures" to improve efficiency of vehicle utilization and specify maintenance management, etc., to avoid increased emissions due to decreased vehicle performance. Additionally, in terms of vehicle management, the Group also ensures stable tire pressure in vehicles, avoids idling, and optimizes transportation and delivery routing plans, thereby reducing the emissions of major pollutants such as nitrogen oxides, sulphur dioxide, and particulates.

The Group's Tonghui Logistics has formulated the "Heavy Pollution Weather Emergency Response Plan", established a heavy pollution weather emergency response organisation and specified the person-in-charge of the organisation and his/her duties, and launched education on heavy pollution weather preparedness to raise the employees' awareness of the environmental safety hazards and to increase their participation in responding to heavy pollution weather. Tonghui Logistics will carry out on-site verification, classify air pollution according to its situation and severity and activate the corresponding emergency response mechanism. In accordance with the principles of specificity, effectiveness, operability and accountability, and with the objective of reducing the pollution level as far as possible, Tonghui Logistics will implement emergency emission reduction measures in response to heavy polluted weather under the premise of minimising the impacts on the society, especially on the residents' quality of life. The emergency measures include increasing the frequency of water spraying on all roads and dust-prone areas in the factory, controlling the transport of heavy trucks and diesel forklifts, and requiring material transport vehicles to be covered with tarpaulins, so as to reduce the emission of major pollutants, such as nitrogen oxides, sulphur dioxide, and particulate matters. During periods of heavy pollution, Tonghui Logistics also restricts maintenance activities such as welding and painting to further minimise the impact of heavy pollution. The Group is committed to minimising the emission of air pollutants and creating a cleaner and safer environment for the community.

During the Year, the Group's vehicle emissions data are as followed:

Air pollutants (Note 1)	2024	2023
Nitrogen oxides (kg)	25,535	28,603
Sulphur dioxide (kg)	21	28
Particulates (kg)	2,164	2,131

Note:

Calculated based on the "Land Transportation Enterprises - Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines (Trial)" issued by the National Development and Reform Commission of the PRC and Appendix 2 "Guidelines for Reporting Environmental Key Performance Indicators" issued by the Hong Kong Stock Exchange.

Waste Management

The waste generated by the Group can be divided into non-hazardous waste and hazardous waste, major non-hazardous waste include general waste, plastics, waste paper, waste wooden pallets and food waste; hazardous waste includes waste oil, waste coolants, waste lead acid batteries, and other office waste (ink cartridges, printer, light tubes, batteries), etc.

The main treatment for non-hazardous waste is recycling. The Group has set up waste sorting bins throughout the workplace to facilitate and encourage the recycling of different types of waste. In order to reduce the production of non-hazardous waste, the Group will regularly evaluate the amount of materials used to avoid excessive inventory. At the same time, the Group also encourages employees to reduce the use of disposable and non-recyclable products. For the management of office supplies such as paper, the Group requires employees to reuse or use double-sided paper as much as possible, and to make use of electronic communication technology to convey information and avoid excessive printing to reduce the use of paper. Meanwhile, the Group encourages employees to choose the lowest level of depth and grade when selecting notices and documents that do not need to be preserved for a long period of time or do not have a high quality requirement so as to prolong the use of ink cartridges and to reduce the amount of waste generated from ink cartridges.

As for hazardous waste, the Group has also set up Hazardous Waste Emergency Plan and Hazardous Waste Standardized Management System. In the event of hazardous waste spillage or fire, the emergency plan will be activated to coordinate emergency personnel to prevent the spreading of infected areas and the impact of accident. The Group has established storage facilities and premises for hazardous wastes, classified and collected all hazardous wastes generated and posted conspicuous signs to indicate the names and types of wastes, and established a hazardous waste management ledger and formulated a hazardous waste management plan based on the management ledger and the production plan in recent years. Leakage and incompatible reactions are avoided by using appropriate packaging materials when handling hazardous wastes. After careful handling, all hazardous waste will then be collected and recycled by qualified collectors, suppliers, or businesses. In addition, the Group is also committed to reducing hazardous office wastes by collaborating with electronics companies to recycle used computers and other electronic wastes, and encourage employees to use rechargeable batteries instead of disposable batteries to reduce the hazardous waste generated by the office.

During the Year, the data of waste produced by the Group are as follows:

Waste	2024	2023
Total non-hazardous waste generated (tonnes) (Note 1)	2,355	2,610
Non-hazardous waste density (tonnes/RMB millions revenue)	0.90	0.84
Total hazardous waste generated (tonnes) (Note 2)	32	19
Hazardous waste density (tonnes/RMB millions revenue)	0.01	0.01

Notes:

- 1. According to the statistics of the actual weight of non-hazardous waste generated by the Group.
- Calculated based on the actual weight of hazardous waste. The main reason for the increase in hazardous waste was the expiry of the batteries of the electric forklift trucks in the factory, and the uniform treatment of large quantities of waste batteries was carried out during the year.

4.2. Use of Resources

The Group strictly abides the "Energy Conservation Law of the People's Republic of China" and other national laws and regulations in terms of resource utilization, and adopts various measures to reduce water and electricity usage, rationalize the use of materials, and effectively manage the use of resources and energy, increase efficiency in the use of resources. The Group had formulated an energy-saving management system to strengthen energy and water resource management, reduce waste, and encourage the practices of using of resources rationally. These measures include implementing energy audits to assess and improve energy usage; conducting employee energy-saving knowledge training, posting water and electricity saving signs in conspicuous places to raise awareness on energy conservation; upgrading equipment and optimizing processes to enhance energy efficiency; implementing an energy monitoring system to promptly detect and address issues in energy usage; and executing a green procurement policy to choose high-efficiency, energysaving products and equipment. Through these efforts, the Group is committed to reducing the usage on energy and natural resources while making a positive contribution to sustainable development.

Energy Management

The Group endeavours to reduce electricity consumption in the office by allocating office areas to various departments for management to ensure that the power supply of all office equipment is switched off after office hours, conducting regular office environment inspections and communicating the results of such inspections with the persons-in-charge of the relevant departments in order to continually improve the management situation and to ensure that energy conservation and reduction of energy consumption are achieved. Meanwhile, the Group also requires all employees to "switch on only while using, and switch off when they leave the appliances". The number and power of lights are set reasonably, and employees are required to switch on and off the lighting devices according to their needs, and avoiding switching lights on for overnight. The Group also encourages employees to completely switch off air conditioners, printers, and other electronic equipment during non-working hours, and to set computers to sleep mode when not in use. The Group also uses virtualized computer equipment to reduce power consumption and hardware installation. These include using a set of infrastructure-as-a-service ("laaS") or platform-as-a-service ("PaaS") based cloud computing, computing infrastructure, and computing solution platforms. Aiming to avoid the purchase of duplicate hardware and software, and lowering the usage of unnecessary energy. During hot weather days, the Group will not require employees to wear ties and full suits to reduce the use of air conditioning and sets a minimum temperature limit for air conditioning. For server cooling, water-cooled racks are used instead of conventional air conditioning. At the same time, the Group will conduct electricity statistics and monitor electricity consumption every month in order to make improvement plans effectively. In addition, the Group will also allocate vehicles reasonably and remind drivers the importance of fuel-saving. As vehicle fuel consumption remained the largest energy source (76.6%), the Group closely monitors vehicle usage and implement various energy efficiency optimisation measures.

The energy usage data of the Group are as follows:

Energy use	2024	2023
Total energy consumption (MWh)	17,226	19,602
Direct Energy	13,208	17,584
Energy consumption from natural gas (MWh) (Note 1)	26	23
Energy consumption from gasoline MWh) (Note 2)	395	559
Energy consumption from diesel (MWh) (Note 3)	12,787	17,002
Indirect Energy	4,018	2,018
Energy consumption from purchased electricity (MWh) (Note 4)	2,780	2,018
Energy consumption from purchased heating (MWh) (Note 5)	1,238	NA
Energy consumption density (MWh/RMB millions revenue)	6.56	6.28

Notes:

- Calculated based on the "Greenhouse Gas Emissions Accounting Method and Reporting Guidelines" published by the National Development and Reform Commission of PRC.
- Calculated based on the Chinese national standard GB17930-2016 "Gasoline for Motor Vehicles" and the "Land Transportation Enterprises – Greenhouse Gas Emission Accounting Method and Reporting Guidelines (Trial)" issued by the National Development and Reform Commission of PRC.
- Calculated based on the Chinese national standard GB19147-2016 "Vehicle Diesel" and the "Land Transportation 3. Enterprises - Greenhouse Gas Emission Accounting Method and Reporting Guidelines (Trial)" issued by the National Development and Reform Commission of PRC.
- 4. Calculated based on the actual consumption of purchased electricity by the Group.
- The energy consumption from purchased heating is a new disclosure for 2024, calculated based on the "Design Code for City Heating Network", "Design Criteria for Heating, Ventilation and Air Conditioning of Civil Buildings" and "Design Standard for Energy Efficiency of Residential Buildings in Severe Cold and Cold Zones" issued by the Ministry of Housing and Urban-Rural Development of the PRC.

Photovoltaic Carports for Energy Saving and Efficiency

In order to achieve the Group's target of "Replacement of traditional energy with clean alternatives, reducing energy consumption", on 18 November 2024, the Group changed the single role of the traditional carport by using photovoltaic panels as the roof of the carport, which makes full use of the original site to provide a car parking area as well as generating electricity from clean energy sources, thus reducing energy costs for the Group. At the same time, the Group introduced 12 charging piles for electric cars to encourage employees to use electric cars, thus reducing energy consumption and solving the problem of charging electric cars for the employees.





Photovoltaic carport

charging piles

Water Resources Management

The majority of water usage within the Group comes from office usage. The Group is committed to reduce water consumption, implementing water-saving measures, and encouraging employees to actively lower their water usage. The Group have reminded employees to turn off taps tightly after use, and the Group have posted water-saving reminder labels at water supply points and in all restrooms to enhance employees' awareness of water conservation. The Group regularly checks water meter readings and concealed water leakage. If there is water dripping from the faucet, the Group will immediately arrange for repairs to ensure the effective use of water resources and avoid waste. In addition, the Group also utilizes toilet facilities with water-saving labels, such as dual-flush toilets and faucets equipped with infrared sensors. The Group also pays attention to the latest water-saving equipment and discuss the possibilities of their application, thereby further reducing water consumption. The Group did not encounter any issues in sourcing water that is fit for the purpose of its daily operation.

The water consumption data of the Group are as follows:

Water consumption (Note 1)	2024	2023
Total water consumption (cubic meter) Water consumption density	10,812	18,981
(cubic meter/RMB millions revenue)	4.11	6.09

Note:

1. Calculated based on the Group's actual water consumption.

Packing Material Usage

The Group, especially Tonghui Logistics, uses packaging materials in provision of logistics and supply chain services. Tianxingjian also requires its suppliers to package their hardware products, and Tonghui Logistics is responsible for delivering the materials and the packaging disposal. The Group expects to join hands with upstream and downstream production to reduce the use of packaging materials and promote the recycling of packaging materials in the future and minimize their impact on the environment.

Currently, share-packaging is an important business segment for Tonghui Logistics. Tonghui Logistics has been focusing on standardization, modularization, flexibility, and light and slim design as the criteria in promoting rationalized packaging, coupled with packaging reuse, redesigning idle packaging after product renewal, and promotion of green and recyclable packaging. Adopting standardized packaging could reduce the damage rate of raw materials, reduces equipment and shovel damage, and reduces the demand for packaging accessories. Tonghui Logistics also provides its customers packaging leasing services, where Tonghui Logistics provides packaging equipment and is responsible for maintenance. Such method increases the number of time each materials are being used, thus conducive to environmental protection and low carbonization. In the future, our Group will continue to work with upstream and downstream partners to explore and implement more innovative environmental packaging solutions to achieve sustainable development goals that are responsible to the environment.

This year, the Group's usage data of packaging materials are as follows:

Packaging material use (Note 1)	2024	2023 (Note 2)
Total packaging materials (tonnes)	18	36
Packaging Material Density (tonnes/RMB millions revenue)	0.01	0.01

Notes:

- 1 Calculated based on the actual usage of packaging materials of the Group.
- 2. The total volume and density of packaging materials in 2023 have been revised.

Respond to Climate Change

Governance

The Group has established a comprehensive risk management organizational framework to enhance effective climate-related risk management. This framework includes the Board, the General Manager, and various departments. The Board, as the decision-making body for risk management and internal controls, is responsible for establishing, improving, and ensuring the effective implementation of risk management and internal control systems. The General Manager is accountable to the Board for the effectiveness of the Group's comprehensive risk management and internal control practices, overseeing day-to-day operations to support holistic risk management. Individual departments are tasked with researching, proposing, and implementing frameworks for risk management and internal control supervision and evaluation, as well as conducting ongoing monitoring and assessment of risks. Additionally, the Group has established a dedicated Comprehensive Risk Management Team to drive risk prevention initiatives and strengthen internal control systems. Through this integrated structure, the Group regularly monitors and reviews internal climate-related risk policies and controls, ensuring systematic governance and effective mitigation of climate-related risks.

Strategies

The Group has identified climate-related risks; on the operational side, changes in rainfall patterns and extreme changes in weather patterns caused by climate change will affect the maintenance and repair budgets of the group's vehicles, increasing operational costs. At the same time, changes in rainfall patterns and extreme changes in weather patterns (such as torrential rains, blizzards, etc.) will also increase the risk of the logistics safety, affecting logistics route planning, and the storage and transportation of network planning, and further increase the operational difficulty of the group's transportation business. In terms of employees, extreme weather conditions may pose a threat to their safety and cause major inconvenience while commuting. In response to potential safety hazards arising from the aforementioned climate-related risks, the Group has established corresponding work arrangements and preventative measures. These include implementing internationally recognized management systems (such as ISO 14001) to manage and monitor climate-related risks, assessing climate-related risks within the supply chain while identifying alternative supply sources, as well as enhancing the climate resilience of building structures through design optimization and proper maintenance to withstand extreme weather events. For employees, the Group will stay informed about meteorological conditions, make reasonable arrangements for various work plans in advance, and issue safety warnings to employees and on-site workers in cases of extreme weather, in order to ensure their safety. The Group will continue to track climate-related issues, assess and inspect climate-related risks, increase the importance for reporting greenhouse gas emissions, and supervise the requirements for existing products and services to optimize and improve management. Through these strategies and measures, the Group aims to build an environmentally responsible enterprise while strengthening its adaptability and resilience to climate change.

Risk Management

The Group fully understands that climate change can impact daily operations and bring risks. The Group has formulated a "Risk Management and Control Procedure" to enhance comprehensive risk management work, improve the level of risk management, and strengthen risk resistance. The Group regularly identifies, assesses, manages, and monitors climate-related risks, keeping the Board informed through Board meetings, specialized reports, and other communication channels about risks relevant to the organization and corresponding mitigation strategies. The Group consistently reviews global and local policy updates, regulatory changes, technological advancements, and market trends, conducting routine and annual risk assessments to identify climate-related risks and opportunities that may financially impact operations, evaluate the vulnerability and adaptation capacity of business operations exposed to climate-related risks, and periodically reviews its risk inventory to confirm whether all climate-related risks have been systematically captured. This structured approach ensures proactive governance and alignment with evolving climate challenges.

Metrics and Targets

Greenhouse Gas Emissions

The Group's greenhouse gas emissions mainly contribute by direct emissions from fossil fuel combustion, indirect energy emissions from purchased electricity and purchased heating, and other indirect emissions, including methane gas generated from landfill due to waste paper disposal, as well as emissions from fresh water and wastewater treatment processes by government departments. The Group promotes and educates employees on methods to reduce greenhouse gas emissions through different channels such as emails, posters, and intranet, while also conducting regular environmental training sessions to enhance employees' awareness. The Group encourages employees to take public transportation more often and plant green plants in the office area to help reduce carbon emissions. As the Group provides logistics and supply chain services, vehicle fuel combustion is the major source of greenhouse gas emissions (62.0%), the Group closely monitors the use of vehicles and implement various vehicle emission reduction measures such as optimisation of delivery routes.

The Group's greenhouse gas emission data are as follows:

Greenhouse gases (Note 1)	2024	2023
Total Greenhouse gases emissions (tonnes of		
carbon dioxide equivalent)	5,638	5,832
Scope 1-Direct emissions (tonnes of carbon dioxide equivalent)	3,497	4,658
Scope 2-Energy indirect emissions (tonnes of		
carbon dioxide equivalent) (Note 2)	2,038	1,166
Scope 3-Other indirect emissions (tonnes of		
carbon dioxide equivalent) (Note 3)	103	8
Greenhouse gases emission density (tonnes of		
carbon dioxide equivalent/RMB millions revenue)	2.15	1.87

Notes:

- The Group's greenhouse gas emissions include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. All are presented in the form of tonnes of carbon dioxide equivalent. The increase in greenhouse gas emissions in Scope 2 and Scope 3 was due to the new addition of Scope 2 energy indirect greenhouse gas emissions from purchased heating and Scope 3 other indirect greenhouse gas emissions from methane gas generated in landfills for the treatment of waste paper during the year.
- 2 Scope 1 direct emissions include greenhouse gases produced by burning fossil fuels such as gasoline, diesel, and natural gas when using gas stoves and motor vehicles. The data is calculated according to the "Guidelines for Greenhouse Gas Emission Accounting and Reporting" published by the National Development and Reform Commission of the PRC and Appendix 2 "Guidelines for Reporting Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange.
- Scope 2 energy indirect emissions include indirect greenhouse gas emissions from purchased electricity and purchasing heating. The data is calculated based on the "Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines Power Generation Facilities (Revised 2022)" issued by the Ministry of Ecology and Environment of the PRC.
- Scope 3 Other Indirect Emissions covers other indirect emissions occurring outside the Group, including methane gas generated at landfills for waste paper disposal and electricity used for fresh water and wastewater treatment process. The data is calculated in accordance with Appendix 2 "Guidelines for Reporting Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange, "Study on Energy Consumption of Urban Water Supply System in China" published by Tsinghua University, and 'Statistical Analysis and Quantitative Identification of Energy Consumption Patterns of Municipal Sewerage in China' published by Tsinghua University and National Water Supply and Drainage Engineering and Technology Research Centre.

5. **Employment and Labour Practices**

The Group firmly believes that employees as important assets and is well aware that the growth of our employees is crucial to the success of the enterprise. The Group is committed to respecting and protecting the rights of employees and is dedicated to maintaining their safety and health. Upholding a people-oriented management philosophy, the Group implements humanized management and demonstrates care for employees in daily operations. The Group believes the relationship between the enterprise and its employees is also interdependent, and providing employees with development opportunities is the key to achieving long-term sustainable development.

The Group has published the "Employee Handbook" that clearly specifies the code of ethical conduct that all employees are expected to adhere to. This includes but not limited to, compliance with relevant laws and regulations, company discipline, and office rules (including environmental management, confidentiality, and safety management, etc.). The Group firmly opposes any form of discrimination, including gender, sexual orientation, disability, age, race, nationality, family status and/or any other component protected by law. Also, all employees and the entire Group are required to create a harmonious and welcoming working environment. This is a core part of the Group's corporate culture and a reflection of our commitment to each and every employee.

5.1. Employee Rights

The Group strictly abides to employment-related laws and regulations such as the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China" and "Regulations on the Prohibition of Using Child Labour" to ensure that employees enjoy equal employment and promotion opportunities. To further implement these principles, the Group's "Employee Handbook" also details policies and procedures regarding employee benefits, performance evaluations, professional training, and personal development. In addition, the Group has formulated the "Labour Contract Management Regulations" to further protect the legal rights of both the company and employees, regulate the behaviour of both parties in the labour contract, and establish harmonious labour relations. Each labour contract clearly outlines key terms such as the nature of work, working hours, leave policies, and compensation and benefits, to ensure the avoidance of any form of forced labour. The Group commits that all labour practices will respect the legal rights of employees and provide a safe, healthy, and respectful working environment in compliance with legal regulations.

Employee Recruitment

The Group adheres to the principle of fairness and openness during recruitment and promotion decisions, and will not be affected by factors such as age, gender, physical and mental health, marital and family status, race, skin colour, nationality, religious belief, political stance, and sexual orientation. The Group has formulated the "Employee Recruitment Management Measures" to standardize the employee recruitment procedures to ensure a fair and just recruitment process. The method is applicable to the different recruitments approaches, such as internal and external recruitment. The Group will specifies the requirements and procedures for every job recruitment, then determines the interview team, method, time, interviewing questions, and skill assessment based on a structured interviewing model and the characteristics of the hiring position. Interview assessment elements include management ability, professional knowledge and technical skills, customer service awareness and team collaboration skills, verbal communication skills, adaptability, and problem-solving agility etc., ensuring a comprehensive evaluation of candidates' capabilities across critical dimensions. The Group will also conduct background checks on candidates for key positions to verify the authenticity of the information provided, and to understand their educational background, past work performance, and abilities. The Group will conduct recruitment and salary approval for candidates based on interview results and background investigations.

