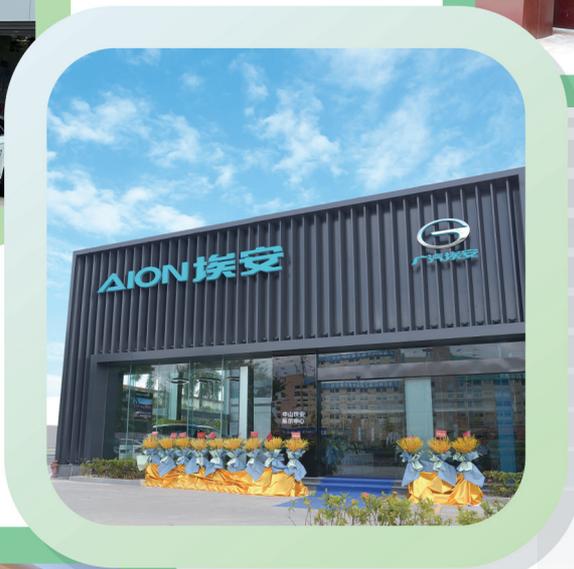


CENTENARY UNITED HOLDINGS LIMITED  
世紀聯合控股有限公司

(incorporate in the Cayman Islands with limited liability)  
Stock code : 1959



Interim Report  
2022

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Law Hau Kit  
*(Chairman and Chief Executive Officer)*  
Mr. Chen Shaoxing  
Ms. Li Huifang

### Non-Executive Director

Mr. Woo King Hang *(Vice Chairman)*

### Independent Non-Executive Directors

Mr. Li Wai Keung  
Mr. Hui Chun Tak  
Ms. Yan Fei

## AUTHORISED REPRESENTATIVES

Mr. Law Hau Kit  
Mr. Chan Ngai Fan

## JOINT COMPANY SECRETARY

Mr. Chan Ngai Fan  
Ms. Liang Jiexin

## AUDIT COMMITTEE

Mr. Li Wai Keung *(Chairman)*  
Mr. Hui Chun Tak  
Ms. Yan Fei

## REMUNERATION COMMITTEE

Mr. Hui Chun Tak *(Chairman)*  
Mr. Chen Shaoxing  
Mr. Li Wai Keung

## NOMINATION COMMITTEE

Mr. Law Hau Kit *(Chairman)*  
Mr. Hui Chun Tak  
Ms. Yan Fei

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No.40, Rainbow Road  
Western District  
Zhongshan, Guangdong Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1426, 14/F., Solo Building  
41-43 Carnarvon Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

## AUDITOR

### **Ernst & Young**

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

27/F, One Taikoo Place,

979 King's Road,

Quarry Bay, Hong Kong

## STOCK CODE

1959

## COMPANY'S WEBSITE

[www.car2000.com.cn](http://www.car2000.com.cn)

## CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

### **Conyers Trust Company (Cayman) Limited**

Cricket Square, Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

### **Tricor Investor Services Limited**

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKERS

### **Industrial and Commercial Bank of China (Zhongshan North Branch)**

No. 4, Ganglong South Road

ICBC Building

Zhongshan, Guangdong Province

PRC

### **China Construction Bank (Zhongshan Shalang Branch)**

No. 2, Jinhua South Road

Zhongshan, Guangdong Province

PRC

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

In the first half of 2022, due to various factors such as pandemic lockdown and control measures, the Ukrainian crisis and supply chain disruptions, the domestic economic development was exposed to a complicated and challenging environment as well as distinctly heightened uncertainties, and various economic growth indicators were under heavy pressure. The domestic automobile market also experienced ups and downs in the first half of 2022. As the automobile industry is one of the important pillars of the domestic economy, the added value of the automobile manufacturing industry accounted for approximately 7% of the overall industrial added value, and the retail sales of automobiles accounted for approximately 10% of the total retail sales of consumer goods in China. The development of automobiles and related industries are closely related to the overall economic performance, and plays an important role in promoting economic development and boosting social employment.

According to the data released by the China Association of Automobile Manufacturers (CAAM), domestic auto production and sales in the first half of 2022 fell by 3.7% and 6.6% year on year respectively, mainly due to the tight or even disrupted automobile supply chains in mid and late March, resulting in a plunge in monthly production and sales. Since April, China has launched a series of automobile-related policies, including halving taxes on purchase of certain passenger vehicles, issuing RMB90 billion loans for trucks to state-owned automakers, and promoting new-energy vehicle(s) (“**NEV(s)**”) in rural areas in 2022, all of which have vitalised the automobile market. With policy support, the automobile market has shown strong resilience. In June, automobile production and sales recorded a year-on-year growth of 28.2% and 23.8% respectively, reflecting the full normalisation of the supply chain of the automobile industry, accelerated production of automakers and crystal recovery of auto consumption.

NEVs had stellar performance in adversity in the first half of 2022. Both production and sales volumes rose by 120% to 2.661 million and 2.6 million units respectively. The sales of NEVs accounted for 21.7% of the total new car sales, which indicates that the target of 20% share of NEV sales by 2025 proposed by the State Council has been achieved ahead of schedule. High production and sales volumes are recorded. It reflects that China gradually leads the world in NEV development. A number of multinational auto giants began to focus on the Chinese market to adjust their development strategy for NEVs. The government of the People’s Republic of China (“**PRC**”) actively launched many policies to promote the development of NEVs, creating a good development environment for the vehicles. In addition, with the improvement of technology, it is easier for consumers to accept NEVs in terms of mileage and charging convenience.

According to the forecast of CAAM, the sales volume of vehicles in China is expected to exceed 27 million in 2022, a year-on-year increase of approximately 3%, of which NEV sales are expected to hit a record high of 5.5 million, a year-on-year increase of more than 56%.

### BUSINESS REVIEW

During the six months ended 30 June 2022 (the “**Reporting Period**”), Centenary United Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) recorded revenue of approximately RMB777.5 million, a decrease of approximately 20.6% from the corresponding period in 2021 (the “**Previous Period**”). Gross profit increased by 18.7% to approximately RMB53.4 million, while gross profit margin rose by 50.0% year on year to approximately 6.9%.

Headquartered in Zhongshan City, Guangdong Province, the Group is located at the center of the Guangdong-Hong Kong-Macao Greater Bay Area (“**Greater Bay Area**”). It is positioned as the most distinctive and diversified automaker in the Greater Bay Area. During the Reporting Period, the Group operated a total of 30 outlets in Zhongshan, Foshan, Jiangmen and other cities in the Greater Bay Area, one insurance agency company, three used-vehicle trading centres, and a company engaged in the construction of charging stations and operation of ride-hailing business. In addition to the above-mentioned 30 outlets currently in operation, the Group opened 4 NEV stores in July 2022. Another 3 NEV stores are still under construction and are expected to open before the third quarter of this year. By then, the total number of stores the Group operates will reach 37.

The Group has up to 19 brands authorised by automobile manufacturers, among which 9 are pure electric vehicle brands, namely GAC Aion, Leapmotor, Great Wall ORA, Volkswagen ID, Dongfeng New Energy, EVH, SOL, ARCFOX and MARVEL R, and 10 are mid-to-high-end joint venture brands, namely Jaguar Land Rover, FAW-Volkswagen, Buick, Chevrolet, FAW Toyota, Dongfeng Nissan, Dongfeng Venucia, Cadillac, Beijing Hyundai and Volkswagen New Jetta.

### SALES OF NEW VEHICLES

During the Reporting Period, the Group’s sales revenue of new vehicles was approximately RMB633.4 million (5,095 units in total), a decrease of approximately 24.0% as compared to approximately RMB833.2 million (7,079 units in total) recorded in the Previous Period. The decline in sales of new vehicles was mainly due to the implementation of anti-pandemic measures in various regions in China in the first half of this year, which had a certain impact on sales of traditional vehicles. This, coupled with the marked slowdown in the domestic economy which affected the purchasing power of small and medium-sized enterprises, put pressure on the overall sales performance.

## MANAGEMENT DISCUSSION AND ANALYSIS

Among the sales of new vehicles during the Reporting Period, the sales volume of gasoline vehicles and NEVs reached approximately 4,346 and 749 units respectively, accounting for 14.7%. It shows the Group's strength and determination to sell NEVs.

In the first half of 2022, the delivery by some automakers was delayed due to the pandemic, resulting in failure of shipment of part of orders of the Group. As the supply chain returned to normal, the production capacity of automakers stabilised. It is expected that the backlog of orders will be gradually completed in the second half of this year. As the pandemic gradually stabilises and economic activities return to the growth track, the overall vehicle sales in the second half of this year are expected to be increased as the passenger vehicle market further picks up.