The Group also emphasizes the prohibition of child labour and forced labour. During the recruitment process, the Group will check the applicant's supporting documents such as ID card, birth certificate, education certificate, etc. to confirm whether their age and identity are identical with the supporting documents provided, so as to avoid the wrongful employment of child labour or forced labour. If in the case where child labour or forced labour has been mistakenly employed, the Group will immediately terminate the contract of the relevant personnel and conduct an investigation to prevent similar incidents from happening again.

To standardize the management of new employees and enable them to quickly become familiar with and adapt to the company culture, policies, and behavioural norms, as well as to become acquainted with the work environment and to master the necessary work methods and skills, the Group has established the "New Employee Entry Management Measures." According to the job responsibilities and business divisions of new employees, instructors ("mentors") are assigned to pay attention to the employees' work and life situations. Mentors will provide clear guidance and assessment for new employees in aspects such as team integration, induction training, initial performance evaluation, and the process for becoming a permanent employee's member.

Regarding resignation matters, the Group has formulated the "Employee Resignation Management Measures", which clearly regulates the company's employee resignation procedures, so as to protect the legitimate rights and interests of the company, the resigned personnel. At the same time, it ensures that the related resignation procedures can be completed in an orderly and timely manner, maintaining the normal order of personnel turnover. When an employee requests to leave, the human resources department will conduct an interview with him/her to understand the reasons for their departure.

This year, the employment data of the Group are as follows:

Employment indicators	As at 31 December 2024	As at 31 December 2023
Total employees	1,702	1,694
By gender		
Male	1,114	1,079
Female	588	615
By age groups		
Age <30	330	373
Age 30-50	1,295	1,259
Age > 50	77	62
By employment types		
Part-time	0	0
Full-time	1,702	1,694
By location		
Mainland China	1,702	1,694
Other	0	0

	Year ended 31	Year ended 31
Employment indicators	December 2024	December 2023
Total number of employees turnover	128	176
Employee turnover rate (%)	8%	10%
By gender		
Male	8%	11%
Female	7%	10%
By age groups		
Age <30	13%	20%
Age 30-50	5%	7%
Age > 50	19%	2%
By location		
Mainland China	8%	10%
Other	0%	0%

Employee Remuneration and Benefits

In order to retain talents, in the case where there is a vacancy among the upper ranks, the Group will first consider internal promotion before external recruitment to encourage employees' performance. The Group has formulated promotion management and performance management methods for each rank. Employee performance is assessed through standardized employee assessment, and promotion or annual remuneration adjustments are determined based on the assessment results to ensure all employees enjoy egual opportunities in promotion, and to ensure remunerations are associated with performance. Stimulates employee motivation and ignites their specialized business capabilities. The promotion process is rigorous, based on the core competence, management ability, and professional ability of employees, which is all in line with the Group's fairness policy. Employee assessment can be divided into three types: monthly assessment, semi-annual assessment, and annual assessment. The annual assessment will be based on the monthly and semi-annual assessment results, and a comprehensive evaluation of employees will be used for salary adjustment. The Group is also committed to motivate employees to create long-term value. The Group has set up an employee incentive plan, and conducts monthly, quarterly and annual selection of outstanding employees every year, and all outstanding employees will receive cash awards.

The Group has formulated the "Employee Benefits Management Rules" to strengthen and regulate the management of employee benefits and to specify the standards of employee benefits. In terms of benefits, in addition to annual leave and sick leave, employees are entitled to marriage leave, maternity leaves, funeral leaves, and public holidays and festival leave. Maternity leave includes prenatal leave, maternity leave, breastfeeding leave, and nursing leave. In addition, the Group will provide subsidies such as meals, transportation, condolences, labour protection, tuition reimbursement, etc., as well as holiday benefits. The Group does not encourage overtime work, but in the case where extra working hours are required, the Group will provide overtime subsidies and transportation expenses, and schedule employees to take time off when feasible

The Group also pays for employees or jointly pays for various social insurances with employees, including work-related injury, maternity, housing pension, basic medical care, enterprise annuity, unemployment, and other related insurances. In order to effectively protect the interests of retired employees, the Group has formulated "Employee Retirement Management Measures" and "Enterprise Annuity Management Plan" to standardize retirement management procedures. The Group will also organize and invite retired employees to participate in different company activities. Moreover, the Group is committed to understand the needs of retirees and will reach out to care for the health and livelihood of retired employees.

5.2. Caring for Employees

The development of the Group depends on the efforts of the employees, the enterprise and the employees grow together and achieve mutual success. The Group cares for the employees, continuously develops various kinds of team building and cultural and entertainment activities, increases the strength of the relief protection and innovates the form of activities, by fostering an uplifting team culture to enhance the employees' spiritual dynamics, cultivates the employees' sentiments, strengthens the friendship among the colleagues, creates a harmonious, positive and optimistic cultural atmosphere, enables the employees to obtain physical and mental pleasure, and improves the sense of occupational well-being of the employees and the sense of belonging to the enterprise.

During the year, the Group organised various types of welfare activities, including "Books in exchange for Vegetables" and "Old Clothes for Green Plants Volunteer Initiative", etc. The collected books and clothing are donated to the underprivileged communities. These initiatives not only provide employee benefits but also foster a deeper sense of social responsibility among staff, contributing to the development of a more positive, accountable, and compassionate corporate culture. At the same time, the Group purchases petrol, home appliances and swimming tickets as employee's welfare, and offers discounts on specific routes for public transport. In addition, the Group organizes a variety of leisure activities aimed at fostering a positive and engaging work environment, such as quarterly employee birthday celebrations, basketball tournaments, tug-of-war competitions, and group singing events. These initiatives strengthen employees' sense of belonging and team cohesion, reinforcing a culture of collaboration and mutual support.

The Group also distributes festive welfare items (such as food, daily necessities, etc.) to employees during holidays including the Spring Festival, Labour Day, Lantern Festival, Dragon Boat Festival, Mid-Autumn Festival, and National Day. Alongside these offerings, the Group hosts celebratory events like the 2024 Lantern Festival Gala, Dragon Boat Festival activities, and the National Day Choral Performance. Additionally, leisure programs such as floral arrangement activities, intangible cultural heritage Tang-style doll crafting, and traditional scented sachet making sessions are organized to help employees unwind after intense work periods, enrich their cultural engagement, and deepen their understanding of traditional heritage. The Group remains committed to employee well-being by arranging seasonal and holiday-themed initiatives year-round, fostering a warm, family-like workplace atmosphere that enhances employees' cultural experiences and overall happiness index.



Employee Birthday Parties



Floral Arrangement Activities



National Day Resounding Songs Celebration



Cultural Embrace Dragon **Boat Festival Celebration**

5.3. Employee Development and Training

The Group focuses on cultivating talents and holding training sessions to increase the competitiveness of the Group and its employees. In order to standardize its rights, obligations, and training procedures related to employee training, the Group has established the "Training Management Measures". These regulations aim to improve the capabilities and quality of our management team and employees to meet the needs of strategic business development and performance enhancement.

The Group's training is divided into internal and external training, with internal training as the main course and external training as supplement Internal training is mainly courses conducted by internal lecturers, and internal lecturers are selected fairly, justly, openly and objectively within the group, and are determined by factors such as qualifications, teaching plan writing levels, and teaching skills. Furthermore, the Group have developed the "Internal Trainer Cultivation and Management Measures," which outline the selection system for internal trainers and relevant incentive policies. These measures are designed to further explore the potential of employees, motivate them to grow rapidly, and cultivate a learning-oriented team. All internal lecturers are required to pass the annual teaching performance appraisal in order to be remain in their respective posts.

In order to cater for the training of different employees development directions, the Group establishes a quarterly training schedule at the beginning of each quarter, allowing employees to make full use of both working and after-work hours to learn basic knowledge, skills, and advanced expertise, thus improving themselves and learning efficiency. During the Year, the Group has provided job-related trainings for employees such as data analysis including using programming languages Python and Java, industrial procurement management, basic financial skills, official writing skills enhancement, business expansion & development, cost analysis, quality system, on-site basic management, sales, and much more to be listed. In addition, the Group also provides new introductory trainings for new employees, including general knowledge training upon entry and pre-job training to accelerate the performance of new employees and their business skills set.



Computer Language Training



Official Writing Skills **Enhancement Training**

During the Year, the training data of the employees of the Group are as follows:

Training indicators	2024	2023
Average hours of training for employees (% trained)	22(100.0%)	21(98.3%)
By gender		
Female employee average trained hours (% trained)	23(100.0%)	22 (98.4%)
Male employee average trained hours (% trained)	21(100.0%)	20 (98.3%)
By employment level		
Average hours of training for senior executives (% trained)	25(100.0%)	26 (100.0%)
Average training hours for technical personnel (% trained)	21(100.0%)	26 (96.5%)
Average training hours for executives (% trained)	41(100.0%)	27 (95.9%)
Average training hours for salespeople (% trained)	29(100.0%)	35 (98.2%)
Average training hours for production personnel (% trained)	14(100.0%)	14 (99.9%)
Average hours of training for other employees (% trained)	38(100.0%)	42 (100.0%)

5.4. Health and Safety

The Group is committed to reduce production safety related accidents such as road transportation. The Group strictly abides by the safety-related laws and regulations namely the "Safety Production Law of the People's Republic of China" and the "Road Traffic Safety Law of the People's Republic of China" and other safety-related laws and regulations. In order to further enforce the primary responsibility for production safety, prevent and mitigate production safety accidents, and safeguard employees' health and safety, each of the Group's subsidiaries, production workshops and employees have all signed a Production Safety Commitment Agreements. The Group has developed a sound occupational health and safety management system and various safety production management methods, and implemented different safety-related systems, including safety production and position-specific responsibility system, safety production business operation rules, safety production supervision and inspection system, employee safety management system, safety management system for vehicles, facilities, and equipment, accident handling emergency plan, vehicle satellite positioning monitoring and management system, safety production fund allocation and utilization system, regular safety meeting protocol and safety duty roster system. In the event of traffic accidents, electric shocks, fires and other accidents, the Group will activate the emergency response plan for relevant production safety accidents, and the established emergency rescue team will perform its duties and responsibilities to evacuate personnel effectively and take adequate measures to prevent the spread of the accident. In case of personal injury, the employee must report the accident to their supervisor immediately, so that it can be properly handled as soon as possible, and the accident site should be investigated.

Several safety goals were set to be achieve by the Group this year, which include a 100% coverage and drill rate for production safety accident scenarios, strived to strengthen intrinsically safe management of safe production, implement systematic management of dual prevention mechanisms, and carry out safety publicity, education, and training on a regular basis. In addition, the Group also promotes refined management of occupational health, and organizes occupational hazard testing, and occupational health examinations. The Group also arranges annually physical examinations for employees regularly to strengthen the control and prevention of diseases, ensuring the physical and mental health of the company's employees.

The Group adheres to the principle of "No Safety, No Production", strive to reduce safety risks, and strengthen employees' safety awareness. The Group implements a corporate safety risk classification and control system and have established an environmental/occupational health hazard identification and management framework. These measures strengthen the primary accountability for production safety, enhance oversight and governance of potential hazards, and aim to prevent and reduce incidents related to production safety and environment. This year, the Group has conducted thorough safety hazard identification and remediation initiatives, implementing targeted corrective measures to address identified risks. In addition, the Group has also organized a series of safety-related trainings to enhance employees' safety awareness. During the year, the Group provided safety-related training for employees, including fire safety and skills training, team safety management training, occupational health knowledge training, and pre-job safety training for new employees.

Safety Production Month Campaign

The Group launched the Safety Production Month Campaign under the theme of "Everyone talks about safety, everyone knows emergency response - smooth life channel". During the Safety Production Month Campaign, the Group conducted safety training and education programs, including safety knowledge training, case studies of past incidents, and online safety quizzes to enhance employees' safety awareness. Simultaneously, the Group carried out comprehensive hazard identification and remediation, implementing full-coverage safety inspections (both general and specialized) to identify risks and ensure immediate corrective actions for a secure work environment. During the year, the Group also organized safety emergency drills, fire safety drills, and fire safety knowledge training to minimize the likelihood of accidents and strengthen preparedness.



Safety Knowledge Training



Fire Safety Drill



Fire Safety Knowledge Training



Safety Emergency Drill

During the Year, the health and safety data of the Group are as follows:

Health and Safety Indicators	2024	2023	2022
Death incidents (cases)	0	0	0
Work-related fatality rate (%)	0	0	0
Health and Safety Indicators	2024	2023	2022
Work accidents (cases)	0	0	0
Lost work days due to work injury	0	0	0

Operation Practices 6.

6.1. Supply Chain Management

The Group strictly abides by the "Civil Code of the People's Republic of China" and other laws and regulations related to supply chain management, have formulates supplier access management measures, and clearly state out the supplier qualification requirements. The Group requires suppliers to have a sound quality assurance system, a well-established environmental and social risk management, and should have passed ISO 9001:2015 quality management system and other quality assurance system certifications. The products supplied by the supplier must be within the business scope of the business license of that enterprise, and the products that belong to the state franchise must have a business license. In addition, the compulsory product certifications required by the nation must be certified by a nationally recognized testing agency, and have compulsory testing reports, certifications, and required marks. As for other products, it must be supplied with all required product testing report or certificate in order to be accepted.

The Group has formulated procurement management regulations for the selection of suppliers, standardization of supplier access standards, and confirmation procedures, thus to reduce supply chain management risks. Suppliers are required to have long-term stability, stable supply capabilities, and have a good reputation in fulfilling contracts. That is to say, suppliers should have no record of contract breach. Based on factors such as the stability of the supplier team, product supply capabilities, and aftersales recovery, the Group will select primary suppliers that meet the requirements with combination of environmental, health and safety performance. When determining the primary suppliers, the Group will give priority first to internationally and domestically well-known and leading suppliers, then suppliers with localized factories, and last other potential suppliers. Afterwards, the Group will review and evaluate the prioritized suppliers, and conduct on-site evaluations as needed. Based on the results of the review and evaluation, the Group will prepare a list of suggested suppliers, then will approve and confirm whether if the suggested suppliers met the qualifications or not. The Group has signed commercial confidentiality agreements with its suppliers, requiring suppliers to keep information such as design, technology, customer list, and procurement information confidential. Suppliers shall provide services and products based on the principle of mutually benefits and equal negotiation. If the supplier violates the supplier management regulations, the supplier will be disqualified.

The Group has formulated risk decision-making management measures, and regularly identifies, evaluates, manages, and monitors environmental and social risks within the supply chain, and reviews the risk list to strengthen the management of suppliers. The Group will give priority to suppliers with sound systems in employment, health and safety, development and training, supply chain management, product liability, and anti-corruption. At the same time, the Group also gives priority to environmental friendly suppliers such as those with ISO 50001 energy management system certification, ISO 14001 environmental management system certification, low-carbon product certification, etc. The Group will require suppliers to sign a safety and environmental protection notice, agreeing to follow the principles of safety and environmental protection throughout the whole working process, to ensure the quality, safety, and environmental protection standards of the Group's products. Suppliers need to classify and store the waste generated during the work process and have qualified processors to disposal wastes properly to avoid any potential harm to the environment. Suppliers also need to abide by the national labour and employment system, provide employees with a healthy and safe working environment and establish employee health records.

The Group is committed to environmentally friendly procurement, targeting to purchase and selected products and services that have the least impact on the environment, and requires suppliers to provide environmentally friendly products according to different business needs. The products purchased by the Group should have energy and water efficiency labels, coupled with a have high recycling efficiency. Moreover, the Group will give priority to suppliers with closer geographical distance or more convenient transportation routes in hopes of reducing carbon footprint.

During the year, the Group had a total of 308 supplies and are distributed of suppliers as follows:

Supplier distribution	2024	2023
Northern	44	35
Central	37	18
Eastern	40	43
Southern	18	18
North-west	169	176

Notes:

- Northern areas: Beijing, Tianjin, Hebei Province, Shanxi Province, Shandong Province, Inner Mongolia (excluding Chifeng, Tongliao, Hulunbuir, and Hinggan League)
- 2. Central areas: Henan Province, Hubei Province, Hunan Province, Jiangxi Province, Sichuan Province, Chongqing City
- 3. Eastern areas: Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province
- Southern areas: Guangdong Province, Guangxi Autonomous Region, Yunnan Province, Guizhou Province, Hainan Province 4.
- 5. North-west areas: Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region, Xinjiang Autonomous

Product Responsibility

Product Quality

The group adheres to the business philosophy of "virtue wins the world, leading with exceptional services, and quality creates the future". With that in mind, the Group follows strict requirements regarding both product and service quality and control. Guided by the management model of "Three Completes" (a.k.a. full participation, whole-process control, and whole-system management quality), the Group conducts various tasks ranging from customer demand identification, product development and verification, parts procurement, manufacturing, logistics and distribution sales services with precise control from start to the end. During the year, the Group was awarded the honorary title of "Excellent Enterprise for High-quality Industrial Development" by Xian Economic and Technological Development Zone Administrative Committee.

The Group strictly abides by the "Product Quality Law of the People's Republic of China" and other laws and regulations related to product quality, formulates different quality control systems, with aims to perfecting the quality assurance systems, design quality, and service quality to ensure product quality and safety. The Group has formulated a quality manual and quality assurance control procedures to standardize quality assurance work, generate quality assurance plans, implement quality inspections, and carry out rectification and tracking of non-conforming items.

The Group's Tianxingjian, Shanghai Yuanxing and Tonghui Logistics have obtained ISO 9001:2015 quality management system certification. Additionally, Tianxingjian has established the "Supplier Hardware Quality Management Measures" to standardize the supplier's daily quality management process, including the quality management of the trial production stage and mass production stage, and to promote the quality improvement of the supplier's products. Besides, the Group signs contracts with its suppliers and customers to ensure that the products and services provided by suppliers or by the Group meet the quality standards set out by the nation and the Group. During the year, the percentage of the Group's total products sold or shipped that were subject to recall for safety and health reasons was 0%, with no turnover rate.

To further standardize the quality of procured materials, the Group has implemented "Procurement Materials Acceptance Management Regulations", which assign designated acceptance departments and approval/ acceptance procedures tailored to different categories of purchased materials, ensuring compliance with the Group's operational and production requirements. If the acceptance is qualified, the responsible person is required to fill in the acceptance form and put the products into the warehouse. If the product is judged as unqualified, it will be reviewed for storage, rework, repair or return through the unqualified product control procedure. The supplier's quality control department needs to analyse the causes of unqualified products being returned to the factory, and formulate corrective measures and provide a report on the analysis of defective products. The Group's quality control personnel will be responsible for supervising and implementing suppliers' corrective measures.

In addition, in order to ensure timely after-sales service, Tianxingjian has set up "Tianxingjian Special Service Stations" in areas with intensive traffic. Tianxingjian special service stations have undergone rigorous evaluation and cooperate with certified service providers and maintenance factories to provide maintenance services for our customers. Tianxingjian has formulated management regulations, set the site selection criteria, and approval process to ensure service quality. Tianxingjian has repeatedly secured after-sales service certifications, and was rated as a five-star service provider, meeting the national's best standard in "Commodity After-sales Service Evaluation System".

Regarding advertisements and product labels, all public product sales and market information of the Group must be reviewed to ensure that they comply with the "Advertisement Law of the People's Republic of China" and other legal requirements and are not misleading. The Group will monitor the content of advertisements and product labels to ensure that the content is clear and true.

Valuing Customer Feedback and Rights

The Group respects the opinions of customers and strives to improve customer satisfaction. The Group has established customer satisfaction survey procedure to collect feedback and suggestions on the services and products through the "Customer Satisfaction Survey Form" on a quarterly basis in order to improve the Group's offerings. The research procedures formulated by the Group will be reviewed internally, and then the research and analysis will be carried out in groups, and the improvement progress will be tracked. At the same time, the Group also regulates the process and standards of after-sales service, and formulates aftersales service control procedures to further improve customer satisfaction.

For frequently-asked-questions in after-sales service, after-sales service personnel will contact customers directly to solve their enquiry, and record the solution process and results. The Group will calculate the up-to standard value of the performance indicators of after-sales service personnel based on the collected statistics. The performance indicators include the completion rate of after-sales problems and the time frame used to solve common inquiries. Those who fail to meet the standards will be assessed. For the handling of special problems, the Group will assess the responsible department or person in accordance with the specified time. If the handling of special problems is not completed within the specified time without justified reasons, the relevant personnel will be punished with negative incentives to ensure that customer feedback is dealt with in a timely manner. This year, the Group's Tianxingjian ability to provide after-sales service for products has been recognized as a 5-star rating in the evaluation system accreditation.