### SALES AND SERVICES OF USED VEHICLES

The Group sold 485 used vehicles during the Reporting Period, with sales revenue of approximately RMB20.8 million, a year-on-year decrease of 10.0% from approximately RMB23.1 million (487 units in total) as compared to the Previous Period. This was mainly due to the fact that as domestic economic activities slowed down in the first half of 2022, the demand in the automobile market decreased significantly, leading to the subdued purchasing power of used vehicles, and dragging on the sales performance of the used-vehicle market.

### OTHER INTEGRATED AUTO SERVICES

As the most distinctive and diversified car service provider in the Greater Bay Area, the Group offers a series of after-sales services in addition to car sales, including repair and maintenance services, spare parts sales, insurance agency services, and other services. Revenue from integrated auto services amounted to approximately RMB123.3 million during the Reporting Period (Previous Period: RMB123.3 million), which was similar to that during the Previous Period and remained stable.

As of the end of 2021, car ownership in China exceeded the 300 million threshold for the first time. Following the year of 2020, China once again surpassed the United States and became the world's largest car production and sales country. The average car ownership per 1,000 people reached 214 units, which creates huge demand for repair and maintenance, car care, car accessories and other diversified service needs. The Group has developed the Centenary United Big Data Intelligence System (the "**CUBDIS**"), which helps the Company improve its internal management mechanisms and strengthen compliance management capabilities. The dynamic analysis of user experience has been made possible with the big data system. The Group improves customers' stickiness and loyalty and the overall business profitability for a sustainable closed-loop service ecosystem.

### REPAIR SERVICES

The Group's repair services are comprised of repair and maintenance services, sales of spare parts, car care services and used vehicle warranty services. During the Reporting Period, revenue from repair services amounted to approximately RMB96.8 million (Previous Period: RMB101.7 million), accounting for approximately 12.5% of the total revenue, representing a slight decrease of 4.8% as compared with the Previous Period. The gross profit margin was 40.8%.

### INSURANCE AGENCY SERVICES

For the Reporting Period, revenue from the Group's insurance agency services was approximately RMB3.6 million, a decline of approximately 45.5% from RMB6.6 million in the Previous Period. Gross profit dropped 49.2% year on year to approximately RMB3.1 million from RMB6.1 million in the Previous Period. The decline in revenue and gross profit from insurance agency services was mainly due to the decrease in sales of new vehicles and the reduction in rebate policies of insurance companies.

### OTHER SERVICES

Other services of the Group mainly comprised of vehicle registration services, registration of title transfer of used vehicles, charging station business and ride-hailing services. Revenue from other services was approximately RMB22.9 million during the Reporting Period, a surge of approximately 52.7% from RMB15.0 million in the Previous Period. This was mainly due to the increase in revenue from the charging pile business and the ride-hailing business.

### DIVIDENDS

The board of directors (the "**Board**") of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

### PROSPECT AND OUTLOOK

Looking forward to the second half of 2022, with the stabilisation of the domestic economy, the passenger vehicle market will further recover, and NEVs are expected to maintain rapid growth. In order to seize the golden opportunity from the development of NEVs, the forward-looking Group began to establish an NEV-centric mobility model as early as 2019 and built its own presence in the NEV market. It operates four types of businesses, namely NEV sales, charging stations for NEVs, ride-hailing services and used vehicles, aiming to offer closed-loop services for NEV-centric mobility. With the accelerated "upgrade and replacement" of conventional fossil-fuel vehicles with NEVs and the gradual shift from policy-driven to market-driven trend, the NEV industry get onto the fast-growing track.

## MANAGEMENT DISCUSSION AND ANALYSIS

In order to grasp enormous market demand arising from NEV-centric mobility, the Group continues its deep dive into the NEV sales business. The Group managed to obtain the dealership of 9 popular electric vehicle brands in just over a year, accounting for 47% of the number of the Group's authorised brands. Furthermore, the Group also established strategic cooperation with world-renowned pioneers in the NEV industry to jointly explore the journey of NEV-centric mobility in China.

The Group has been engaging in the development of charging stations of NEVs. It established the charging pile brand "Zhangyu Charge" (章魚充) and forged strategic partnerships with a number of charging pile suppliers, offering a strong support with enhanced safety and reliability for its charging pile network. The Group strives to build 2,000 charging piles by 2024 and become one of the top three charging pile platform operators in the Greater Bay Area. Meanwhile, it will make all-round presence in the region. The Group's charging pile network will cover all cities in the Greater Bay Area in the future. During the Reporting Period, the Group built 39 charging stations and 192 charging piles, providing a total of 338 charging points, and 11 charging stations and 58 charging piles were under construction, which are expected to provide 116 charging points after completion.

In terms of ride-hailing services, the Group will adopt a multi-mode operation under which it will procure directly and rent NEVs to participate in the ride-hailing business. Revenues will be sourced from rent, operation and administrative management, with a view to facilitating the charging business while boosting the sales of NEVs.

As far as the used-vehicle market is concerned, the Group will continuously bring the best of its existing resources in the second half of this year to boost the sales of NEVs and provide an entry for the replacement of used vehicles. Its one-stop used-vehicle complex in Zhongshan is expected to welcome more than 20 automobile dealers and contain over 250 booths displaying used vehicles to provide one-stop used vehicles services for customers. The services include acquisition, sales, ownership transfer, quality assurance, maintenance and repair, maintenance and care, online platform and financial insurance and others. The Group will focus on its three used-vehicle trading centres to offer related services for used vehicles it sells and third-party used-vehicle stores, in a bid to further consolidate its market position in the Greater Bay Area and build a unique used-vehicle trading platform.

The management of the Company believes that NEVs will become the market focus in the future. The Group's "Entering the Greater Bay Area, Embracing New Energy" strategy features three-track development of NEV sales, charging station of NEVs and ride-hailing services. As for NEV sales, it will focus on increasing sales outlets with outstanding talent teams, and making good use of the advantage of steady price difference of NEVs, and seizing the opportunities from market development to promote sales business. With the goal of completing the installation of 2,000 charging piles in three years, the Group endeavours to become one of the top three charging pile platform operators in the Greater Bay Area, in hope of contributing to earnings of the Group as soon as possible. Its ride-hailing services segment looks to benefit from the development of the Greater Bay Area by expanding its presence beyond Zhongshan and Zhuhai. Furthermore, as the Group will continuously enhance its development in the traditional vehicle business, it will leverage on the economic growth momentum in the second half of this year and the opportunities arising from policies to consistently create value for shareholders.

### FINANCIAL REVIEW

#### Revenue

For the Reporting Period, the Group recorded a revenue of approximately RMB777.5 million, representing a decrease of approximately RMB202.1 million or 20.6% from that of approximately RMB979.6 million for the Previous Period. Sales of motor vehicles contributed approximately RMB654.2 million for the Reporting Period (Previous Period: approximately RMB856.3 million) of the Group's total revenue whereas other integrated auto services brought in revenue of approximately RMB123.3 million for the Reporting Period (Previous Period: approximately RMB123.3 million), representing approximately 84.1% (Previous Period: approximately 87.4%) and 15.9% (Previous Period: approximately 12.6%) of the Group's total revenue, respectively. The decrease of revenue mainly derived from the decrease of sales of motor vehicles.

#### Cost of sales and gross profit margin

The Group's cost of sales primarily consists of (i) cost of motor vehicles, (ii) cost of spare parts and accessories, (iii) staff costs, (iv) depreciation, and (v) others. Cost of motor vehicles is the main source of cost of sales, accounting for approximately 89.8% for the Reporting Period (Previous Period: approximately 92.7%). For the Reporting Period, the Group's cost of sales amounted to RMB724.1 million, representing a decrease of approximately 22.5% as compared to that of approximately RMB934.6 million for the Previous Period. The decrease was mainly due to the decrease in demand of motor vehicles and spare parts.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded gross profit of approximately RMB53.4 million for the Reporting Period, representing an increase of approximately 18.7% as compared to that of approximately RMB45.0 million for the Previous Period. The increase in gross profit was mainly attributable to the strong sales of NEVs during the Reporting Period which had a higher gross profit margin than the sales of traditional vehicles. Overall gross profit margin of the Group increased to approximately 6.9% for the Reporting Period from approximately 4.6% for the Previous Period.