Tonghui Logistics focus on customer satisfaction and continuous improvements as the principle of quality control policy, and strives to improve service quality beyond customers' expectations. Tonghui Logistics has implemented the three-quarantee management policy when dealing with spare parts - "return, replacement and repair", and handles the repair and maintenance of the vehicle parts that have failed to perform due to quality-related issues, ensuring the best efforts in protecting users rights and interests. When the claim is approved, the old part will be returned directly to the supplier involved. The returned parts will be preserved and all the returning information will be indicated on the label.

In addition, the Group attaches huge attention to customer privacy management, strictly abides by the "Network Security Law of the People's Republic of China", and strives to prevent customers' property from being illegally infringed or leaked, aiming to protect customer rights. The Group has informed its employees about the proper handling of customer information. Employees must have a fair reason to obtain customer information. The Group has also adopted data security measures and organized employee training about customer privacy to promote privacy awareness and ensure customer information are secured.

The Group has set up different complaint channels, such as WeChat official account, email, and telephone to allow customers submit their valued opinions and complaints. At the same time, the Group has established a "Customer Complaint and Dispute Handling System". When a customer complaint is being reviewed, the Group will arrange relevant personnel to take measures to correct it and prevent it from happening again. The Group will conduct statistical analysis on customer opinions, rectifications, and treatments every six months, summarizing the areas needed to be improved for customer satisfactions during the half-year period, and formulate a follow-up plan to better handle future complaints.

For customer complaints, the Group will, in principle, accept and review the complaint within 3 working days. Every accepted complaint will be sort within 30 business days. During the Year, the Group received a total of 8 complaints, and have all been resolved in accordance with the "Customer Complaints and Dispute Resolution System."



End User Satisfaction and Demand Survey

Information Security

The Group places a high emphasis on information security, committed to preventing the leakage of confidential information including business confidentiality and customer data. Therefore, the Group has formulated a Commercial Confidentiality Management System and divided the responsibilities of each department for confidentiality work to adequately protect customer and business data, and to comply with data protection laws and regulations and relevant industry-leading standards. Documents identified as commercial confidential are labelled with the level and period of confidentiality. A Confidentiality Agreement are signed with confidential employees, requiring them to comply with company rules and regulations and to keep confidential information, not to transfer confidential information by non-confidential means such as telephone, fax or e-mail, password protection measures must be adopted for remote transmission of confidential information and not to discuss business confidentiality in public. The Group has established a reward and punishment system, in which any violation of the company's confidentiality management regulations will be punished, penalties including educational criticism, job reassignment, etc. If there is a particularly serious impact, the Group will file a lawsuit. Employees who have made outstanding achievements in performing their confidentiality duties, protecting company secrets and protecting intellectual property rights will receive moral or material rewards. The Group has implemented a system of daily and periodic inspections of confidential information, and conducts annual audits and assessments of all relevant documents and processes of the information security system in order to standardize and strengthen the management of confidential information, to prevent leakage of confidential information and to ensure the security of data.

Intellectual Property Protection

The Group strictly abides by laws and regulations related to intellectual property such as the "Patent Law of the People's Republic of China", "Trademark Law of the People's Republic of China", and "Enterprise Intellectual Property Management Regulations". By promoting technological innovation and production technology progress, the Group aims to improve the company's market competitiveness and economic gains. The Group has formulated a patent management system and a trademark management system, and is committed to standardizing the company's trademark and patent management, establishing and maintaining corporate reputation, protecting trademark exclusive rights, enhancing employees' awareness of legal protection of intellectual property rights, and improving corporate efficiency.

The Group regards intellectual property as an intangible asset that affects our reputation and customer recognition. The Group has established an intellectual property rights management system, encompassing processes for intellectual property application, control mechanisms, ongoing maintenance and monitoring, as well as commercialization, licensing, and transfer procedures to strengthen the creation, application, management, and protection of the Group's intellectual property rights, to enhance the Group's capacity for independent innovation, and standardize the management of the Group's intellectual property. At the same time, the Group has established an emergency management system for intellectual property rights to protect the rights and interests of the Group. When patents, trademarks, or copyrights are found to be infringed and/or accusations of infringement are encountered, the Group will initiate an emergency management system for emergency treatment. The Group's Operations Management Department will take the lead in arranging an emergency team to discuss countermeasures, including but not limited to requesting administrative agencies to investigate and deal with, filing infringement lawsuits with the people's courts, and requesting the signing of trademark licensing or transfer contracts.

During the Year, the Group has provided relevant employees with training on the basic knowledge of intellectual property rights to understand the role and importance of intellectual property rights, as well as the method of determining patent infringement. The Group has also established an intellectual property risk avoidance plan, and will conduct regular intellectual property risk control to avoid infringement. For example, the Group conducts software inspections every six months to avoid piracy and infringement of office software, conducts intellectual property evaluations when new products are produced, and conducts intellectual property inspections of promotional materials before sales promotions.

6.3 Anti-corruption

The Group has always adhered to the principle of integrity in business operations and strictly abides by the "Criminal Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Anti-money Laundering Law of the PRC" and other laws and regulations related to anti-corruption and anti-money laundering, and advocates a corporate culture of honesty and integrity. The Employee Handbook established by the Group sets out the rules and regulations for conflicts of interest and due diligence, and clearly stipulates the ethical conduct that employees should maintain. Any employee who commits corruption, extorting, or fraud and money laundering will be terminated unconditionally and immediately. The Group prohibits all employees from seeking personal benefits or seeking benefits for others in any name and form. Employees should also take the initiative to avoid conflicts of interest, and must not engage in commercial activities with units that have engaged in an interest relationship. To further strengthen the anti-corruption system, the Group has formulated a series of integrity management

measures to enhance the awareness of anti-corruption and anti-money laundering awareness and regulate anti-corruption and anti-money laundering behaviours, and further regulation of employee behaviour through the signing of a commitment with them. The Group encourages employees and related parties to report any internal violations of discipline, law, fraud, and behaviours that damage the group's interests and image in an orderly manner, and formulates reporting management measures to establish and improve reporting channels and processes. The Group has established different reporting channels, including reporting hotlines and complaint reporting rooms. The Group also take measures to ensure the identity of the whistle-blower are confidential to protect employee rights. During the year, the Group did not have any legal proceedings against the Group or employees related to corruption.

During the year, the Group has fully implemented national requirements for decision-making system construction concerning "Three Major and One Large Issues" (significant strategic decisions, critical personnel appointments, major project arrangements, and large-scale capital operations). We have strengthened anti-corruption and integrity-building initiatives to promote ethical conduct among employees, standardize decision-making processes, mitigate decision-related risks, and enhance governance capabilities. Corresponding implementation measures have been established to clarify departmental responsibilities and operational quidelines, ensuring alignment with regulatory mandates and reinforcing accountability across all levels of decision-making. Meanwhile, the Group is focusing on discover the causes, urging relevant units to implement rectification on responsibilities, promoting the resolution of hidden problems and dangers in production and operation, improving corporate governance efficiency, and building a clean risk prevention and control system. In order to ace in the education of honesty and anti-corruption, the Group emphasizes on organizing anti-corruption training and moral education for employees, commences specialised warning education and integrity training during the year and uses materials such as warnings, education films, and typical cases to strengthen the discipline awareness, bottom-line thinking, and review the rules for all party members and leading cadres. During the year, the Group was honoured with the title of "Demonstration Unit of Honest State-owned Enterprise Construction" issued by State-owned Assets Supervision and Administration Commission of the Shaanxi Province.



Demonstration Unit of Honest State-owned Enterprise Construction

7. **Community Investment**

The Group recognises the importance of giving back to the community and actively fulfils its corporate social responsibility by paying attention to the needs of the underprivileged and different minority groups in the society. Sparing no effort to help the community in order to give back to the society. The Group encourages its employees to participate in community activities and events in various ways, so as to contribute to a harmonious and sustainable society. Looking ahead, the Group will continue to focus on community care and employee's development, and aim to improve society through participation in different meaningful community activities.

Rural Revitalization and Charitable Donations

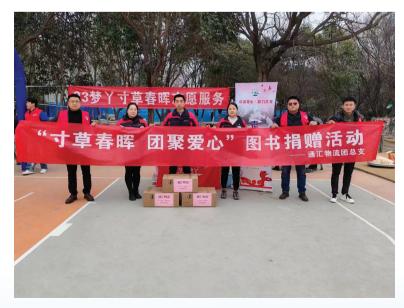
During the year, the Group has organized multiple charitable donations, material contributions, and activities to protect community environment, providing necessary living supplies and financial support to regions in need, aiding in the revitalization of the countryside and community environment protection. The details of various charity and donation activities organized and participated by the group this year are as follows:

1) "RMB10 Caring Action" Charity Donation Initiative Event

On 5 September 2024, the Group launched a charitable donation event named "RMB10 Caring Action". The Group's employees actively participated in the charitable donation, and small donations were gathered to raise a total of RMB16, 920 in cash on the day of the event, which was eventually donated to Shaanxi Charity Association to help families in difficulty to solve their practical difficulties, demonstrating the care and support for moral paragons and families in difficulty.

2) "A Little Bit of Grass Gives Light to the World and Gathering Love" Book Donation Campaign

During the year, the Tonghui Logistics organised a book donation campaign titled "A Little Bit of Grass Gives Light to the World and Gathering Love". The initiative aimed to collect gently used books donated by neighbouring communities and employees, which were then distributed to under-resourced schools, providing children with access to knowledge and hope. This effort reflects the Group's dedication to social responsibility and community contribution, embodying our commitment to fostering a more equitable and compassionate society.



"A Little Bit of Grass Gives Light to the World and Gathering Love" Book Donation Campaign

3) Community Environmental Clean-up Volunteer Activity

On 22 April 2024, the Group organised a community clean-up volunteer activity in response to the World Environment Day. Employees enthusiastically participated in the activity, working together to clean up the neighbourhood and contributing to creating a cleaner, healthier living environment. This voluntary activity not only demonstrates the Group's concern for environmental protection, but also units the spirit of teamwork and shows the Group's care for the community and the environment.



Employees Actively Applying for Volunteers



Employees Cleaning up Rubbish in the Community

Content index of the "Environmental, Social and Governance Reporting **Guidelines**"

ESG KPIs	Description	Chapter	
Environment			
Aspect A1: Emissions	General disclosure Regarding waste gas and greenhouse gas emissions, discharge to water and land, generation of hazardous and non-hazardous waste, etc.: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Environmental Protection Emission and Waste Management	
KPI A1.1	Types of emissions and related emissions data.	Environmental Protection Emissions and Waste Management ➤ Emission of Exhaust Gases ➤ Waste Management	
KPI A1.2	Direct (Scope 1) and Energy Indirect (Scope 2) GHG emissions and intensity.	Environmental Protection Respond to Climate Change ➤ Metrics and Targets	
KPI A1.3	Total amount and density of hazardous waste generated.	Environmental Protection Emissions and Waste Management > Waste Management	
KPI A1.4	Total amount and density of non-hazardous waste generated	Environmental Protection Emissions and Waste Management > Waste Management	
KPI A1.5	Description of the emissions targets set and the steps taken to achieve them.	Environmental Protection Respond to Climate Change > Metrics and Targets	
KPI A1.6	Description of the methods for handling hazardous and non-hazardous waste, and describe the waste reduction goals set and steps taken to achieve these goals.	Environmental Protection Emissions and Waste Management > Waste Management	

ESG KPIs	Description	Chapter
Aspect A2: Use of resource	General disclosure Policies for the efficient use of resources, including energy, water and other raw materials.	Environmental Protection Use of Resources
KPI A2.1	Total direct and/or indirect energy consumption and intensity by type.	Environmental Protection Use of Resources ➤ Energy Management
KPI A2.2	Total water consumption and density.	Environmental Protection Use of Resources ➤ Water Resources Management
KPI A2.3	Description of the energy efficiency goals set and the steps taken to achieve them.	Environmental Protection Use of Resources ➤ Energy Management
KPI A2.4	Description of any problems in obtaining suitable water sources, the water efficiency goals established and the steps taken to achieve these goals.	Environmental Protection Use of Resources ➤ Water Resource Management
KPI A2.5	The total amount of packaging material used for the finished product.	Environmental Protection Use of Resources ➤ Packing Material Usage
Aspect A3: Environment & natural resources	General disclosure Policies to minimize the issuer's significant impact on the environment and natural resources.	Environmental Protection Emissions and Waste Management Use of Resources Respond to Climate Change
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage those impacts.	Environmental Protection Emissions and Waste Management Use of Resources Respond to Climate Change
Aspect A4: Climate change	General disclosure Policies for identifying and addressing material climate-related issues that have and may have an impact on the issuer.	Environmental Protection Respond to Climate Change
KPI A4.1	Description of the major climate-related issues that have and may have an impact on the issuer, and the corresponding actions.	Environmental Protection Respond to Climate Change

ESG KPIs	Description	Chapter		
Community				
Employment And Labour	Employment And Labour Practices			
Aspect B1: Employment	General disclosure Regarding compensation and termination, recruitment and promotion, hours of work, vacation, equal opportunity, diversity, anti-discrimination, and other benefits and benefits: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labour Practices Employee Rights Caring for Employees		
KPI B1.1	Total number of employees by gender, employment type, age group and region.	Employment and Labour Practices Employee Rights > Employee Recruitment		
KPI B1.2	Employee turnover rates by gender, age group and region.	Employment and Labour Practices Employee Rights ➤ Employee Recruitment		
Aspect B2: Health & Safety	General disclosure Regarding providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labour Practices Health and Safety		
KPI B2.1	The number and rate of work-related fatalities in each of the past three years (including the reporting year).	Employment and Labour Practices Health and Safety		
KPI B2.2	Lost work days due to work-related injuries.	Employment and Labour Practices Health and Safety		
KPI B2.3	Description of the occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Labour Practices Health and Safety		

ESG KPIs	Description	Chapter
Aspect B3: Development & training	General disclosure Policies on enhancing the knowledge and skills of employees to perform job duties. Describe training activities.	Employment and Labour Practices Employee Development and Training
KPI B3.1	Percentage of trained employees by gender and employee category.	Employment and Labour Practices Employee Development and Training
KPI B3.2	The average number of hours of training completed by each employee, by gender and employee category.	Employment and Labour Practices Employee Development and Training
Aspect B4: Labor standards	General disclosure Regarding the prevention of child labor or forced labor: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Labour Practices Employee Rights
KPI B4.1	Description of measures to review recruitment practices to avoid child and forced labor.	Employment and Labour Practices Employee Rights
KPI B4.2	Description of the steps taken to eliminate the situation when a violation was discovered.	Employment and Labour Practices Employee Rights
Operating Practices		
Aspect B5: Supply chain management	General disclosure Environmental and social risk policies for managing supply chains.	Operation Practices Supply Chain Management
KPI B5.1	Number of suppliers by region.	Operation Practices Supply Chain Management
KPI B5.2	Description of the practices related to engaging suppliers, the number of suppliers to whom the practices are enforced, and how they are enforced and monitored.	Operation Practices Supply Chain Management
KPI B5.3	Description of the practice of identifying environmental and social risks in each link of the supply chain, and the related implementation and monitoring methods.	Operation Practices Supply Chain Management
KPI B5.4	Describe the practice of promoting the use of environmentally friendly products and services in supplier selection, as well as related implementation and monitoring methods.	Operation Practices Supply Chain Management

ESG KPIs	Description	Chapter
Aspect B6: Product responsibility	General disclosure Health and safety, advertising, labeling and privacy matters and remedies for products and services offered: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operation Practices Product Responsibility
KPI B6.1	Percentage of total product sold or shipped that is subject to recall for safety and health reasons.	Operation Practices Product Responsibility Product Quality
KPI B6.2	The number of complaints received about products and services and how to deal with them.	Operation Practices Product Responsibility ➤ Valuing Customer Feedback and Rights
KPI B6.3	Description of practices related to the maintenance and protection of intellectual property rights.	Operation Practices Product Responsibility ➤ Intellectual Property Protection
KPI B6.4	Description of the quality verification process and product recall procedures.	Operation Practices Product Responsibility ➤ Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are enforced and monitored.	Operation Practices Product Responsibility ➤ Valuing Customer Feedback and Rights ➤ Information Security

ESG KPIs	Description	Chapter
Aspect B7: Anti- corruption	General closure Regarding the prevention of bribery, extortion, fraud and money laundering: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operation Practices Anti-corruption
KPI B7.1	The number and outcome of concluded corruption litigation cases brought against the issuer or its employees during the reporting period.	Operation Practices Anti-corruption
KPI B7.2	Description of preventive measures and reporting procedures, as well as related implementation and monitoring methods.	Operation Practices Anti-corruption
KPI B7.3	Description of the anti-corruption training provided to directors and employees.	Operation Practices Anti-corruption
Community		
Aspect B8: community investment	General disclosure Policies on community engagement to understand the needs of the communities in which it operates and to ensure that its business activities take into account the interests of the communities.	Community Investment
KPI B8.1	Focus on areas of contribution.	Community Investment
KPI B8.2	Resources used in areas of focus.	Community Investment

Independent Auditor's Report

To the Shareholders of Deewin Tianxia Co., Ltd

(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of Deewin Tianxia Co., Ltd (the "Company") and its subsidiaries (the "Group"), which are set out on pages 138 to 244, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to expected credit impairment allowance of loan receivables.

Key Audit Matter

Expected credit impairment allowance of loan receivables

Refer to Notes 3.1(b), 4(i) and 24 to the consolidated financial statements.

As at 31 December 2024, the gross amount of the Group's loan receivables was RMB7,517,147 thousand, for which an expected credit impairment allowance of RMB578,178 thousand, was recognised in the Group's consolidated statement of financial position, and the net impairment losses charged to profit or loss for the year then ended amounted to RMB41,345 thousand.

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

How our audit addressed the Key Audit Matter

Our audit procedures in relation to the impairment assessment of loan receivables included:

- 1) Obtained an understanding of the management's internal control relating to the impairment assessment of loan receivables, including the impairment model adopted and key assumptions used. Assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, level of subjectivity, complexity and susceptibility to management bias;
- Evaluated and tested the design and the 2) operating effectiveness of internal controls relating to impairment assessment of loan receivables:
- 3) Evaluated the outcome of prior period assessment of impairment of loan receivables to assess the effectiveness of management's estimation;
- 4) Evaluated the modelling methodologies for ECL measurement, the significant judgements and assumptions applied by the management (including economic indicators, economic scenarios and weightings used in the forwardlooking measurement);

Independent Auditor's Report

Key Audit Matter

How our audit addressed the Key Audit Matter

5)

The measurement of ECL involves significant management judgements, assumptions and estimates, primarily in respect of the followings:

- segmentation of business operations sharing similar 1) credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- 2) determination of criteria for the identification of significant increase in credit risk and the definition of 6) default:
- 3) selection of appropriate economic indicators, economic scenarios and weightings used in the forward-looking measurement; and
- 4) the estimated future cash flows for loan receivables for which discounted cash flow model was used to calculate ECL.

Impairment assessment of loan receivables was considered a key audit matter due to the size of the balances of loan receivables and that the impairment assessment is subject to a high degree of estimation uncertainty. The inherent risks in relation to the impairment assessment of loan receivables are significant due to the complexity of the three-stage impairment model, the subjectivity of significant management judgements and assumptions involved in developing ECL estimates, and susceptibility to misstatement due to management bias.

- Based on the risk profile of the asset portfolio, evaluated the reasonableness of the portfolio segmentation. Selected samples, in consideration of the financial information and non-financial information of the borrowers, and examined relevant external evidence and other factors, to assess the appropriateness of the Group's criteria of significant increase in credit risk, defaults and credit-impaired loan receivables;
- Tested the data input for the ECL model on a sample basis by checking against supporting documents such as contracts and basic information to verify the data accuracy and verified the completeness of the underlying data used in the model by comparing the data as exported from the business operation system against the relevant book amounts as reflected in the accounting records;
- 7) For loan receivables that discounted cash flow model was used to calculate ECL, examined on a sample basis, by evaluating and challenging the key management judgement and assumptions involved in estimating the discounted future cash flows, with reference to the economic background, repayment history and repayment plan of borrowers, and availability of collaterals, if applicable.

Based on the above, we considered that the models, significant management's judgements, assumptions and estimates applied in the impairment assessment of loan receivables were supportable by the evidence obtained.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated **Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is TSANG, Man Kam, Peter.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended	31 December	
	Note	2024	2023	
		RMB'000	RMB'000	
Revenue	5	2,627,801	3,119,437	
Cost of revenue	7	(2,197,196)	(2,604,024)	
Gross profit		430,605	515,413	
Selling expenses	7	(43,164)	(49,485)	
Administrative expenses	7		, , ,	
		(127,713)	(121,854)	
Research and development expenses	7	(34,199)	(36,430)	
Net impairment losses on financial assets	3.1(b)	(52,920)	(116,548)	
Other income	5	31,584	27,131	
Other losses – net	6	(1,251)	(372)	
Operating profit		202,942	217,855	
Finance income	10	21,504	29,491	
Finance costs	10	(30,378)	(43,384)	
Finance costs – net	10	(8,874)	(13,893)	
Share of net profit of associate accounted for using the equity method	18	5,100	5,141	
Profit before income tax		199,168	209,103	
Income tax expense	11	(42,444)	(57,853)	
Profit for the year		156,724	151,250	
·				
Other comprehensive income				
Total comprehensive income for the year		156,724	151,250	
rotal comprehensive income for the year		130,721	131,230	
Profit attributable to:				
 The shareholders of the Company 		153,229	149,257	
 Non-controlling interests 		3,495	1,993	
		156,724	151,250	
Total comprehensive income attributable to:		/== -a		
– The shareholders of the Company		153,229	149,257	
– Non-controlling interests		3,495	1,993	
		456.724	154 250	
		156,724	151,250	
Earnings per share for profit attributable to the shareholders of the				
Company during the year (expressed in RMB per share)				
Basic or diluted earnings per share	12	0.07	0.07	
Saste of anatea carriings per share	12	0.07	0.07	

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		As at 31 December		
	Note	2024	2023	
		RMB'000	RMB'000	
ASSETS				
Non-current assets				
Property, plant and equipment	14	138,395	113,321	
Investment properties	15	7,500	7,767	
Intangible assets	16	66,638	52,000	
Investment in an associate	18	9,600	9,641	
Right-of-use assets	13	28,176	33,173	
Loan receivables	24	2,043,729	1,808,120	
Deferred income tax assets	17	179,453	160,402	
		2,473,491	2,184,424	
Current assets				
Inventories	19	73,286	43,897	
Trade receivables	21	796,706	784,264	
Prepayments	26	40,601	90,344	
Other receivables	25 25	92,187	180,084	
Financial assets at fair value through other comprehensive income	23	32,107	100,004	
("FVOCI")	22	116,480	112,284	
Notes receivable	23	84,356	71,128	
Loan receivables	24	4,895,240	4,715,168	
Restricted cash at banks	27	23,414	46,337	
Cash and cash equivalents	28	893,464	976,898	
Cash and Cash equivalents	20			
		7,015,734	7,020,404	
Total assets		9,489,225	9,204,828	
EQUITY				
Share capital	29	2,181,437	2,236,043	
Treasury shares	29	_	(70,559)	
Other reserves	30	784,538	820,253	
Retained earnings		389,954	334,461	
Total equity attributable to shareholders of the Company		3,355,929	3,320,198	
Non-controlling interests		2,582	(913)	
Total equity		3,358,511	3,319,285	
Total Equity		2,250,211	5,513,203	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

		As at 31 December		
	Note	2024	2023	
		RMB'000	RMB'000	
LIABILITIES				
Non-current liabilities				
Lease liabilities	31	13,879	9,953	
Bonds payable	32	154,231	_	
Borrowings	33	208,373	550,686	
Other payables	34	148,900	150,165	
Contract liabilities	5	9,008	16,158	
Deferred government grants	<i>35</i>	4,947	8,560	
		539,338	735,522	
Current liabilities				
Trade and other payables	34	2,524,930	1,816,376	
Lease liabilities	31	9,183	17,838	
Bonds payable	32	921,741	610,741	
Borrowings	33	2,075,435	2,630,365	
Contract liabilities	5	44,270	58,539	
Current income tax liabilities		15,817	16,162	
		5,591,376	5,150,021	
Total liabilities		6,130,714	5,885,543	
		<u> </u>		
Total equity and liabilities		9,489,225	9,204,828	
rotal equity and nabilities		9,409,225	9,204,020	

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

The consolidated financial statements on pages 138 to 244 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf.

Chairman: Guo Wancai	Director: Wang Wenqi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to shareholders of the Company							
	Note	Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2023								
Comprehensive income		2,236,043	-	802,590	299,822	3,338,455	(2,906)	3,335,549
Profit for the year					149,257	149,257	1,993	151,250
Transaction with owners:								
Buy-back of shares	29	-	(70,559)	_	-	(70,559)	-	(70,559)
Dividends declared and paid	36	-	-	-	(96,955)	(96,955)	-	(96,955)
Appropriation of statutory								
reserves		-	-	19,758	(19,758)	-	-	-
Appropriation of safety fund		-	-	29	(29)	-	-	-
Utilisation of safety fund				(2,124)	2,124			
Subtotal			(70,559)	17,663	(114,618)	(167,514)		(167,514)
At 31 December 2023		2,236,043	(70,559)	820,253	334,461	3,320,198	(913)	3,319,285
At 1 January 2024								
Comprehensive income		2,236,043	(70,559)	820,253	334,461	3,320,198	(913)	3,319,285
Profit for the year					153,229	153,229	3,495	156,724
Transaction with owners:								
Buy-back of shares	29	_	(28,583)	_	_	(28,583)	_	(28,583)
Share cancelled	23	(54,606)	99,142	(44,536)	_	(20,505)	_	(20,303)
Dividends declared and paid	36	-	-	-	(88,915)	(88,915)	_	(88,915)
Appropriation of statutory					,	,		,
reserves		-	-	10,306	(10,306)	-	-	-
Appropriation of safety fund		-	-	34	(34)	-	-	-
Utilisation of safety fund				(1,519)	1,519			
Subtotal		(54,606)	70,559	(35,715)	(97,736)	(117,498)		(117,498)
At 31 December 2024		2,181,437		784,538	389,954	3,355,929	2,582	3,358,511

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December		
	Note	2024	2023	
		RMB'000	RMB'000	
Cash flow from operating activities				
Cash (used in)/generated from operations	37 (a)	(36,286)	299,659	
Interests received	10	21,504	29,491	
Income tax paid		(61,840)	(61,758)	
Net cash (used in)/generated from operating activities		(76,622)	267,392	
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment		153	127	
Dividends received from an associate		5,141	4,657	
Purchases of property, plant and equipment and intangible assets		(41,949)	(62,793)	
Net cash used in investing activities		(36,655)	(ES 000)	
Net cash used in investing activities		(30,033)	(58,009)	
Cash flow from financing activities				
Proceeds from bank borrowings		422,725	1,652,920	
Proceeds from bond issuance		1,670,000	1,102,000	
Repayments of borrowings		(722,822)	(1,150,423)	
Repayments of bonds payable		(1,204,768)	(1,399,745)	
Interests paid		(32,142)	(32,254)	
Dividends paid to the Company's shareholders	36	(88,915)	(96,955)	
Refund/Payments for buy-back of shares	29	4,286	(105,783)	
Repayments of loan from related parties		_	(330,000)	
Payments for leases liabilities – principal		(16,798)	(19,342)	
Payments for leases liabilities – interest		(938)	(1,580)	
Net cash generated from/(used in) financing activities		30,628	(381,162)	
Net decrease in cash and cash equivalents		(82,649)	(171,779)	
Cash and cash equivalents at beginning of the year		976,898	1,148,967	
Effects of exchange rate changes on cash and cash equivalents		(785)	(290)	
Cash and cash equivalents at end of the year		893,464	976,898	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

GENERAL INFORMATION

Deewin Tianxia Investment Holding Co., Ltd (德銀天下投資控股有限公司, the "Company") was incorporated in Shaanxi Province of the People's Republic of China (the "PRC") on 14 August 2014 as a limited liability company under the Company law of the PRC. On 25 December 2020, the Company was converted into a joint stock limited liability company with registered capital of RMB1,629,000,000 and changed its name to Deewin Tianxia Co., Ltd (德 銀天下股份有限公司, the "Company"). The address of its registered office is Jingwei Center, 29 West section of Xijin Road, Xi'an Economic and Technological Development Zone, Xi'an, Shaanxi Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the business of logistics and supply chain service (including supply chain business, automobile sales business and aftermarket product business), supply chain financial service (including financial leasing business and factoring business), and Internet of Vehicle (IoV) and data service in the PRC.

Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司, "SXAG") is the Company's controlling shareholder. Shaanxi Automobile Holding Group Co., Ltd (陝西汽車控股集團有限公司, "SAHG") is the Company's ultimate controlling shareholder. Both SXAG and SAHG are state owned enterprises in the PRC.

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

The consolidated financial statements are presented in Renminbi thousand (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied during the year ended 31 December 2024 and 2023, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS Accounting Standards and HKCO (as defined below)

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

FOR THE YEAR ENDED 31 DECEMBER 2024

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of preparation (Continued)

2.1.2 Historical cost convention

The consolidated financial statements have been prepared on the historical cost convention, except for financial assets at fair value through other comprehensive income (FVOCI), which are carried at fair value.

2.1.3 New and amended standards adopted by the Group

The following new and amended accounting standards and interpretations become applicable for annual reporting periods commencing on or after 1 January 2024, and have been adopted by the Group in current period:

Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants Amendments to IFRS 16 Lease Liability in Sale and Leaseback Amendments to IAS 7 and IFRS 7 **Supplier Finance Arrangements**

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.4 New standards and amendments of IFRS Accounting Standards issued effective for the financial periods beginning on and after 1 January 2025 and have not been early adopted by the Group

The followings are new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for financial periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

FOR THE YEAR ENDED 31 DECEMBER 2024

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

i. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2024, the Group's major exposure to foreign currency risk was the cash and cash equivalents amounting to RMB39,604,000 (2023: RMB34,656,000) which were denominated in HK\$. If HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, profit after income tax for the year would have been approximately RMB1,485,000 (2023: RMB1,300,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of HK\$ denominated cash and cash equivalents.

ii. Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash and cash equivalents, restricted cash at banks, loan receivables, borrowings, bonds payable, trade and other payables and lease liabilities. Financial assets and liabilities at variable rates expose the Group to cash flow interest rate risk. Financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash and cash equivalents, restricted cash at banks, loan receivables, borrowings, bonds payable, trade and other payables and lease liabilities have been disclosed in Notes 28, 27, 24, 33, 32, 34 and 31 to the consolidated financial statements, respectively.

As at 31 December 2024 and 2023, if interest rates on cash and cash equivalents, restricted cash at banks, trade and other payables and bank borrowings that were subject to variable interest rates had been 10% higher/lower with all other variables held constant, profit after income tax for the year would have been approximately RMB1,551,000 higher/lower and RMB832,000 higher/lower respectively, mainly as a result of higher/lower net interest income/ expense and cost of revenue being recognised/incurred.

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

(b) Credit risk

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

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

i. Credit risk management

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

ii. Measurement of ECL

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

- Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1, at which the Group only needs to measure ECL in the next 12 months.
- Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2, at which the Group needs to measure lifetime ECL.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3, at which the Group needs to measure lifetime ECL.

Definition of credit-impaired assets

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

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

- Principal (including advances, applies to below) or interest is more than 90 days past due;
- Issuer or obligor is in significant financial difficulty, or has already been insolvent;
- It is becoming probable that the borrower will enter into bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

Measurement of ECL (Continued)

Judgement criteria for significant increase in credit risk

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

- Principal or interest is more than 30 days past due;
- There are litigation or/and other significant adverse issues which have negative impact on obligator's repayment ability.

Description of parameters, assumptions and estimation techniques

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

ii. Measurement of ECL (Continued)

Description of parameters, assumptions and estimation techniques (Continued)

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a finance lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for loans receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

For credit-impaired financial assets with individual amount that are relatively significant, expected credit loss are measured as the differences between the present value of estimated cash flows discounted at the original effective interest rate and the asset's gross carrying amount.

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

ii. Measurement of ECL (Continued)

Forward-looking information

Both the assessment of significant increases in credit risk and the calculation of ECLs involve forward-looking information. Through analysis of historical data, the Group has identified key economic indicators that affect credit risk and ECLs of various business types. When considering forward-looking information, the indicators used in the model include gross domestic products, producer price index, consumer price index, fixed asset investment, total retail sales of consumer goods, RMB Loan and M2. The Group regularly predicts the performance of indicators under three economic scenarios. The forecasts are used in the asset's impairment model. Basic scenario is defined as the most probable situation, which will become benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better or worse than basic scenario respectively and can also become a source of sensitivity test. The Group comprehensively considers statistical analysis and expert judgement results to determine economic forecasts and weights under various scenarios. The weight of the basic scenario is the highest among the three scenarios. The Group measures the provision for impairment by weighted 12-month ECL (Stage 1) or weighted lifetime ECL (Stage 2 and Stage 3). The above weighted ECL is calculated by multiplying the ECL in each scenario by the weight of the corresponding scenario.

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

Sensitivity analysis

If the optimistic weightings increase by 10% and the basic scenario decreased by 10%, the impact on the allowance of expected credit loss as of 31 December 2024 and 2023 would have been less than 1%, respectively. If the pessimistic weightings increase by 10% and the basic scenario decreased by 10%, the impact on the allowance of expected credit loss as of 31 December 2024 and 2023 would have been less than 1%, respectively.

If key economic indicator gross domestic products changed by 10%, the impact on the allowance of expected credit as of 31 December 2024 and 2023 would have been less than 2%, respectively.

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

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

ii. Measurement of ECL (Continued)

(i) Trade receivables

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

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

The amounts of trade receivables as at 31 December 2024 and 2023 are as follows:

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Trade receivables – related parties Trade receivables – individually assessed	275,958	314,398	
third parties	80,566	66,372	
Trade receivables – remaining third parties	533,462	483,467	
	889,986	864,237	
Less – allowance for impairment-related parties – allowance for impairment-individually assessed	(542)	(528)	
third parties	(47,108)	(48,136)	
 allowance for impairment-remaining third parties 	(45,630)	(31,309)	
	(93,280)	(79,973)	
Trade receivables – net	796,706	784,264	

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

Credit risk (Continued) (b)

- Measurement of ECL (Continued)
 - Trade receivables (Continued)

The ECL rate for trade receivables other than related parties and individually assessed third parties based on aging as at 31 December 2024 and 2023 is determined as follows:

	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months	Total
Trade receivables						
At 31 December 2024						
Expected loss rate	1.68%	6.89%	20.15%	99.20%	100.00%	8.55%
Gross carrying amount (RMB'000)	381,144	78,067	50,601	750	22,900	533,462
Loss allowance provision (RMB'000)	(6,406)	(5,382)	(10,198)	(744)	(22,900)	(45,630)
At 31 December 2023						
Expected loss rate	1.92%	8.07%	29.28%	52.31%	100.00%	6.48%
Gross carrying amount (RMB'000)	437,351	24,226	461	1,275	20,154	483,467
Loss allowance provision (RMB'000)	(8,398)	(1,955)	(135)	(667)	(20,154)	(31,309)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

- ii. Measurement of ECL (Continued)
 - Trade receivables (Continued) (i)

The provision for trade receivables as at 31 December 2024 and 2023, and reconciles to the opening loss allowance for that provision as follows:

	Provision for trade receivables RMB'000
At 1 January 2023	30,853
Net provision for impairment of trade receivables recognised	
in profit or loss	49,140
Written-off during the year as uncollectible	(20)
At 31 December 2023	79,973
Net provision for impairment of trade receivables recognised	
in profit or loss	13,511
Written-off during the year as uncollectible	(204)
At 31 December 2024	93,280

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

(ii) Financial assets at FVOCI

As at 31 December 2024 and 2023, all the financial assets at FVOCI were notes receivable and trade receivables in nature. For the financial assets at FVOCI, the Group applies the simplified approach to provide ECL prescribed by IFRS 9, and the impact of ECL was assessed to be insignificant.

(iii) Notes receivable

For notes receivable, the Group applies the simplified approach to provide ECL prescribed by IFRS 9, and the impact of ECL was assessed to be insignificant.

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

Credit risk (Continued) (b)

Measurement of ECL (Continued)

(iv) Other receivables

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

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

	Stage 1	Stage 2	Stage 3	Total
Other receivables				
At 31 December 2024				
Expected loss rate	1.52%	_	56.48%	23.30%
Gross carrying amount (RMB'000)	72,557		47,642	120,199
Loss allowance provision (RMB'000)	(1,104)		(26,908)	(28,012)
At 31 December 2023				
Expected loss rate	1.10%	_	61.74%	14.26%
Gross carrying amount (RMB'000)	164,460	-	45,572	210,032
Loss allowance provision (RMB'000)	(1,810)		(28,138)	(29,948)

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

- Credit risk (Continued) (b)
 - Measurement of ECL (Continued)
 - (iv) Other receivables (Continued)

The provision for other receivables as at 31 December 2024 and 2023, and reconciles to the opening loss allowance for that provision as follows:

	Provision for other receivables RMB'000
At 1 January 2023	26,472
Provision of impairment of other receivables recognised in profit or loss	3,476
At 31 December 2023 Provision of impairment of other receivables reversed in	29,948
profit or loss	(1,936)
At 31 December 2024	28,012

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

Credit risk (Continued) (b)

- Measurement of ECL (Continued)
 - Loan receivables

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

	Stage 1	Stage 2	Stage 3	Total
Loan receivables				
At 31 December 2024				
Expected loss rate	1.50%	28.18%	54.71%	7.69%
Gross carrying amount (RMB'000)	6,633,949	17,518	865,680	7,517,147
Loss allowance provision (RMB'000)	(99,657)	(4,936)	(473,585)	(578,178)
At 31 December 2023				
Expected loss rate	1.28%	21.62%	52.04%	7.62%
Gross carrying amount (RMB'000)	6,171,836	12,643	877,116	7,061,595
Gross carrying amount (thinb boo)	0,171,030			7,001,333
Loss allowance provision (RMB'000)	(78,912)	(2,755)	(456,640)	(538,307)

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

Credit risk (Continued) (b)

- Measurement of ECL (Continued)
 - (v) Loan receivables (Continued)

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

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Amount as at 1 January 2023	87,751	37,126	357,613	482,490
Changes in the loss allowance:				
– Move to stage 1	782	(706)	(76)	-
– Move to stage 2	(140)	160	(20)	_
– Move to stage 3	(507)	(4,273)	4,780	_
– (Reversal)/provision charged				
during the year (Note 24)	(8,974)	(29,552)	102,458	63,932
– Written-off during the year as				
uncollectible (Note 24)			(8,115)	(8,115)
Amount as at 31 December 2023	78,912	2,755	456,640	538,307
Amount as at 1 January 2024	78,912	2,755	456,640	538,307
Changes in the loss allowance:				
– Move to stage 1	784	(69)	(715)	_
– Move to stage 2	(50)	118	(68)	_
– Move to stage 3	(552)	(675)	1,227	_
– Provision charged during the year				
(Note 24)	20,563	2,807	17,975	41,345
– Written-off during the year as				
uncollectible (Note 24)			(1,474)	(1,474)
Amount as at 31 December 2024	99,657	4,936	473,585	578,178

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Financial risk factors (Continued)

Credit risk (Continued) (b)

- Measurement of ECL (Continued)
 - Loan receivables (Continued)

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

For the years ended 31 December 2024 and 2023, the provision for loss allowances were recognised in the consolidated statements of comprehensive income in "net impairment losses on financial assets" in relation to impaired loan receivables.

(vi) Net impairment losses of financial assets recognised in profit or loss

During the years ended 31 December 2024 and 2023, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Impairment losses			
– Loan receivables	(41,345)	(63,932)	
– Trade receivables	(13,511)	(49,140)	
– Other receivables	1,936	(3,476)	
	(52,920)	(116,548)	

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

Credit risk (Continued) (b)

Maximum exposure to credit risk iii.

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

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Financial assets at amortised cost			
– Cash and cash equivalents (Note 28)	893,464	976,898	
 Restricted bank deposits (Note 27) 	23,414	46,337	
– Notes receivable (Note 23)	84,356	71,128	
– Trade receivables (Note 21)	796,706	784,264	
– Other receivables (Note 25)	92,187	180,084	
– Loan receivables (Note 24)	6,938,969	6,523,288	
	8,829,096	8,581,999	
Financial assets at fair value			
– Fair value through comprehensive income (FVOCI) (Note 22)	116,480	112,284	
Total	8,945,576	8,694,283	

The amounts of the credit risk exposures set out above are same as the carrying amounts as at 31 December 2024 and 2023.