### **Other income and gains**

Other income and gains increased by approximately RMB3.9 million, or 25.5%, from approximately RMB15.3 million for the Previous Period to approximately RMB19.2 million for the Reporting Period, primarily attributable to the commission income from releasing vehicle mortgage for the customers, commission income for automotive explosion-proof membrane, commission income from third party financing institution for vehicle financing and advertisement support received from automobile manufacturers for the advertising activities.

### **Selling and distribution expenses**

The Group's selling and distribution expenses slightly increased by approximately RMB0.4 million, or 1.3%, from approximately RMB30.8 million for the Previous Period to approximately RMB31.2 million for the Reporting Period.

The increase in selling and distribution expenses for the Reporting Period was primarily due to the increase in salary and wages as a result of the increased number of staff due to the development of NEV business as compared to the Previous Period.

### **Administrative expenses**

Administrative expenses primarily consist of (i) salary and wages of administrative staff; (ii) rental expenses; (iii) depreciation and amortization of fixed asset; (iv) property repair and maintenance expenses; (v) sundry expenses such as utility expenses and telephone expenses; and (vi) bank charges. The Group's administrative expenses for the Reporting Period were approximately RMB37.4 million, representing an increase of approximately RMB4.3 million from the Previous Period. Such increase was mainly due to the combined effect of (i) the increase in salary and wages of administrative staff of approximately RMB2.8 million; (ii) the decrease of rental expense of approximately RMB1.3 million due to rent concession; (iii) the increase of depreciation and amortization of fixed assets and right-of-use assets of approximately RMB1.8 million and (iv) the increase in repair and maintenance expenses of approximately RMB0.4 million.

### **Finance costs**

For the Reporting Period, the Group's finance costs were approximately RMB5.7 million (Previous Period: RMB5.8 million), which were similar as compared to the Previous Period due to the decrease of interest-bearing bank and other borrowings and the increase of lease liability.

### **Loss for the period**

As a result of the foregoing, the Group's loss for the Reporting Period was approximately RMB7.8 million as compared to approximately RMB8.1 million for the Previous Period. The decrease in loss is mainly attributable to the strong sales of NEVs during the Reporting Period which had a higher gross profit margin than the sales of traditional vehicles.

### **Income tax expense/credit**

For the Reporting Period, the income tax expense of the Group was approximately RMB2.3 million (Previous Period: income tax credit of approximately RMB1.5 million). The increase was primarily attributable to the increase in the Group's taxable profit for the six months ended 30 June 2022.

### **Liquidity, financial resources and capital structure**

The Group continues to adhere to the principle of prudent financial management and generally meets its working capital requirements by cash flows generated from its operations and short term borrowings.

The Group's gearing ratio, which is total debt divided by total equity, as at 30 June 2022 was approximately 1.30 times (as at 31 December 2021: 0.97 times). The increase was mainly due to the increase of amount due to a director during the Reporting Period.

The Group's pledged bank deposits and cash and cash equivalents balances as at 30 June 2022 amounted to approximately RMB93.4 million, representing a decrease of approximately RMB65.8 million as compared to that of approximately RMB159.2 million as at 31 December 2021.

The Group's interest-bearing bank and other borrowings as at 30 June 2022 were all denominated in Renminbi. The interest rates ranged from 3.00% to 5.655% per annum.

As at 30 June 2022, the Group's interest-bearing bank and other borrowings amounted to RMB164.5 million, representing a decrease of 23.3% as compared to RMB214.6 million as at 31 December 2021. Short-term loans and borrowings amounted to approximately RMB164.5 million (as at 31 December 2021: RMB214.6 million), and long-term loans and borrowings was nil (as at 31 December 2021: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's total equity attributable to owners of the parent was approximately RMB256.0 million as at 30 June 2022 (as at 31 December 2021: approximately RMB261.7 million). The capital of the Group mainly comprises share capital and reserves.

### **Capital expenditures and commitments**

As at 30 June 2022, the capital commitments of the Group in connection with building expenditures was approximately RMB9.0 million (as at 31 December 2021: RMB5.8 million).

### **Foreign exchange**

The Group mainly operates in the PRC and the majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Renminbi. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that the Group should have sufficient resources to meet foreign exchange requirement if they arise. Therefore, the Group did not engage in any derivative contracts to hedge its exposure to foreign exchange risk during the Reporting Period.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 30 June 2022 (as at 31 December 2021: nil).