FINANCIAL RISK MANAGEMENT (Continued) 3

Financial risk factors (Continued)

(c) Liquidity risk

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents based on expected cash flows. As at 31 December 2024, the Group's unutilized bank facilities was RMB2,647,355,000. The Group expected to fund the future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024	2 405 549	152.660			2 6 4 9 2 4 6
Trade and other payables Lease liabilities Borrowings	2,495,548 9,633 2,111,577	152,668 9,268 244,353	5,083 -	287 –	2,648,216 24,271 2,355,930
Bonds payable	937,135	155,296			1,092,431
	5,553,893	561,585	5,083	287	6,120,848
At 31 December 2023					
Trade and other payables	1,765,498	125,554	28,114	-	1,919,166
Lease liabilities	18,693	5,178	4,493	860	29,224
Borrowings	2,749,951	567,289	-	-	3,317,240
Bonds payable	620,805				620,805
	5,154,947	698,021	32,607	860	5,886,435

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Capital risk management 3.2

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns for shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to 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 the total of "borrowings", "lease liabilities", "loan from related parties", "loan from a third party" and "bonds payable" as shown in the consolidated statement of financial position less cash and cash equivalents, and restricted cash at banks. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Borrowings (Note 33)	2,283,808	3,181,051	
Add: Trade and other payables – loan from related parties (Note 34)	1,724,950	825,000	
Add: Trade and other payables – loan from a third party (Note 34)	_	50,000	
Add: Lease liabilities (Note 31)	23,062	27,791	
Add: Bonds payable (Note 32)	1,075,972	610,741	
Less: Cash and cash equivalents (Note 28)	(893,464)	(976,898)	
Less: Restricted cash at banks (Note 27)	(23,414)	(46,337)	
Net debt	4,190,914	3,671,348	
Total capital	7,549,426	6,990,633	
	.,3.13/1.23	2,250,055	
Coaring ratio	E 6 0/	E20/	
Gearing ratio	56%	53%	

FOR THE YEAR ENDED 31 DECEMBER 2024

3 **FINANCIAL RISK MANAGEMENT (Continued)**

Fair value estimation 3.3

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

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

An explanation of each level follows underneath the table.

	As at 31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
– Notes receivable	_	-	24,517	24,517
– Trade receivables			91,963	91,963
			116,480	116,480

	As at 31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
– Notes receivable	_	-	60,435	60,435
– Trade receivables			51,849	51,849
			112,284	112,284

During the year ended 31 December 2024 and 2023 there were no transfers between levels of fair value measurement hierarchy.

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL RISK MANAGEMENT (Continued) 3

Fair value estimation (Continued)

The following table presents the changes in Level 3 items for the years ended 31 December 2024 and 2023:

	Notes receivable RMB'000	Trade receivables RMB'000	Total RMB'000
Opening balance as at 1 January 2023	43,740	46,528	90,268
Additions	500,976	357,047	858,023
Disposals	(483,852)	(350,511)	(834,363)
Losses recognised in other losses	(429)	(1,215)	(1,644)
Closing balance as at 31 December 2023	60,435	51,849	112,284
Additions	623,522	321,028	944,550
Disposals	(658,997)	(280,355)	(939,352)
Losses recognised in other losses	(443)	(559)	(1,002)
Closing balance as at 31 December 2024	24,517	91,963	116,480

Fair value of notes receivable and trade receivables (Note 22) are considered approximate to their carrying amount. The fair value change was insignificant. The higher the future cash flow, the higher the fair value; the lower the discount rate, the higher the fair value.

FOR THE YEAR ENDED 31 DECEMBER 2024

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 4

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

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

(i) Measurement of the expected credit loss allowance

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

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

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- Determination of criteria for the identification of significant increase in credit risk and the definition of default;
- Selection of appropriate economic indicators, economic scenarios and weightings used in the forwardlooking measurement;
- The estimated future cash flows for loan receivables in stage 3.

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

Deferred income tax (ii)

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SEGMENT INFORMATION, REVENUE AND OTHER INCOME 5

Segment information 5.1

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

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

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

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated financial statements.

The segment results for the years ended 31 December 2024 and 2023 are as follows:

5 **SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued)**

5.1 Segment information (Continued)

	Logistics and supply	Supply chain financial	Year ended 31 Internet of Vehicle (IoV) and data	December 2024		
	chain service	service	service	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
D.						
Revenue Sales/services to external						
customers – Sales of goods	375,124		157,194			532,318
 Logistics and warehousing service 		_	137,134	_	_	1,565,478
Interest income from financial	1,505,470					1,505,470
leasing business	_	373,962	_	_	_	373,962
- Interest income from factoring		3,3,302				3737332
service	_	88,487	_	_	_	88,487
– Internet of Vehicle (IoV) and data		,				,
service	_	_	63,117	_	_	63,117
– Others	3,627	812	-	_	_	4,439
Inter-segment sales/services	114,717	1,818	1,818	-	(118,353)	-
	2,058,946	465,079	222,129	_	(118,353)	2,627,801
Gross profit	104,949	216,575	91,261	-	17,820	430,605
Operating profit	45,707	123,487	41,634	66,536	(74,422)	202,942
Financial income/(costs) - net	(24,370)	2,730	1,223	33,130	(21,587)	(8,874)
Share of net profit of associate				5,100		5,100
Profit before income tax	21,337	126,217	42,857	104,766	(96,009)	199,168
Total assets	1,579,918	7,265,768	312,607	6,523,563	(6,192,631)	9,489,225
Total liabilities	1,505,530	5,264,167	145,194	2,936,642	(3,720,819)	6,130,714

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

Segment information (Continued)

				December 2023		
		Supply	Internet of			
	Logistics	chain	Vehicle (IoV)			
	and supply	financial	and data			
	chain service	service	service	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Sales/services to external						
customers						
– Sales of goods	351,520	-	157,382	-	-	508,902
 Logistics and warehousing service 	2,072,905	-	-	-	-	2,072,905
– Interest income from financial						
leasing business	-	363,511	-	-	-	363,511
– Interest income from factoring						
service	-	95,261	-	-	-	95,261
- Internet of Vehicle (IoV) and data						
service	-	-	71,375	-	-	71,375
– Others	6,739	744	_	_	-	7,483
Inter-segment sales/services	11,187	3,779	1,708	_	(16,674)	_
	2,442,351	463,295	230,465	_	(16,674)	3,119,437
	_,,	,			(,,	-,,
Gross profit	131,345	269,098	92,715	_	22,255	515,413
Operating profit	28,411	159,567	38,752	159,267	(168,142)	217,855
Financial income/(costs) - net	(29,721)	2,267	1,188	34,172	(21,799)	(13,893)
Share of net profit of associate	_	_	_	5,141	_	5,141
·						
Profit before income tax	(1,310)	161,834	39,940	198,580	(189,941)	209,103
Tront before income tax	(1,510)	101,031	33,310	130,300	(103,311)	203,103
Tatal access	1 220 407	C 070 020	262 477	C 002 120	(6.267.202)	0.204.020
Total assets	1,329,487	6,878,028	362,477	6,902,128	(6,267,292)	9,204,828
Total liabilities	1,247,768	4,916,611	217,307	3,300,771	(3,796,914)	5,885,543

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

5.2 Revenue

	Year ended	31 December
	2024	2023
	RMB'000	RMB'000
Recognised at a point in time		
Sales of goods	532,318	508,902
Others	4,439	7,484
Recognised over time		
Logistics and warehousing service	1,565,478	2,072,905
Sale and leaseback financing business	373,962	363,511
Interest income from factoring services	88,487	95,260
Internet of Vehicle (loV) and data service	63,117	71,375
	2,627,801	3,119,437

(a) Revenue from major customers that individually contributed 10% or above of the Group's revenue is set out below:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Customer A Customer B	290,963	501,356 402,267

Customer A is third party, and Customer B is a related party to the Group.

The Group had sales with the customer and the sales did not contribute 10% or above of the Group's revenue in the year of 2024.

FOR THE YEAR ENDED 31 DECEMBER 2024

5 **SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued)**

Revenue (Continued) 5.2

(b) Accounting policies on revenue recognition

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

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

- (i) Identification of the contract, or contracts, with a customer;
- (ii) Identification of the performance obligations in the contract;
- (iii) Determination of the transaction price;
- (iv) Allocation of the transaction price to the performance obligations in the contract;
- (v) Recognition of revenue when, or as, a performance obligation is satisfied.

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

FOR THE YEAR ENDED 31 DECEMBER 2024

5 **SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued)**

5.2 Revenue (Continued)

Accounting policies on revenue recognition (Continued) (b)

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

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

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

5.2 Revenue (Continued)

(b) Accounting policies on revenue recognition (Continued)

i. Sales of good

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

ii. Logistics and warehousing service

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

iii. Financial leasing business

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

Interest income from factoring business iv.

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

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

Revenue (Continued) 5.2

Accounting policies on revenue recognition (Continued) (b)

Internet of Vehicle (IoV) and data service

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

Contract liabilities (c)

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

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Contract liabilities			
Sales of goods	7,387	8,971	
Logistics and warehousing service	2,435	3,845	
Internet of Vehicle (IoV) and data service	43,456	61,881	
	53,278	74,697	
Less: non-current portion	(9,008)	(16,158)	
Current portion	44,270	58,539	

FOR THE YEAR ENDED 31 DECEMBER 2024

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

Revenue (Continued) 5.2

Contract liabilities (Continued) (c)

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

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Revenue recognised that was included in the contract			
liabilities balance at the beginning of the year			
Sales of goods	8,971	5,650	
Logistics and warehousing service	3,845	67,607	
Internet of Vehicle (IoV) and data service	45,723	54,021	
	58,539	127,278	

Transaction price allocated to the unsatisfied long-term performance obligations is as follows:

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Aggregate amount of transaction price allocated to contracts			
that are partially or fully unsatisfied			
Internet of Vehicle (IoV) and data service	43,456	61,881	

The above remaining performance obligations are mainly related to the contract of Internet of Vehicle (IoV) and data service. Management expects that the unsatisfied obligations of RMB34,448,000 (2023: RMB45,723,000) as at 31 December 2024 will be recognised as revenue within next one year. The remaining will be recognised in one to two years.

FOR THE YEAR ENDED 31 DECEMBER 2024

SEGMENT INFORMATION, REVENUE AND OTHER INCOME (Continued) 5

5.3 Other income

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Government subsidy income			
– Income related	27,581	16,641	
– Assets related (Note 35)	4,003	10,490	
	31,584	27,131	

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

6 **OTHER LOSSES - NET**

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Losses on notes receivable discounted	(1,002)	(1,644)	
Gains/(Losses) on disposal of property, plant and equipment	4	(173)	
Others	(253)	1,445	
	(1,251)	(372)	

FOR THE YEAR ENDED 31 DECEMBER 2024

7 **EXPENSES BY NATURE**

Below represents breakdown and total of cost of revenue, selling expenses, administrative expenses and research and development expenses.

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Transportation expenses	1,289,990	1,705,256	
Employee benefit expenses (Note 8)	252,519	258,306	
Purchase cost of commercial automobiles	218,855	265,972	
Funding costs	202,864	149,730	
Raw materials and purchased goods consumed	183,591	204,068	
Outsourced labor costs	85,272	79,599	
Lease expenses	40,943	27,053	
Depreciation of properties, plant and equipment (Note 14)	27,257	20,622	
Depreciation of right-of-use assets (Note 13)	17,161	20,103	
Amortisation of intangible assets	12,539	8,270	
Office expenses	11,688	10,888	
Travelling expenses	10,660	10,711	
Network traffic cost	9,473	14,780	
Taxes and levies	8,497	8,106	
Utilities	5,939	5,384	
Auditor's remuneration	3,922	3,373	
– Audit services	3,500	3,000	
– Non-audit services	422	373	
Maintenance expenses	1,552	2,051	
Amortisation of investment properties (Note 15)	267	266	
Provision for impairment of inventory (Note 19)	61	1,291	
Miscellaneous	19,222	15,964	
Total	2,402,272	2,811,793	

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Wages, salaries and bonuses	175,071	180,059	
Pension costs (a)	34,059	30,133	
Housing funds, medical insurances and other social insurances (b)	29,129	29,786	
Other benefits	14,260	18,328	
	252,519	258,306	

- (a) As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its employees in the PRC. The Group's employees make monthly contributions to the schemes from 8% to 10% of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group contributes 16% to 20% of such relevant expenses, subject to certain ceiling and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.
- (b) Employees of the Group in the PRC are entitled to participate in various government-supervised housing fund, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on approximately 18% of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions paid/payable in each year.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS 9

(a) Directors' and chief executives' emoluments

Directors' and chief executives' emoluments are set out as follows:

	Employer's contribution to						
	Directors' Fees RMB'000	Salaries RMB'000	Bonus RMB'000		Contributions to other social security costs RMB'000	Employee share schemes – value of employee services RMB'000	Total RMB'000
v 1.1							
Year ended 31 December 2024							
Executive directors							
Mr. Wang Runliang (i)	_	412	_	70	86	_	568
Mr. Wang Wenqi (ii)	_	331	_	44	78	_	453
Non-executive directors							
Mr. Guo Wancai (iii)	-	-	-	-	-	-	-
Mr. Tian Qiang (iv)	-	-	-	-	-	-	-
Mr. Zhao Chengjun (v)	-	-	-	-	-	-	-
Ms. Feng Min (vi)	-	207	-	44	74	-	325
Mr. Li Gang (vii)	80	-	-	-	-	-	80
Mr. lp Wing Wai (viii)	120	-	-	-	-	-	120
Mr. Yu Qiang (ix)	80	-	-	-	-	-	80
					-		
Supervisors					-		
Mr. Ji Jianguo (xvi)	-	-	-	-	-	-	-
Mr. Zhang Yuan (x)	-	-	-	-	-	-	-
Mr. Qin Xiaohui (xi)	-	303	-	44	73	-	420
Mr. Zhang Shaojie (xii)							
	280	1,253		203	310		2,046

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued) 9

Directors' and chief executives' emoluments (Continued)

Directors' and chief executives' emoluments are set out as follows (Continued):

	Employer's contribution to						
	Directors' Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Contributions		Employee share schemes – value of employee services RMB'000	Total RMB'000
Year ended 31 December 2023 Executive directors							
Mr. Wang Runliang (i)	_	537	_	68	75	_	680
Mr. Wang Wenqi (ii)	-	431	-	41	74	-	546
Non-executive directors							
Mr. Guo Wancai (iii)	-	-	-	-	-	-	-
Mr. Tian Qiang (iv)	-	-	-	-	-	-	-
Mr. Zhao Chengjun (v)	-	-	-	-	-	-	-
Ms. Feng Min (vi)	-	221	-	37	63	-	321
Mr. Li Gang (vii)	80	-	-	-	-	-	80
Mr. lp Wing Wai (viii)	120	-	-	-	-	-	120
Mr. Yu Qiang (ix)	80	-	-	-	-	-	80
Mr. Wang Jianbin (xiii)	-	-	-	-	-	-	-
Mr. Zhou Qi (xiv)	-	-	-	-	-	-	-
Supervisors							
Mr. Zhang Yuan (x)	-	-	_	_	_	_	_
Mr. Qin Xiaohui (xi)	_	337	_	37	62	_	436
Mr. Zhang Shaojie (xii)	_	_	_	-	_	_	_
Mr. Wang Jingan (xv)			_				
	280	1,526		183	274		2,263

No emoluments were paid by the Group to any of the director or supervisor of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2024 and 2023.

FOR THE YEAR ENDED 31 DECEMBER 2024

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued) 9

Directors' and chief executives' emoluments (Continued)

- (i) Mr. Wang Runliang was appointed as a director of the Company on 15 April 2019. Mr. Wang was also appointed as the general manager of the Company from January 2019 to January 2025.
- (ii) Mr. Wang Wengi was appointed as director and vice general manager of the Company on 25 December 2020. Mr. Wang also served as the general manager of Shaanxi Tonghui Automobile Logistics Co., Ltd (陝西通匯汽車物流有限公司, "SXTH") from January 2017 to December 2020 and chairman of SXTH since April 2019.
- (iii) Mr. Guo Wancai was appointed as the chairman of the Company on 17 July 2020. Since August 2019, Mr. Guo has been serving as a chief accountant of SAHG. From July 2020 to March 2021, Mr. Guo served as a director of Shaanxi Automobile. From July 2020 to date, he serves as the general accountant of Shaanxi Automobile.
- Mr. Tian Qiang was appointed as a non-executive Director of the Company on 30 May 2023. Since January 2023, he (iv) has served as the director of commercial vehicles department of SXAG, and director and general manager of Shaanxi Automobile Group Commercial Vehicle Co., Ltd (陝汽集團商用車有限公司, "SAGCV").
- (v) Mr. Zhao Chengiun was appointed as a non-executive Director of the Company on 30 May 2023, Since January 2022, he has served as the sales director of Shaanxi Heavy Duty Automobile Co., Ltd (陝西重型汽車有限公司, "SXHDA") and general manager of the sales company.
- (vi) Ms. Feng Min was appointed as a director of the Company on 27 August 2021. Ms. Feng was also appointed as the general manager of the finance department of the Company since January 2017.
- (vii) Mr. Li Gang was appointed as an independent director of the Company on 25 December 2020.
- (viii) Mr. Ip Wing Wai was appointed as an independent director of the Company on 25 December 2020.
- Mr. Yu Qiang was appointed as an independent director of the Company on 25 December 2020. (ix)
- Mr. Zhang Yu'an was a chairman of the Board of supervisor of the Company from 25 December 2020 to 30 May 2024. (x)
- (xi) Mr. Qin Xiaohui was appointed as a supervisor of the Company on 11 August 2016. From February 2018 to February 2021, Mr. Qin has been serving as the chairman of the labour union, director of the integrated management department of the Company. Since March 2021, Mr. Qin has been serving as the chairman of the labour union and the director of the general manager office.
- (xii) Mr. Zhang Shaojie was appointed as the representative supervisor of the Shareholders on 30 May 2023. From January 2013 to January 2017, he served as the general manager of SXTH. From January 2017 to February 2021, he served as the general manager of Shaanxi Huazhen Industry and Trade Service Co., Ltd. (陝西華臻工貿服務有限公司). From February 2021 to May 2024, he served as the director of the financial management department of SAHG. Since May 2024, he has served as the director of the financial management department of Shaanxi Investment Group Co., Ltd.
- (xiii) Mr. Wang Jianbin served as general manager of the Company from December 2014 to January 2019 and was a director of the Company from 15 April 2019 to 30 May 2023.
- Mr. Zhou Qi was a director of the Company from 10 September 2020 to 30 May 2023. (xiv)
- Mr. Wang Jing'an was a supervisor of the Company from 5 June 2016 to 30 May 2023. (xv)
- Mr.Ji Jianguo was appointed as the chairman of supervisory board of the Company on 30 May 2024.

In addition to the directors' and chief executives' emoluments as disclosed above, certain directors and supervisors of the Company who are also directors or management of the parent company (i.e. SXAG) and certain fellow subsidiaries received emoluments from the parent company and different related companies during the years ended 31 December 2024, part of which are in respect of their services rendered to the Group. No apportionment has been made as the directors and supervisors of the Company consider that it is impractical to apportion the emoluments between their service rendered to the Group and their services rendered to the parent company and the respective fellow subsidiaries.

FOR THE YEAR ENDED 31 DECEMBER 2024

9 **DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**

Directors' retirement benefits (b)

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

(c) Directors' termination benefits

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

- (d) For the year ended 31 December 2024 and 2023, no consideration was provided to third parties for making available directors' service.
- (e) For the year ended 31 December 2024 and 2023, there was no loan, quasi-loan and other dealing in favour of directors, bodies corporate controlled by or entities connected with directors.
- (f) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 December 2024 and 2023.

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1 and 2 director(s) for the years ended 31 December 2024 and 2023, respectively, whose emoluments are reflected in the analysis shown in Note 9(a). The emoluments payable to the remaining 4 and 3 highest paid individuals are as follows:

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	
Basic salaries, allowances, and other benefits-in-kind	2,296	1,315	
Pension	200	160	
Other social benefits	282	182	
	2,778	1,657	

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2024 and 2023.

The emoluments fell within the following bands:

Year ended 31 December		
2024 203		
Number of	Number of	
individuals	individuals	
1	_	
3	3	
	2024 Number of individuals	

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCE COSTS - NET

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Interest income:			
– bank deposits	21,504	29,491	
Total finance income	21,504	29,491	
Interest expenses:			
– bank borrowings	(28,840)	(38,864)	
– foreign exchange losses	(582)	(2,865)	
– lease liabilities	(938)	(1,580)	
– unwinding cost of early retirement obligation	(18)	(75)	
Total finance costs	(30,378)	(43,384)	
Finance costs - net	(8,874)	(13,893)	

11 **INCOME TAX EXPENSE**

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

	Year ended 31 December		
	2024 20		
	RMB'000	RMB'000	
Current income tax	61,495	65,955	
Deferred income tax (Note 17)	(19,051)	(8,102)	
Income tax expense	42,444	57,853	

FOR THE YEAR ENDED 31 DECEMBER 2024

11 **INCOME TAX EXPENSE (Continued)**

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and implementation regulations of the CIT Law, the statutory corporate income tax rate in the PRC is 25% from 1 January 2008. The income tax rate of 25% is applicable to all of the Group's subsidiaries during the year ended 31 December 2024 and 2023, except for Shaanxi Tianxingjian IoV Information Technology Co., Ltd, Xinjiang Fargo Supply Chain Management Co., Ltd and SXTH which enjoy a preferential income tax rate of 15% according to the polices of Western Area Development for the years ended 31 December 2024. Shaanxi Huazhen Logistics Co., Ltd has applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation, pursuant to the policy, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Profit before income tax	199,168	209,103	
Tax calculated at applicable corporate income tax rate of 25%	49,792	52,276	
Tax effect of:			
Effects of preferential tax rates	(9,215)	(7,375)	
Additional deduction of research and development expenses	(3,309)	(3,978)	
Expenses not deductible for taxation purposes	1,619	12,252	
Utilisation of tax loss of previous years upon which no			
deferred tax assets recognised	(554)	(558)	
Tax losses upon which no deferred tax assets recognised	4,111	5,236	
Income tax expense	42,444	57,853	

FOR THE YEAR ENDED 31 DECEMBER 2024

INCOME TAX EXPENSE (Continued)

(b) Tax losses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	59,500	37,308
Potential tax benefit	14,875	9,327

The unused tax losses were incurred by the Company's subsidiaries that are not likely to generate taxable income in the foreseeable future. See Note 17 for information about tax losses that deferred income tax is recognised.

12 **EARNINGS PER SHARE**

(a) The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares issued or deemed to be issued for the year ended 31 December 2024 and 2023.

	Year ended 31 December		
	2024	2023	
Profit attributable to shareholders of the Company (RMB'000)	153,229	149,257	
Weighted average number of ordinary shares in issue in thousands	2,181,875	2,220,893	
Basic earnings per share (RMB)	0.07	0.07	

(b) The diluted earnings per share are the same as the basic earnings per share as there was no dilutive potential share for the year ended 31 December 2024 and 2023.

RIGHT-OF-USE ASSETS 13

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

	Land use right RMB'000	Leased buildings RMB'000	Total RMB'000
Year ended 31 December 2023			
Opening net book amount	2,423	45,468	47,891
Additions	-	5,385	5,385
Depreciation (Note 7)	(81)	(20,022)	(20,103)
Closing net book amount	2,342	30,831	33,173
As at 31 December 2023			
Cost	5,566	153,437	159,003
Accumulated depreciation	(3,224)	(122,606)	(125,830)
Net book amount	2,342	30,831	33,173
Year ended 31 December 2024			
Opening net book amount	2,342	30,831	33,173
Additions	_	14,194	14,194
Decrease	-	(2,030)	(2,030)
Depreciation (Note 7)	(80)	(17,081)	(17,161)
Closing net book amount	2,262	25,914	28,176
As at 31 December 2024			
Cost	5,566	165,601	171,167
Accumulated depreciation	(3,304)	(139,687)	(142,991)
Net book amount	2,262	25,914	28,176

FOR THE YEAR ENDED 31 DECEMBER 2024

RIGHT-OF-USE ASSETS (Continued) 13

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

	Year ended 31 December			
	2024	2023		
	RMB'000	RMB'000		
Cost of revenue	10,116	12,967		
Administrative expenses	4,490	4,617		
Selling expenses	35	-		
Research and development expenses	2,520	2,519		
	17,161	20,103		

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2023							
Cost	64,566	9,849	44,749	40,866	25,152	12,517	197,699
Accumulated depreciation	(22,800)	(4,120)	(29,968)	(30,459)	(11,168)	12,317	(98,515)
Impairment			(14)				(14)
Net book value	41,766	5,729	14,767	10,407	13,984	12,517	99,170
Year ended 31 December 2023							
Opening net book value	41,766	5,729	14,767	10,407	13,984	12,517	99,170
Additions	-	189	2,930	4,489	26,221	10,086	43,915
Transfer	-	2,215	-	-	5,705	(16,762)	(8,842)
Disposals	(22)	-	(247)	(31)	-	-	(300)
Depreciation (Note 7)	(1,608)	(881)	(3,995)	(6,247)	(7,891)		(20,622)
Closing net book value	40,136	7,252	13,455	8,618	38,019	5,841	113,321
As at 31 December 2023							
Cost	64,539	12,253	44,858	44,486	57,078	5,841	229,055
Accumulated depreciation	(24,403)	(5,001)	(31,389)	(35,868)	(19,059)	-	(115,720)
Impairment			(14)				(14)
Net book value	40,136	7,252	13,455	8,618	38,019	5,841	113,321

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings and facilities RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024							
Opening net book value	40,136	7,252	13,455	8,618	38,019	5,841	113,321
Additions	-	1,218	4,933	7,686	2,602	40,369	56,808
Transfer	-	5,402	34,750	37	-	(43,657)	(3,468)
Disposals	_	-	(986)	(23)	-	-	(1,009)
Depreciation (Note 7)	(1,607)	(1,430)	(4,418)	(4,910)	(14,892)		(27,257)
Closing net book value	38,529	12,442	47,734	11,408	25,729	2,553	138,395
As at 31 December 2024							
Cost	64,539	18,873	78,479	51,588	59,680	2,553	275,712
Accumulated depreciation	(26,010)	(6,431)	(30,745)	(40,180)	(33,951)	_	(137,317)
Impairment							
Net book value	38,529	12,442	47,734	11,408	25,729	2,553	138,395

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

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Cost of revenue	21,800	13,480	
Research and development expenses	2,466	3,284	
Administrative expenses	1,895	2,939	
Selling expenses	1,096	919	
	27,257	20,622	

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTMENT PROPERTIES

	Land use right RMB'000
Year ended 31 December 2023	0.022
Opening net book value	8,033
Amortisation (Note 7)	(266)
Closing net book value	7,767
As at 31 December 2023	
Cost	8,299
Accumulated amortisation	(532)
Net book value	7,767
Fair value at end of the year	27,704
Year ended 31 December 2024	
Opening net book value	7,767
Amortisation (Note 7)	(267)
Closing net book value	7,500
As at 31 December 2024	
Cost	8,299
Accumulated amortisation	(799)
Net book value	7,500
Fair value at end of the year	24,442

The investment properties are stated at cost less accumulated amortisation. The investment properties are located in Weinan, Shaanxi Province, and the fair value of which, as at 31 December 2024, for disclosure purpose, was derived using the comparison approach with reference to comparable market transactions.

16 INTANGIBLE ASSETS

	Softwares RMB'000
As at 1 January 2023	
Cost	53,989
Accumulated amortisation	(21,439)
Net book value	32,550
Year ended 31 December 2023	
Opening net book value Additions	32,550 18,878
Transfer from construction in progress	8,842
Amortisation (Note 7)	(8,270)
Closing net book value	52,000
As at 31 December 2023	
Cost	81,709
Accumulated amortisation	(29,709)
Net book value	52,000
Year ended 31 December 2024	
Opening net book value	52,000
Additions	23,709
Transfer from construction in progress Amortisation (Note 7)	3,468 (12,539)
Amortisation (Note 7)	(12,333)
Closing net book value	66,638
As at 31 December 2024	
Cost	108,886
Accumulated amortisation	(42,248)
Net book value	66,638
	55,556

FOR THE YEAR ENDED 31 DECEMBER 2024

INTANGIBLE ASSETS (Continued) 16

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

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Research and development expenses	5,701	3,216	
Administrative expenses	3,749	2,564	
Cost of revenue	2,491	1,965	
Selling expenses	598	525	
	12,539	8,270	

17 **DEFERRED INCOME TAX ASSETS**

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred income tax assets:		
– to be realised within 12 months	144,313	125,260
– to be realised after more than 12 months	40,132	39,759
	184,445	165,019
Deferred income tax liabilities:		
– to be realised within 12 months	2,258	2,804
– to be realised after more than 12 months	2,734	1,813
	4.992	4.617
Net deferred income tax assets:	179,453	160,402
	4,992	4,617

DEFERRED INCOME TAX ASSETS (Continued) 17

Movements in deferred income tax assets and liabilities during the year ended 31 December 2024 and 2023, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Provision for impairment of receivables RMB'000	Deferred income from government grants RMB'000	Accrued expenses RMB'000	Deductible tax losses RMB'000	Contract liabilities RMB'000	Impairment of property, plant and equipment RMB'000	Impairment of inventory RMB'000	Lease liability RMB'000	Total RMB'000
As at 1 January 2023	134,777	1,382	374	15,037	-	4	1,049	6,613	159,236
Year ended 31 December 2023 Credited/(charged) to profit or loss	20,954	(677)	209	(11,609)			(956)	(2,138)	5,783
As at 31 December 2023	155,731	705	583	3,428		4	93	4,475	165,019
Year ended 31 December 2024 Credited/(charged) to profit or loss	13,365	(502)		(1,608)	8,181	(4)	(78)	72	19,426
As at 31 December 2024	169,096	203	583	1,820	8,181		15	4,547	184,445

Deferred income tax liabilities

Right-of-use	
assets	Total
RMB'000	RMB'000
6,936	6,936
(2,319)	(2,319)
4,617	4,617
375	375
4,992	4,992
	assets RMB'000 6,936 (2,319) 4,617

FOR THE YEAR ENDED 31 DECEMBER 2024

INVESTMENT IN AN ASSOCIATE

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Share of net assets:			
Beginning of the year	9,641	9,157	
Share of profits	5,100	5,141	
Dividends declared	(5,141)	(4,657)	
End of the year	9,600	9,641	

Set out below are the particulars of the associate as at 31 December 2024 and 2023.

	Place of incorporation and operation	Principal activities	Equity int As at 31 (2024	erest held December 2023
Meixin Insurance Brokers (Shanghai) Co., Ltd. ("MXIB")	PRC	Insurance brokerage business	30%	30%

The directors of the Company considered that the associate as at 31 December 2024 was insignificant to the Group and thus a summary of financial information of the associate was not disclosed.

As at 31 December 2024 and 2023, there was no significant contingent liability and commitment relating to the Group's interest in the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 INVENTORIES

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Cost:			
Commercial vehicles and electric vehicle charging and battery swap			
infrastructure	21,527	42,400	
Internet of vehicle (IoV) terminal products	743	1,330	
Spare parts and turnover materials	51,077	595	
	73,347	44,325	
Provision for impairment loss:			
Commercial vehicles	(61)	(428)	
Inventories – net	73,286	43,897	

Movement in the provision for impairment of inventories is as follow:

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Beginning of the year	428	4,195	
Provision for impairment	61	1,291	
Written-off of impairment	(428)	(5,058)	
End of the year	61	428	

The cost of inventories recognised as cost of revenue amounted to approximately RMB402,446,000 and RMB470,040,000 for the years ended 31 December 2024 and 2023.

FOR THE YEAR ENDED 31 DECEMBER 2024

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Assets per consolidated statement of financial position			
Financial assets at amortized cost			
– Trade receivables (Note 21)	796,706	784,264	
– Other receivables (Note 25)	92,187	180,084	
– Notes receivables (Note 23)	84,356	71,128	
– Loan receivables (Note 24)	6,938,969	6,523,288	
- Restricted bank deposits (Note 27)	23,414	46,337	
– Cash and cash equivalents (Note 28)	893,464	976,898	
cash and cash equitations (note 20)			
	8,829,096	8,581,999	
Financial assets at fair value			
- Fair value through other comprehensive income (FVOCI) (Note 22)	116,480	112,284	
	· · · · · · · · · · · · · · · · · · ·		
Total	8,945,576	8,694,283	
Liabilities per consolidated statements of financial position			
Financial liabilities carried at amortised cost			
– Lease liabilities (Note 31)	23,062	27,791	
– Borrowings (Note 33)	2,283,808	3,181,051	
– Bonds payable (Note 32)	1,075,973	610,741	
– Trade and other payables (excluding staff salaries and			
welfare payables, early retirement benefits payables, accrued			
taxes other than income tax, and provisions for warranty) (Note 34)	2,620,980	1,901,373	
	6,003,823	5,720,850	

FOR THE YEAR ENDED 31 DECEMBER 2024

21 TRADE RECEIVABLES

As at 31 December		
2024	2023	
RMB'000	RMB'000	
275,958	314,398	
80,566	66,372	
533,462	483,467	
889,986	864,237	
(93,280)	(79,973)	
796,706	784,264	
	2024 RMB'000 275,958 80,566 533,462 889,986 (93,280)	

As at 31 December 2024 and 2023, the fair values of trade receivables of the Group approximated their carrying amounts.

As at 31 December 2024 and 2023, all the carrying amounts of trade receivables were denominated in RMB.

Aging analysis of trade receivables at the respective balance sheet dates, based on the transaction date, are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	787,284	801,582
One year to two years	51,220	29,344
Two years to three years	24,928	26,303
Over three years	26,554	7,008
	889,986	864,237

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

The assessment of expected credit loss of trade receivables is set out in Note 3.1(b).

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL ASSETS AT FVOCI 22

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Notes receivable	24,517	60,435
Trade receivables	91,963	51,849
	116,480	112,284

As at 31 December 2024, all the financial assets at FVOCI were notes receivable and trade receivables in nature, the impact of expected credit loss of these assets was assessed to be insignificant.

As at 31 December 2024, RMB91,476,000 of trade receivables recognised as financial assets at FVOCI were receivables from related parties, and RMB487,000 was from third parties. The Group intends to either hold the notes receivable and trade receivables to maturity for cash collection or transfer to suppliers as settlement of its purchases of goods. Considering these financial assets are held by the Group for both collection of contractual cash flows and selling of the related financial assets, the Group has accounted for such notes receivable and trade receivables as financial assets at FVOCI.

NOTES RECEIVABLE 23

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Notes receivable-related parties (Note 39(c)(i))	8,110	32,214
Notes receivable-third parties	76,246	38,914
	84,356	71,128

For the year ended 31 December 2024, the Group has endorsed or discounted notes receivable with carrying amount of RMB76,826,000 (2023: RMB54,870,000), which shall not be derecognised. In the opinion of management, the Group has retained the substantial risk and rewards, and accordingly continue to recognise the full carrying amounts of notes receivable as at 31 December 2024.

As at 31 December 2024, notes receivable of RMB4,354,000 (2023: RMB2,100,000) were pledged for the Group's short-term borrowings (Note 33).

Notes receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The impact of expected credit loss of notes receivable was assessed to be insignificant.

FOR THE YEAR ENDED 31 DECEMBER 2024

24 LOAN RECEIVABLES

As at 31 December	
2024	2023
RMB'000	RMB'000
4 229 272	3,359,803
	2,131,912
1,256,430	1,569,880
7,517,147	7,061,595
(403,161)	(385,192)
(175,017)	(153,115)
(578,178)	(538,307)
6 038 060	6,523,288
0,936,909	0,323,286
(2,043,729)	(1,808,120)
4,895,240	4,715,168
	2024 RMB'000 4,229,272 2,031,445 1,256,430 7,517,147 (403,161) (175,017) (578,178) 6,938,969

As at 31 December 2024, loan receivables of approximately RMB5,702,560,000 (2023: RMB4,889,200,000) were secured by the leased assets owned by lessees with original cost of approximately RMB10,409,282,000 (2023: RMB9,133,059,000).

As at 31 December 2024, loan receivables of RMB45,673,000 (2023: RMB643,523,000) were pledged for bank borrowings.

As at 31 December 2024, loan receivables of RMB101,768,000 (2023: RMB125,428,000) were pledged for other borrowings of RMB83,566,000 (2023: RMB39,996,000) (Note 33).

As at 31 December 2024, loan receivables of RMB1,240,763,000 (2023: RMB859,898,000) were transferred out but not derecognised under the Group's asset-backed security program.

FOR THE YEAR ENDED 31 DECEMBER 2024

LOAN RECEIVABLES (Continued) 24

As at 31 December 2024, loan receivables of Nil (2023: RMB30,523,000) were pledged for notes payable of Nil (2023: RMB33,000,000) (Note 34).

As at 31 December 2024 and 2023, the fair values of loan receivables of the Group approximated their carrying amounts.

As at 31 December 2024 and 2023, the carrying amounts of loan receivables were all denominated in RMB.

The Group's loan receivable activities and how these are accounted for

The Group provides financial services including sale and leaseback financing business and factoring service. For the financial leasing business, the Group provides heavy-duty trucks and commercial vehicles financial leasing service to individual customers and commercial vehicles dealers and provides other machinery and equipment financial leasing service to its customers through model of sale and leaseback.

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

Loan receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 42.9 for further information about the Group's accounting policies for loan receivables.

FOR THE YEAR ENDED 31 DECEMBER 2024

25 OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Other receivables – related parties (Note 39(c)(ii))	1,826	13,781
Other receivables – third parties	118,373	196,251
	120,199	210,032
Less: Provision for impairment	(28,012)	(29,948)
Other receivables – net	92,187	180,084
Total	92,187	180,084
	· ·	

As at 31 December 2024 and 2023, the fair value of other receivables of the Group approximated their carrying amounts.

As at 31 December 2024 and 2023, all the carrying amounts of other receivables were denominated in RMB.

The aging analysis of other receivables at the respective balance sheet dates, based on the transaction date, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	56,246	89,806
One year to two years	9,504	60,894
Two years to three years	14,113	51,810
Over three years	40,336	7,522
	120,199	210,032

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

FOR THE YEAR ENDED 31 DECEMBER 2024

OTHER RECEIVABLES (Continued) 25

Details of other receivables as at 31 December 2024 are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Receivables from related parties (Note 39(c)(ii))	1,826	13,781
Advances for commodity purchase on behalf of customers	92,283	156,855
Lease deposits (i)	-	13,781
Other deposits	12,535	17,038
Others	13,555	8,577
	120,199	210,032

Lease deposits were the deposits placed with third parties to obtain loans in sub-lease arrangements.

26 **PREPAYMENTS**

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments for goods and services	40,601	90,344

As at 31 December 2024 and 2023, all the carrying amounts of prepayments were denominated in RMB.

RESTRICTED CASH AT BANKS 27

	As at 31	As at 31 December	
	2024	2023	
	RMB'000	RMB'000	
Restricted cash at banks	23,414	46,337	

FOR THE YEAR ENDED 31 DECEMBER 2024

RESTRICTED CASH AT BANKS (Continued) 27

As at 31 December 2024 and 2023, the breakdown of restricted cash at banks are as follow:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deposits for the issuance of notes payable	18,342	42,270
Restricted by court due to business disputes	5,072	4,067
	23,414	46,337

28 **CASH AND CASH EQUIVALENTS**

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at banks and on hand	893,464	976,898

29 **SHARE CAPITAL AND TREASURY SHARES**

Share capital

	As at 31 December	
	2024	2023
Registered, issued and fully paid		
Number of shares (shares)	2,181,436,500	2,236,042,500
Share capital (in RMB)	2,181,436,500	2,236,042,500

Treasury shares

During the year ended 31 December 2024, the Company repurchased 15,885,000 (2023: 38,721,000) its own shares with RMB28,583,000 (2023: RMB70,559,000) from the market, and those shares have been cancelled during the year ended 31 December 2024. The shares were repurchased at prices ranging from HKD1.90 to HKD2.00 per share, with an average price of HKD1.96 per share.