### **Significant Investments, Acquisitions and Disposals, Future Plan for Material Investments and Capital Assets**

During the Reporting Period, Guangdong Centenary United New Energy Technology Co., Ltd. an indirect wholly-owned subsidiary of the Company, entered into a lease with the Zhongshan branch of Shanghai Jiaxing Automobile Service Co., Ltd. to rent 280 Changan Eado EV460 new-energy electrical vehicles for a term of 36 months for the Group to lease out to drivers of the T3 Mobility platform as ride-hailing vehicles on 2 March 2022. For details, please refer to the announcement of the Company dated 2 March 2022.

On 29 March 2022, Foshan Centenary Lianshun New Energy Automobile Co., Ltd., an indirect wholly-owned subsidiary of the Company, entered into a property lease agreement with Foshan Hezhan Yinghui Property Management Co., Ltd. on the leasing of part of the first floor of Block 1, No. 55, West Jili Avenue, Chancheng District, Foshan City for the Group's construction of a new-energy vehicle dealership store from 15 April 2022 to 10 June 2036. For details, please refer to the announcement of the Company dated 29 March 2022.

Save as disclosed above, the Group had no other material acquisitions or disposals during the Reporting Period.

The Group had not held any significant investments as at 30 June 2022 (as at 30 June 2021: nil).

Save as disclosed herein, as of the date of this report, the Group did not have other plans for material investments or capital assets.

### **Pledge of assets**

As at 30 June 2022, the Group's utilised banking facilities amounting to approximately RMB164.5 million (as at 31 December 2021: RMB214.6 million) were secured by:

- (i) certain of the Group's merchandised goods amounting to approximately RMB35.9 million as at 30 June 2022 (as at 31 December 2021: RMB33.6 million);
- (ii) the Group's buildings, which had a net carrying amount of approximately RMB6.7 million as at 30 June 2022 (as at 31 December 2021: RMB7.0 million);
- (iii) the Group's right-of-use assets, which had a net carrying amount of approximately RMB9.8 million as at 30 June 2022 (as at 31 December 2021: RMB10.1 million);
- (iv) a pledged deposit of approximately RMB10.0 million as at 30 June 2022 (as at 31 December 2021: RMB10.0 million);
- (v) the Group's bills payable was secured by pledged deposits of approximately RMB38.7 million as at 30 June 2022 (as at 31 December 2021: RMB83.2 million); and
- (vi) pledged deposits for others of approximately RMB1.0 million as at 30 June 2022 (as at 31 December 2021: RMB1.0 million).

### **USE OF NET PROCEEDS FROM LISTING**

The shares of the Company (the "**Share(s)**") were listed on the Main Board of the Stock Exchange on 18 October 2019 (the "**Listing**"). The net proceeds from the Listing amounted to approximately HK\$105.2 million (the "**Net Proceeds**").

As set out in the announcement of the Company dated 24 December 2021, the Board had resolved to change the use of the unutilised Net Proceeds as at 24 December 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the intended use of Net Proceeds, the revised allocation of unutilised Net Proceeds as at 24 December 2021 and the actual amounts of Net Proceeds used up to 30 June 2022:

	Intended use of Net Proceeds as disclosed in the Prospectus (adjusted)* HK\$ million	Utilised amount of Net Proceeds up to 24 December 2021 HK\$ million	Revised allocation of the unutilised Net Proceeds as at 24 December 2021 HK\$ million	Utilised amount of Net Proceeds after revised allocation from 25 December 2021 to 30 June 2022 HK\$ million	Unutilised amount of Net Proceeds after revised allocation as at 30 June 2022 HK\$ million
Organic growth of the Group's network expansion	32.7	32.7	—	—	—
Selective acquisition	26.8	—	—	—	—
Expansion of the Group's other integrated auto services	29.6	5.2	—	—	—
Big data analysis and online marketing	10.7	2.7	—	—	—
General working capital	5.4	5.4	—	—	—
Opening of NEV outlets in the Greater Bay Area	—	—	28.2	28.2	—
Further expansion of the network of charging stations in major cities in the Greater Bay Area	—	—	8.0	8.0	—
Acceleration of the launch of online ride-hailing services in the region	—	—	23.0	23.0	—
<b>Total</b>	<b>105.2</b>	<b>46.0</b>	<b>59.2</b>	<b>59.2</b>	<b>—</b>

\* The net proceeds from the Listing, after deducting the Listing expenses of approximately HK\$29.8 million, amounted to approximately HK\$105.2 million, which is slightly lower than the estimated net proceeds of approximately HK\$107.5 million as disclosed in the prospectus of the Company dated 30 September 2019 (the "Prospectus"). The difference of approximately HK\$2.3 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed "Future Plans And Use Of Proceeds" in the Prospectus.