FOR THE YEAR ENDED 31 DECEMBER 2024

30 **OTHER RESERVES**

	Capital surplus RMB'000	Statutory reserves (a) RMB'000	Safety fund (b) RMB'000	Total RMB'000
As at 1 January 2023	736,859	56,446	9,285	802,590
Appropriation of statutory reserves	-	19,758	_	19,758
Appropriation of safety fund	-	_	29	29
Utilisation of safety fund			(2,124)	(2,124)
As at 31 December 2023	736,859	76,204	7,190	820,253
As at 1 January 2024	736,859	76,204	7,190	820,253
Appropriation of statutory reserves	_	10,306	_	10,306
Appropriation of safety fund	_	_	34	34
Utilisation of safety fund	-	_	(1,519)	(1,519)
Share cancelled	(44,536)	_	_	(44,536)
As at 31 December 2024	692,323	86,510	5,705	784,538

(a) Statutory reserves

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

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

(b) Safety fund

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

FOR THE YEAR ENDED 31 DECEMBER 2024

31 LEASE LIABILITIES

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Minimum lease payments due			
– Within one year	9,633	18,693	
– Between one and two years	9,268	5,178	
– Between two and five years	5,083	4,493	
– Later than five years	287	860	
	24,271	29,224	
Less: future finance charges	(1,209)	(1,433)	
	23,062	27,791	

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Present value of lease liabilities			
– Within one year	9,183	17,838	
– Between one and two years	8,729	4,856	
– Between two and five years	4,871	4,294	
– Later than five years	279	803	
	23,062	27,791	

The total cash outflows for leases including payments of lease liabilities, payments of interest expenses on leases for the years ended 31 December 2024 was RMB17,736,000 (2023: RMB20,922,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

BONDS PAYABLE 32

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Asset-backed securities	1,075,972	610,741	
Less: maturing within 1 year	(921,741)	(610,741)	
Non-current portion of bonds payable	154,231		

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

Asset-backed securities ("ABS") issued in year 2024 (a)

	ABS 1 Issue date: 12 April 2024 As at 31 December 2024	ABS 2 Issue date: 12 June 2024 As at 31 December 2024	ABS 3 Issue date: 13 November 2024 As at 31 December 2024
Outstanding principal amount (senior A1 tranches) (RMB'000) Coupon rate (senior A1 tranches) (%) Maturity date (senior A1 tranches) Payment terms of principal and interests	70,255	222,685	411,893
	2.80%	2.50%	2.50%
	31 March 2025	30 September 2025	30 January 2026
	monthly	monthly	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000) Coupon rate (senior A2 tranches) (%) Maturity date (senior A2 tranches) Payment terms of principal and interests	96,000	115,000	85,000
	3.00%	2.60%	2.60%
	31 July 2024	30 January 2026	29 May 2026
	monthly	monthly	monthly
Outstanding principal amount (senior B tranches) (RMB'000) Coupon rate (senior B tranches) (%) Maturity date (senior B tranches) Payment terms of principal and interests	25,000	21,000	27,000
	4.40%	3.30%	3.20%
	27 January 2025	27 February 2026	31 July 2026
	monthly	monthly	monthly

32 BONDS PAYABLE (Continued)

(b) Asset-backed securities ("ABS") issued in year 2023

	AE	3S 4	ABS 5 Issue date:		
	Issue date: 6 June 2023		14 April 2023	27 October 2023	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2023	As at 31 December 2023	
Outstanding principal amount (senior A1 tranches)					
(RMB'000)	-	69,187	16,375	199,281	
Coupon rate					
(senior A1 tranches) (%)	3.20%	3.20%	3.00%	3.99%	
Maturity date					
(senior A1 tranches)	30 April 2024	30 April 2024	28 February 2024	30 September 2024	
Payment terms of principal					
and interests	monthly	monthly	monthly	monthly	
Outstanding principal amount					
(senior A2 tranches)		91 000	75.000		
(RMB'000)	-	81,000	75,000	-	
Coupon rate (senior A2 tranches) (%)	3.40%	3.40%	3.30%		
Maturity date	5.40%	3.40%	3.30%	_	
(senior A2 tranches)	31 December 2024	31 December 2024	30 September 2024	_	
Payment terms of principal	31 December 2024	31 December 2024	30 September 2024		
and interests	monthly	monthly	monthly	_	
and interests	monthly	moneny	monthly		
Outstanding principal amount					
(senior B tranches)					
(RMB'000)	2,139	6,000	14,000	33,000	
Coupon rate	i i	·	·	·	
(senior B tranches) (%)	4.40%	4.40%	4.40%	4.60%	
Maturity date (senior B tranches)	27 January 2025	27 January 2025	31 October 2024	31 December 2024	
Payment terms of principal					
and interests	monthly	monthly	monthly	monthly	

FOR THE YEAR ENDED 31 DECEMBER 2024

BONDS PAYABLE (Continued) 32

Asset-backed securities ("ABS") issued in year 2022

ARS	/
Issue dat	e:
30 November 202	22
As	at
31 Decemb	er
20:	23

Outstanding principal amount (senior A1 tranches) (RMB'000)	-
Coupon rate (senior A1 tranches) (%)	2.99%
Maturity date (senior A1 tranches)	31 October 2023
Payment terms of principal and interests	monthly
Outstanding principal amount (senior A2 tranches) (RMB'000)	89,898
Coupon rate (senior A2 tranches) (%)	3.39%
Maturity date (senior A2 tranches)	28 June 2024
Payment terms of principal and interests	monthly
Outstanding principal amount (senior B tranches) (RMB'000)	27,000
Coupon rate (senior B tranches) (%)	4.30%
Maturity date (senior B tranches)	31 July 2024
Payment terms of principal and interests	monthly

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

Bonds payable is consisted of tranches of senior A1, senior A2, senior B and subordinate, according to payment priority. The Group has subsequently repurchased and held all of the subordinate tranches of the issued asset-backed securities and hence the risks and rewards of the aforesaid loan receivables transferred are still substantially retained by the Group. Accordingly, the Group has not de-recognised the related loan receivables in the consolidated financial statement.

33 BORROWINGS

	As at 31 [December
	2024	2023
	RMB'000	RMB'000
Non-current:		
Long term bank borrowings, unsecured	219,743	1,077,852
Long term bank borrowings, secured (a)	-	73,239
Other long term borrowings, secured (b)		39,996
Subtotal	219,743	1,191,087
Less:	(44.070)	(500 405)
- Current portion of long term bank borrowings	(11,370)	(600,405)
 Current portion of other long term borrowings 		(39,996)
Total non-current portion:	208,373	550,686
Current:		
Short term bank borrowing, unsecured	1,945,114	1,685,813
Short term bank borrowings, secured (a)	35,385	304,151
Short term other borrowings, secured (b)	83,566	_
Current portion of long term bank borrowings	11,370	600,405
Current portion of other long term borrowings		39,996
Total current portion:	2,075,435	2,630,365
Total borrowings	2,283,808	3,181,051

- As at 31 December 2024, the Group's long term bank borrowing of Nil (2023: RMB73,239,000) was secured (a) by the pledge of the Group's loan receivables of Nil (2023: RMB98,502,000) (Note 24).
 - As at 31 December 2024, the Group's short term bank borrowings of RMB35,385,000 (2023: RMB304,151,000) were secured by the pledge of the Group's loan receivables of RMB45,673,000 (2023: RMB545,021,000) (Note 24) and notes receivable of RMB4,354,000 (2023: RMB2,100,000) (Note 23).
- (b) Other borrowings were the loans obtained from third parties in the form of sub-lease arrangement. As at 31 December 2024, other borrowings of RMB83,566,000 (2023: RMB39,996,000) were secured by loan receivables of RMB101,768,000 (2023: RMB125,428,000) (Note 24).

FOR THE YEAR ENDED 31 DECEMBER 2024

BORROWINGS (Continued) 33

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

	As at 31 December		
	2024		
Bank borrowings	3.32%	3.56%	
Other borrowings	3.30%	4.23%	

(d) At 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	Bank bor	Bank borrowings Other borrowings Total		Other borrowings		tal
	As at	As at	As at	As at	As at	As at
	31 December	31 December	31 December	31 December	31 December	31 December
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,991,869	2,590,369	83,566	39,996	2,075,435	2,630,365
Between one and two years	208,373	550,686			208,373	550,686
	2,200,242	3,141,055	83,566	39,996	2,283,808	3,181,051

(e) All the borrowings were denominated in RMB.

34 TRADE AND OTHER PAYABLES

	As at 31 I	December
	2024	2023
	RMB'000	RMB'000
Trade payables		
Notes payable (a)	66,713	256,852
Trade payables – related parties (Note 39 (c)(i))	46,126	46,059
Trade payables – third parties	437,017	351,501
Trade and notes payables	549,856	654,412
Other payables		
Other payables – loans from related parties (Note 39 (c)(ii)))	1,724,950	825,000
Other payables – interest payable to related parties (Note 39 (c)(ii))	7,949	645
Other payables – advances from related parties (Note 39 (c)(ii))	6	2,424
Other payables – loan from a third party (d)	_	50,000
Other payables – interest payable to third party	_	46
Other payables – deposits collected from lessees of leased properties	257,604	277,295
Other payables – other deposits	11,069	26,904
Other payables – others	69,546	64,647
Provisions for warranty (e)	673	1,049
Staff salaries and welfare payables	47,312	56,806
Early retirement benefits payable	49	378
Accrued taxes other than income tax	4,816	6,935
Other payables	2,123,974	1,312,129
Total of trade and other payables	2,673,830	1,966,541
Total of trade and other payables		1,500,541
Less: non-current portion:		
- Other payables -deposits collected from lessees of leased properties	(148,227)	(149,067)
– Early retirement benefits payable	_	(49)
– Provisions for warranty	(673)	(1,049)
Total non-current portion	(148,900)	(150,165)
Current portion	2,524,930	1,816,376
•		

FOR THE YEAR ENDED 31 DECEMBER 2024

TRADE AND OTHER PAYABLES (Continued) 34

As at 31 December 2024 and 2023, all trade and other payables except for loan from related parties of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables, early retirement benefits payable and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts.

- (a) As at 31 December 2024, loan receivables of Nil (2023: RMB30,523,000) were pledged for notes payable of Nil (2023: RMB33,000,000) (Note 24).
- (b) The aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date was as follows:

	As at 31 December			
	2024	2023		
	RMB'000	RMB'000		
Within one year	477,923	365,676		
One year to two years	2,580	29,726		
Two years to three years	823	624		
Over three years	1,817	1,534		
	483,143	397,560		

- (c) The loans from related parties as at 31 December 2024 of RMB1,724,950,000 (2023: RMB825,000,000) were unsecured, interest bearing at rates ranging from 2.30% to 2.40% (2023: 2.50% to 2.60%) per annual, and repayable within one year.
- (d) The loans from a third party as at 31 December 2024 of Nil (2023: RMB50,000,000) was provided to the Company through a bank entrusted arrangement.
- (e) The movement in provisions for warranty is as follows:

	Year ended 31 December			
	2024 RMB'000	2023 RMB'000		
	KWB 000	KIVID 000		
Beginning of the year	1,049	1,194		
– Provision for the year	374	338		
– Utilisation and reversal for the year	(750)	(483)		
End of the year	673	1,049		

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

FOR THE YEAR ENDED 31 DECEMBER 2024

DEFERRED GOVERNMENT GRANTS 35

	As at 31 December		
	2024 2		
	RMB'000	RMB'000	
Deferred government grants	4,947	8,560	

Movements in deferred government grants for the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December			
	2024	2023		
	RMB'000	RMB'000		
Beginning of the year	8,560	16,744		
Additions for the year	390	2,306		
Credited to profit or loss (Note 5.3)	(4,003)	(10,490)		
End of the year	4,947	8,560		

36 DIVIDENDS

	Year ended 31 December			
	2024 20			
	RMB'000	RMB'000		
Dividends declared to shareholders of the Company	88,915	96,955		

In accordance with the resolution at the Board of Directors' meeting held on 27 March 2025, based on the total outstanding shares as at 27 March 2025, the Board of Directors proposed a final dividend of RMB0.3513 (tax inclusive) per 10 shares amounting to RMB76,634,000 to the shareholders of the Company in respect of the year ended 31 December 2024. The proposed dividend is not recorded as liability in the consolidated financial statements for the year ended 31 December 2024.

Pursuant to a resolution of the shareholders' meeting of the Company on 28 March 2024, dividends of RMB88,915,000 (2023: RMB96,955,000), being RMB0.4076 (tax inclusive) (2023: RMB0.4336) per 10 share, for the year ended 31 December 2023 were declared to the shareholders of the Company, which were fully paid in August 2024.

37 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December 2024 2023			
	RMB'000	RMB'000		
Profit before income tax	199,168	209,103		
Adjustments for:				
– Net impairment losses on financial assets (Note 3.1(b))	52,920	116,548		
– Provision for impairment of inventory (Note 7)	61	1,291		
– Depreciation of property, plant and equipment (Note 14)	27,257	20,622		
– Amortisation of investment properties (Note 15)	267	266		
– Depreciation of right-of-use assets (Note 13)	17,161	20,103		
– Amortisation of intangible assets (Note 16)	12,539	8,270		
– (Gains)/Losses on disposal of property, plant and equipment				
(Note 6)	(4)	173		
– Finance costs – net	8,874	13,893		
– Share of net profit of associate accounted for using the				
equity method (Note 18)	(5,100)	(5,141)		
–Other losses – net	1,002	1,644		
– Decrease of deferred government grants (Note 35)	(3,613)	(8,184)		
– Provisions for warranty (Note 34)	374	338		
	310,906	378,926		
Changes in working capital:				
– Restricted cash at banks (Note 27)	22,923	(30,179)		
– Financial assets at fair value through other comprehensive				
income (FVOCI) (Note 22)	(4,196)	(22,016)		
– Notes receivable	(581,784)	184,856		
– Trade receivables	(25,953)	(251,826)		
– Loan receivables	(457,026)	(601,823)		
– Other receivables	89,833	232,121		
– Prepayments	17,077	95,528		
– Inventories	(55,441)	68,010		
– Trade and other payables	1,316,687	277,017		
– Contract liabilities	(21,419)	(71,149)		
– Borrowings	(647,143)	40,677		
– Provisions for warranty (Note 34)	(750)	(483)		
Cash (used in)/generated from operations	(36,286)	299,659		

FOR THE YEAR ENDED 31 DECEMBER 2024

CASH FLOW INFORMATION (Continued) 37

(b) Major non-cash investing and financing activities

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Acquisition of right-of-use asset (Note 13)	14,194	5,385	

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented. For details of net debt please refer to note 3.2.

	As at 31 December			
	2024 20			
	RMB'000	RMB'000		
Cash and restricted cash at banks	916,878	1,023,235		
Gross debt – fixed interest rates	(5,107,792)	(4,694,629)		
Net debt	(4,190,914)	(3,671,394)		

FOR THE YEAR ENDED 31 DECEMBER 2024

CASH FLOW INFORMATION (Continued) 37

(c) Net debt reconciliation (Continued)

	Ass	ets				Liabi	lities				
					Other		Lease		Bonds		
		Described a	Dames dame	D	payables	Other	liabilities	Lease	payable	Bonds	
	Cash and cash	Restricted cash at	Borrowings due within	Borrowings due after	due within	payables due after	due within	liabilities due after	due within	payable due after	
	equivalents	banks	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
A4.4 January 2022	1 140 067	16.150	/1.040.053\	(050.446)	/072.000\	(50,000)	(40.642)	(22.426)	(704.025)	(124.461)	/2 500 070\
At 1 January 2023	1,148,967	16,158	(1,840,652)	(852,116)	(973,000)	(50,000)	(18,613)	(23,136)	(784,025)	(124,461)	(3,500,878)
Cash flows	(171,779)	30,179	(553,268)	-	244,955	-	20,922	-	297,745	-	(131,246)
Non-cash change											
 Acquisitions of lease incentives 								/F 204\			/F 204\
- Interest expenses	-	-	-	-	-	-	-	(5,384)	-	-	(5,384)
on lease liabilities	-	_	_	_	_	_	_	(1,580)	_	_	(1,580)
– Dividends declared	-	-	-	_	(96,955)	-	-	-	-	-	(96,955)
– Other non-cash changes	(290)	-	64,985	-	-	-	-	-	-	-	64,695
– Reclassification			(301,430)	301,430	(50,000)	50,000	(20,147)	20,147	(124,461)	124,461	
At 31 December 2023	976,898	46,337	(2,630,365)	(550,686)	(875,000)		(17,838)	(9,953)	(610,741)		(3,671,348)
At 1 January 2024	976,898	46,337	(2,630,365)	(550,686)	(875,000)	_	(17,838)	(9,953)	(610,741)	_	(3,671,348)
At 1 January 2024	370,030	40,337	(2,030,303)	(330,000)	(673,000)		(17,050)	(5,555)	(010,741)		(5,071,540)
Cash flows	(82,649)	(22,923)	899,496	-	(849,950)	-	17,736	-	(465,231)	-	(503,521)
Non-cash change											
– Acquisitions of lease											
incentives	-	-	-	-	-	-	-	(12,069)	-	-	(12,069)
 Interest expenses on lease liabilities 								(938)		_	(938)
Reclassification	_	-	(342,313)	342,313	-	_	(9,081)	9,081	- 154,231	(154,231)	(330)
– Other non-cash changes	(785)		(2,253)								(3,038)
other non-cash changes			(2,233)								(3,030)
At 31 December 2024	893,464	23,414	(2,075,435)	(208,373)	(1,724,950)		(9,183)	(13,879)	(921,741)	(154,231)	(4,190,914)

FOR THE YEAR ENDED 31 DECEMBER 2024

CONTINGENT LIABILITIES 38

As at 31 December 2024 and 2023, the Group did not have any material contingent liabilities.

39 RELATED PARTY TRANSACTIONS

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

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

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

Save as disclosed elsewhere in this consolidated financial statements, during the year ended 31 December 2024, the Group had the following significant transactions and balance with related parties.

RELATED PARTY TRANSACTIONS (Continued) 39

(b) Transactions with related parties

	Year ended 31 December		
	2024 RMB'000	2023	
	KIVIB 000	RMB'000	
Sales of goods			
– Entities controlled by the Parent Company	92,272	60,273	
– Entities over which the Parent Company has significant influence	78,382	113,350	
– Entities controlled by the Ultimate Controlling Shareholder	11	-	
– Parent Company	1		
	170,666	173,623	
Rendering of logistics and warehousing service	247.600	200 245	
 Entities over which the Parent Company has significant influence Entities controlled by the Parent Company 	217,608 54,299	289,215 99,216	
Entities over which the Ultimate Controlling Shareholder has	54,233	33,210	
significant influence	642	773	
– Entities controlled by the Ultimate Controlling Shareholder	4		
	272,553	389,204	
Interest income from financial leasing business	630		
– Entities controlled by the Ultimate Controlling Shareholder	638		
Interest income from factoring business			
Entities controlled by the Parent Company	65	_	
Rendering of Internet of Vehicle (IoV) and data service			
– Entities over which the Parent Company has significant influence	3,897	7,046	
– Parent Company	614	-	
- Entities controlled by the Parent Company	60	41	
– Entities controlled by the Ultimate Controlling Shareholder	2		
	4,573	7,087	
	4,3/3	7,007	

RELATED PARTY TRANSACTIONS (Continued) 39

(b) Transactions with related parties (Continued)

		31 December
	2024 RMB'000	2023 RMB'000
	MIND COC	THIS COO
Rendering of maintenance and other services		
– Entities controlled by the Ultimate Controlling Shareholder	-	121
– Entities controlled by the Parent Company		4
	_	125
		123
Purchase of goods and services		
– Entities over which the Parent Company has significant influence	150,842	82,825
– Entities controlled by the Parent Company	10,862	1,572
- Associates	3,213	3,474
– Entities controlled by the Ultimate Controlling Shareholder	26	10
	164,943	87,881
Loan advanced from related parties		
– Parent Company	979,000	1,030,000
– Ultimate Controlling Shareholder	895,950	
	1,874,950	1,030,000
	1,0,1,330	1,030,000
Repayment of loan to related parties		
– Parent Company	975,000	1,178,000
Accrued interest on loan from related parties	24.072	22.040
Parent CompanyUltimate Controlling Shareholder	24,872 5,452	33,040
	30,324	33,040
Payment of interest on loan from related parties		
– Parent Company	22,806	33,231

RELATED PARTY TRANSACTIONS (Continued) 39

Transactions with related parties (Continued)

	Year ended	31 December
	2024	2023
	RMB'000	RMB'000
Loan to related parties through financial leasing business – Entities controlled by the Ultimate Controlling Shareholder	70,000	
Financial leasing receivables repaid from related parties – Entities controlled by the Ultimate Controlling Shareholder	23,303	
Loan to related parties through factoring business – Entities controlled by the Parent Company	6,100	
Factoring receivables repaid from related parties – Entities controlled by the Parent Company	1,600	
Acquisition of right-of-use assets – Entities over which the Parent Company has significant influence	2,891	
Payment of rental expenses – Entities over which the Parent Company has significant influence – Entities controlled by the Parent Company – Parent Company	13,530 3,840 97	11,715 8,102 97
	17,467	19,914
Collection of transportation fee collected by related parties on behalf of the Group		
– Entities over which the Parent Company has significant influence – Entities controlled by the Parent Company	169,842 3,668	167,055 6,308
	173,510	173,363
Repayment of salaries and social benefits expense which was previously paid by related parties on behalf of the Group	2.15-	
– Ultimate Controlling Shareholder	9,135	8,425

FOR THE YEAR ENDED 31 DECEMBER 2024

RELATED PARTY TRANSACTIONS (Continued) 39

Transactions with related parties (Continued)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Factoring receivables repaid by related parties on behalf of third parties		
– Entities controlled by the Parent Company	159,495	55,194
– Entities over which the Parent Company has significant influence	85,500	84,771
– Entities controlled by the Ultimate Controlling Shareholder	144	
	245,139	139,965
Lease payment received from related parties on behalf of lessees	6.045	201
- Entities controlled by the Parent Company	6,045	381
– Entities over which the Parent Company has significant influence	81	
	6,126	381

Balances with related parties (c)

(i) Trade balances with related parties

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Trade receivables (Note 21)			
– Entities over which the Parent Company has significant			
influence	155,005	226,327	
– Entities controlled by the Parent Company	120,749	87,829	
– Entities over which the Ultimate Controlling			
Shareholder has significant influence	204	235	
– Entities controlled by the Ultimate Controlling Shareholder		7	
	275,958	314,398	

As at 31 December 2024 and 2023, the carrying amount of trade receivables were RMB275,958,000 and RMB314,398,000 with the allowance provision of RMB542,000 and RMB528,000, respectively.

FOR THE YEAR ENDED 31 DECEMBER 2024

RELATED PARTY TRANSACTIONS (Continued) 39

- Balances with related parties (Continued)
 - (i) Trade balances with related parties (Continued)

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
FVOCI – Notes receivable			
 Entities over which the Parent Company has significant 			
influence	15,412	30,969	
– Entities controlled by the Parent Company		19,902	
	15,412	50,871	
FVOCI – Trade receivables			
 Entities over which the Parent Company has significant influence 	91,285	39,727	
– Entities controlled by the Parent Company	191	10,291	
	91,476	50,018	
Notes receivable (Note 23)			
– Entities over which the Parent Company has significant			
influence – Entities controlled by the Parent Company	7,610 500	26,900 5,314	
– Entitles Controlled by the Farent Company		3,314	
	8,110	32,214	
Loan receivables			
– Entities controlled by the Ultimate Controlling			
Shareholder	47,373	-	
– Entities controlled by the Parent Company	4,530		
	F1 003		
	51,903		

As at 31 December 2024, the carrying amount of loan receivables were RMB51,903,000 with allowance provision of RMB465,000.

RELATED PARTY TRANSACTIONS (Continued) 39

- Balances with related parties (Continued)
 - Trade balances with related parties (Continued) (i)

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Prepayments – Entities over which the Parent Company has significant influence	1,601	3,250	
Entities controlled by the Parent CompanyParent company	203 35	21,390 35	
- Falent Company			
	1,839	24,675	
Notes payable			
 Entities over which the Parent Company has significant influence 	30,344	64,912	
– Entities controlled by the Parent Company	2,260	7,610	
	32,604	72,522	
Trade payables (Note 34) – Entities over which the Parent Company has significant			
influence	40,090	7,056	
– Entities controlled by the Parent Company	5,985	38,952	
– Parent Company	51	51	
	46,126	46,059	
Contract liabilities – Entities over which the Parent Company has significant			
influence – Entities controlled by the Parent Company	1,494 2	74 82	
Entities controlled by the Ultimate Controlling	2	82	
Shareholder		1	
	1,496	157	

FOR THE YEAR ENDED 31 DECEMBER 2024

RELATED PARTY TRANSACTIONS (Continued) 39

Balances with related parties (Continued)

(ii) Non-trade balances with related parities

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
Other receivables (Note 25)			
– Entities controlled by the Parent Company	1,074	12,960	
– Entities over which the Parent Company has significant			
influence	460	721	
– Parent Company	272	100	
 Ultimate Controlling Shareholder 	20	-	
	1,826	13,781	

As at 31 December 2024 and 2023, the carrying amount of other receivables were RMB1,826,000 and RMB13,781,000 with allowance provision of RMB25,000 and RMB33,000, respectively.

	As at 31 December		
	2024		
	RMB'000	RMB'000	
Other payables (Note 34)			
Loan, advance and interest payable to:			
– Ultimate Controlling Shareholder	903,899	-	
– Parent Company	829,000	825,645	
– Entities controlled by the Parent Company	4	52	
– Entities over which the Parent Company has significant			
influence	2	2,372	
	1,732,905	828,069	

FOR THE YEAR ENDED 31 DECEMBER 2024

RELATED PARTY TRANSACTIONS (Continued) 39

(d) Key management compensation

	Year ended 31 December		
	2024 2 RMB'000 RMB		
	NIVIB 000	RMB'000	
Salaries and other short-term employee benefits Pension costs, housing fund, medical insurances	2,543	3,121	
and other social insurances	885	799	
	3,428	3,920	

(e) Use of registered trademark

Pursuant to the trademark agreements with SXAG, the Company has the right to use the registered trademark of "che lun gun gun" at no cost from 28 August 2016 to 27 August 2026, Deewin Financing Leasing Co., Ltd. has the right to use the registered trademark of "Deyingtianxia" at no cost from 7 August 2012 to 31 December 2024, Shanghai Fargo Supply-chain Management (Group) Co., Ltd. has the right to use the registered trademark, which is a logo, at no cost from 21 March 2017 to 20 March 2027.

As at 31 December 2024, the Company renewed a trademark licensing framework agreement with SXAG. The new agreement will commence on 1 January 2025 and end on 31 December 2027.

FOR THE YEAR ENDED 31 DECEMBER 2024

40 **SUBSIDIARIES**

The Company had direct and indirect interests in the following subsidiaries during the year ended 31 December 2024 and 2023:

			Percentage of ed	quity attributable	
				Company	
	Place and date of		As of	As of	
	incorporation/	Registered	31 December	31 December	Principle activities
Directly held (Note (a))	Establishment	capital	2023	2024	and place of operation
Deewin Financing Leasing Co., Ltd	PRC,	RMB1,550,000,000	100%	100%	Financial leasing business in PRC
(德銀融資租賃有限公司)	24 November 2011				
Shanghai Deewin Commercial Factoring Co., Ltd	PRC,	RMB200,000,000	100%	100%	Factoring service in PRC
(上海德銀商業保理有限公司)	17 September 2013				
Shanghai Fargo Supply-chain Management (Group) Co., Ltd	PRC,	RMB50,000,000	100%	100%	Logistics and supply chain
(上海遠行供應鏈管理(集團)有限公司)	13 June 2012				business in PRC
Shaanxi Tianxingjian loV Information Technology Co., Ltd	PRC,	RMB100,000,000	100%	100%	Internet of Vehicle ("IoV") and
(陝西天行健車聯網信息技術有限公司)	18 June 2013				data service in PRC
Shaanxi Tonghui Automobile Logistics Co., Ltd	PRC,	RMB100,000,000	100%	100%	Logistics and supply chain
(陝西通匯汽車物流有限公司)	20 October 2005				business in PRC
Shanghai Fargo Logistics Service Co., Ltd	PRC,	RMB10,000,000	100%	100%	Logistics and supply chain
(上海遠行物流服務有限公司)	18 May 2015				business in PRC
Shaanxi Zhongfu Wulian Technology Service Co., Ltd	PRC,	RMB16,000,000	100%	100%	Logistics and supply chain
(陝西中富物聯科技服務有限公司)	12 June 2012				business in PRC
Xinjiang Fargo Supply Chain Management Co., Ltd	PRC,	RMB20,000,000	51%	51%	Logistics and supply chain
(新疆遠行供應鏈管理有限公司)	28 January 2013				business In PRC
Shaanxi Fargo Supply Chain Management Co., Ltd	PRC,	RMB3,000,000	100%	100%	Logistics and supply chain
(陝西遠行供應鏈管理有限公司)	12 December 2013				business in PRC
Henan Deewin Supply Chain Management Co., Ltd	PRC,	RMB30,000,000	51%	51%	Logistics and supply chain
(河南德銀供應鏈管理有限公司)	28 February 2014				business in PRC
Shanxi Deewin Fargo Supply Chain Management Co., Ltd	PRC,	RMB3,000,000	100%	100%	Logistics and supply chain
(山西德銀遠行供應鏈管理有限公司)	13 March 2014				business in PRC
Beijing Deewin Fargo Supply Chain Management Co., Ltd	PRC,	RMB3,000,000	100%	100%	Logistics and supply chain
(北京德銀遠行供應鏈管理有限公司)	10 June 2015				business in PRC
Inner Mongolia Fargo Supply Chain Management Co., Ltd	PRC, 14 March 2014	RMB3,000,000	100%	NA	Logistics and supply chain
(內蒙古遠行供應鏈管理有限公司)(c)					business in PRC
Shaanxi Huazhen Logistics Co., Ltd	PRC, 24 January 2011	RMB6,000,000	100%	NA	Logistics and supply chain
(陝西華臻物流有限公司) (d)					business in PRC

FOR THE YEAR ENDED 31 DECEMBER 2024

40 **SUBSIDIARIES (Continued)**

- All the companies comprising the Group are incorporated/established with limited liability in the PRC and (a) adopted 31 December as their financial year end date.
- (b) Shanghai Fargo Supply-chain Management (Group) Co., Ltd (上海遠行供應鏈管理(集團)有限公司), the shareholder of Shanghai Fargo Logistics Service Co., Ltd (上海遠行物流服務有限公司) made a written resolution to absorb and merge Shanghai Fargo Logistics Service Co., Ltd, on 17 January 2024. The deregistration of Shanghai Fargo Logistics Service Co., Ltd had not yet completed as of 31 December 2024.
- Shanghai Fargo Supply-chain Management (Group) Co., Ltd (上海遠行供應鏈管理(集團)有限公司), the (c) shareholder of Inner Mongolia Fargo Supply Chain Management Co., Ltd (內蒙古遠行供應鍵管理有限公 司) made a written resolution to absorb and merge Inner Mongolia Fargo Supply Chain Management Co., Ltd on 17 January 2024. Inner Mongolia Fargo Supply Chain Management Co., Ltd was deregistered on 18 December 2024.
- (d) Shaanxi Tonghui Automobile Logistics Co., Ltd (陝西通匯汽車物流有限公司), the shareholder of Shaanxi Huazhen Logistics Co., Ltd (陝西華臻物流有限公司) made a written resolution to absorb and merge Shaanxi Huazhen Logistics Co., Ltd on 30 May 2024. Shaanxi Huazhen Logistics Co., Ltd was deregistered on 28 November 2024.

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE 41 **COMPANY**

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
ASSETS			
Non-current assets			
Property, plant and equipment	5,327	3,946	
Investment properties	3,662	4,026	
Intangible assets	1,119	1,260	
Investment in an associate	9,600	9,641	
Investments in subsidiaries	2,472,053	2,472,053	
Right-of-use asset	380	477	
Other receivables from subsidiaries	359,815	657,736	
Deferred income tax assets	2	_	
	2,851,958	3,149,139	
Current assets			
Prepayments	1,823	32,676	
Other receivables from third parties	1,200	2,858	
Other receivables from subsidiaries	2,941,579	2,981,840	
Restricted cash at banks	12,284	22,723	
Cash and cash equivalents	714,718	712,892	
	3,671,604	3,752,989	
Total assets	6,523,562	6,902,128	
EQUITY			
Share capital	2,181,437	2,236,043	
Treasury shares	_,101,737	(70,559)	
Other reserves	1,080,090	1,114,320	
Retained earnings	325,394	321,553	
Total equity	3,586,921	3,601,357	
	3,333,321	3,001,337	

41 STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE **COMPANY (Continued)**

	As at 31 December		
	2024	2023	
	RMB'000	RMB'000	
LIABILITIES			
Non-current liabilities			
Lease liabilities	198	292	
Borrowings	208,373	542,296	
Other payables to third parties	_	_	
Deferred government grants	2,586	2,684	
	211,157	545,272	
Current liabilities			
Other payables to third parties	1,082,665	796,121	
Other payables to subsidiaries	66,521	67,565	
Lease liabilities	93	89	
Borrowings	1,576,205	1,891,724	
	2,725,484	2,755,499	
Total liabilities	2,936,641	3,300,771	
	2,555,611	3/333/11	
Total aquity and liabilities	6 522 562	6 002 129	
Total equity and liabilities	6,523,562	6,902,128	

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf.

Chairman: Guo Wancai Director: Wang Wenqi

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENTS OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE 41 **COMPANY (Continued)**

(a) Reserve movement of the Company

	Other reserves RMB'000	Retained earnings RMB'000
At 1 January 2023	1 004 562	240.607
Comprehensive income	1,094,562	240,687
Profit for the year		197,579
Transaction with owners:		
Dividends declared and paid	-	(96,955)
Appropriation of statutory reserves	19,758	(19,758)
		
Subtotal	19,758	(116,713)
At 31 December 2023	1,114,320	321,553
At 1 January 2024		
Comprehensive income		
Profit for the year		103,062
Transaction with owners:		(00.015)
Dividends declared and paid Appropriation of statutory reserves	10,306	(88,915) (10,306)
Cancellation of shares	(44,536)	(10,306)
Cancellation of strates	(44,330)	
Subtotal	(34,230)	(99,221)
At 31 December 2024	1,080,090	325,394

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42

42.1 Principles of consolidation and equity accounting

i. **Subsidiaries**

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

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

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

ii. **Associates**

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

iii. Equity method

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.1 Principles of consolidation and equity accounting (Continued)

Equity method (Continued)

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 42.8.

iv. Changes in ownership interests

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.2 Separate financial information

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

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

42.3 Segment reporting

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

42.4 Foreign currency translation

Functional and presentation currency

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

(b) Transactions and balances

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.5 Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 42.8).

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.

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.6 Intangible assets

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

42.7 Investment properties

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

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

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

Subsequent expenditure is capitalized to the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the 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 costs are expensed in the consolidated statements of comprehensive income during the financial period in which they are incurred.

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.8 Impairment of non-financial assets

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

42.9 Financial assets

i. Classification

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

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

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

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

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

ii. Recognition and derecognition

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

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.9 Financial assets (Continued)

iii. Measurement

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

Debt instruments iv.

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other losses - net". Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses generated from borrowings are presented in "financial income" and impairment losses on financial assets are presented in "net impairment losses on financial assets".
- FVTPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of comprehensive income within "other losses - net" in the period in which it arises.

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.9 Financial assets (Continued)

Equity instruments

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

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

vi. **Impairment**

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.9 Financial assets (Continued)

Impairment (Continued)

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

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

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

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

42.10 Financial liabilities

(a) Recognition and measurement

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

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

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

(b) Derecognition

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.11 Offsetting financial instruments

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

42.12 Inventories

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

42.13 Trade receivables

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

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

Trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 42.9 for further information about the Group's accounting policies for trade and other receivables.

42.14 Cash and cash equivalents

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.15 Share capital

Ordinary shares are classified as equity.

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

42.16 Trade and other payables

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

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. See Note 42.10 for further information about the Group's accounting policies for trade and other payables.

42.17 Borrowings

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.18 Borrowings cost

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

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

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

42.19 Current and deferred income tax

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

Current income tax

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

Deferred income tax

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

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

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

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.19 Current and deferred income tax (Continued)

Offsettina

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

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

42.20 Employee benefits

i. Short-term obligations

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

ii. Pension obligation

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

iii. Housing funds, medical insurances and other social insurances

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.20 Employee benefits (Continued)

Bonus entitlements

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

Termination benefits ٧.

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

42.21 Leases

i. The Group as a lessee

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

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

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

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

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.21 Leases (Continued)

The Group as a lessee (Continued)

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.21 Leases (Continued)

The Group acts as a buyer-lessor

Individual customers (the seller-lessee) transfer commercial vehicles (transferred assets) to the Group (the buyer lessor) and lease back from the buyer-lessor. The Group does not recognise the transferred assets as such transfer does not satisfy the requirements of IFRS 15 as a sale and recognise loan and receivables (Note 24) equal to transfer proceeds. Sale and leaseback transactions in which the relevant seller-lessees have an obligation or a right to repurchase the relevant assets were accounted as financing arrangements under IFRS 9.

42.22 Government grants

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

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

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

42.23 Provision and contingent liabilities

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES 42 (Continued)

42.24 Research and development

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

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

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

42.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company and the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Definition

In this annual report, unless the context otherwise requires, the following expressions shall have the following meaning:

"AGM" the annual general meeting of the Company

"Articles of Association" the articles of association of the Company

"Audit Committee" audit committee of the Board

"Board" or "Board of Directors" the board of Directors of the Company

"Board of Supervisors" the board of Supervisors of the Company

"China" or "the PRC" the People's Republic of China, except where the context requires otherwise and only for

the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region

of the PRC and Taiwan

"Companies Ordinance" the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended,

supplemented or otherwise modified from time to time

"Company" Deewin Tianxia Co., Ltd (德銀天下股份有限公司) (formerly known as Deewin Tianxia

Investment Holding Co., Ltd.* (德銀天下投資控股有限公司)), a limited liability company

established in the PRC on 14 August 2014 and registered as a joint stock company with

limited liability on 25 December 2020

"Connected person(s)" has the meaning ascribed to it under the Listing Rules

"Controlling Shareholder" has the meaning ascribed to it under the Listing Rules

"Deewin Factoring" Shanghai Deewin Commercial Factoring Co., Ltd.* (上海德銀商業保理有限公司), a limited

liability company established in the PRC on 17 September 2013, which is a wholly-owned

subsidiary of the Company

"Deewin Financial Leasing" Deewin Financial Leasing Co., Ltd.* (德銀融資租賃有限公司), a limited liability company

established in the PRC on 24 November 2011, which is a wholly-owned subsidiary of the

Company

"Director(s)" director(s) of the Company

"EIT" enterprise income tax of the PRC

"Global Offering" the Hong Kong Public Offering and the International Offering both as defined in the

Prospectus

Definition

"Group", "our Group", "the Group", "we" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards
"Independent Customers"	including Independent Logistics Supply Chain Customers, Independent Factoring Customers, Independent Financial Leasing Customers and Independent IoV Customers
"IoV" or "Internet of Vehicles"	the business which uses sensing technology to collect data in relation to automobile, in particular the data of automobile operation, driving behaviour of drivers and driving location, in order to provide data service and information service to various market participants of automobile ecosphere
"Latest Practicable Date"	27 March 2025, being the latest practicable date for ascertaining certain information in this report before its publication
"Listing"	the listing of the H Shares on the Main Board
"Listing Date"	15 July 2022, being the date on which the H Shares was listed and on which dealings in the H Shares was first permitted to take place on the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Meixin"	Meixin Insurance Agency (Shanghai) Co. Ltd.* (美信保險經紀(上海)有限公司), a limited liability company established in the PRC on 14 September 2010, in which 30.00% equity interest is held by the Company and remaining 70.00% equity interest is held by an independent third party

"Nomination Committee"	nomination committee of the Board
"PRC Company Law"	Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"Prospectus"	the prospectus being issued by the Company dated 30 June 2022 in connection with the Global Offering
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shaanxi Automobile"	Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司) (formerly known as Shaanxi Automobile Group Co., Ltd.* (陝西汽車集團有限責任公司)), a limited liability company established in the PRC on 18 November 1989 and registered as a joint stock company with limited liability on 30 March 2021. It is a Controlling Shareholder
"Shaanxi Automobile Group"	Shaanxi Automobile and its affiliated companies
"Shaanxi Automobile Holding"	Shaanxi Automobile Holding Group Co., Ltd.* (陝西汽車控股集團有限公司), a limited liability company established in the PRC on 20 August 2012 and a Controlling Shareholder, in which 51.00% equity interest is held by the State-owned Assets Supervision and Administration Commission of the People's Government of Shaanxi Province and 49.00% equity interest is held by one company that is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shaanxi

Province

Definition

"Shaanxi Commercial Automobile"

Shaanxi Group Commercial Automobile Co., Ltd.* (陝汽集團商用車有限公司), a limited liability company established in the PRC on 10 April 2002 and a Controlling Shareholder, in which 68.51% equity interest is held by Shaanxi Automobile and 31.49% equity interest is held in aggregate by three independent third parties. The Company was held as to 0.54% by Shaanxi Commercial Automobile as at the Latest Practicable Date

"Shaanxi Heavy Duty Automobile" Shaanxi Heavy Duty Automobile Co., Ltd.* (陝西重型汽車有限公司), a limited liability company established in the PRC on 18 September 2002, in which 49.00% equity interest is held by Shaanxi Automobile and 51.00% equity interest is held by Weichai Power Co., Ltd. (濰柴動力股份有限公司), which is a company listed on the Main Board of the Stock Exchange (stock code: 2338) and the main board of Shenzhen Stock Exchange (stock code: SZ000338) and an independent third party. The Company was held as to 5.37% by Shaanxi Heavy Duty Automobile as at the Latest Practicable Date

"Shaanxi Holding Group"

Shaanxi Automobile and Shaanxi Automobile Holding and/or their respective associates (excluding the members of our Group)

"Share(s)"

ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares

holder(s) of the Shares

"Stock Exchange" or the

"Shareholder(s)"

The Stock Exchange of Hong Kong Limited

"Hong Kong Stock Exchange"

"subsidiary(ies)" has the meaning ascribed to it in section 15 of the Companies Ordinance

"substantial shareholder(s)"

has the meaning ascribed to it under the Listing Rules

"Supervisor(s)" supervisor(s) of the Company

"Tianxingjian" Shaanxi Tianxingjian Internet of Vehicle Information Technology Co., Ltd.* (陝西天行健車聯

網信息技術有限公司), a limited liability company established in the PRC on 18 June 2013,

which is a wholly-owned subsidiary of the Company

"Tonghui" Shaanxi Tonghui Automobile Logistics Co., Ltd.* (陝西通匯汽車物流有限公司), a limited

liability company established in the PRC on 20 October 2005, which is a wholly-owned

subsidiary of the Company

"%" per cent.