All the remaining unutilised Net Proceeds have been applied in the manner consistent with the proposed allocations as set out in the announcement of the Company dated 24 December 2021. For the reasons and benefits of updating the expected timetable for use of Net Proceeds and changing use of Net Proceeds, please refer to the announcement of the Company dated 24 December 2021 and the supplementary announcement of the Company dated 21 January 2022 for details.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total workforce of approximately 906 employees (as at 31 December 2021: 902). Most of the Group's employees were located in China. The Group offered its staff with competitive remuneration packages. In addition, the Group conducts annual review on salary increment, discretionary bonuses and promotions based on the performance of each employee. During the Reporting Period, the Group did not experience any significant problems with its employees due to labour disputes nor did we experience any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Board has the general power of determining the remuneration of the directors of the Company (the “**Directors**” and each a “**Director**”), subject to authorization of the shareholders of the Company at the annual general meeting each year. The remuneration of the executive Directors is subject to review by the remuneration committee (“**Remuneration Committee**”) of the Company, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the independent non-executive Directors' remuneration, it is determined by the Board upon recommendation from the Remuneration Committee.

The Company has adopted a share option scheme as incentives to Directors and eligible employees. Details of the share option scheme are set out under the heading “Share Option Scheme” below.

# OTHER INFORMATION

## UPDATES ON SUSPECTED MISAPPROPRIATION OF FUNDS

Reference is made to the announcement of the Company dated 11 March 2022 in relation to the suspected misappropriation of funds of a subsidiary of the Company (the “**Misappropriation**”).

### Action taken and findings

As previously announced and following the discovery of the Misappropriation, the Company engaged Moore Advisory Services Limited as an independent internal control consultant (the “**Internal Control Consultant**”) in April 2022 to conduct an investigation on the Group’s internal control policies and procedures in response to the Misappropriation and provide corresponding recommendations on how to improve the Group’s internal control system.

The Internal Control Consultant carried out an internal control review on sales management of vehicles, accounts receivable and cash management. A few issues relating to standardization of sales process, filing and documentation of sales record, company chop management and reconciliation of bank accounts were identified. Based on recommendations from the Internal Control Consultant, appropriate management action plans have been established and implemented by the Group as at the date of this report to address the internal control areas that require further improvements. For details of the above, please refer to the announcement of the Company dated 1 September 2022.

Regarding the latest development of the Misappropriation, as previously announced, Zhongshan Century Jaguar Automobile Co., Ltd.\* (中山市世紀捷虎汽車有限公司) (“**Zhongshan Century Jaguar**”) reported the Misappropriation of the legally dismissed employee who was involved in the Misappropriation (the “**Former Employee**”) to the Chinese police authorities and the Former Employee has been criminally detained by the relevant Chinese police authorities in March 2022. In addition, Zhongshan Century Jaguar planned to recover the misappropriated funds from the Former Employee as well as claim for compensation from the relevant insurance company.

As at the date of this report, the Company was informed that (i) the Chinese police authorities have completed the criminal investigation of the Former Employee and transferred the case to The First Procuratorate of Zhongshan in June 2022. The first hearing was held on 9 August 2022, and as at the date of this report, the case was still pending for further trials; and (ii) the insurance company has rejected the relevant claims of Zhongshan Century Jaguar as the vehicles involved in the Misappropriation were not included in the compensation coverage (the “**Rejection of the Insurance Claim**”).

The Group has recognised other expenses of approximately RMB7.4 million in respect of the Misappropriation in the financial year ended 31 December 2021, and approximately RMB2.4 million has been recognised as other expenses for the six months ended 30 June 2022.

The Board is of the view that the Rejection of the Insurance Claim will not have a material adverse effect on the Group’s financial position and business operations.

## DISCLOSURE OF INTERESTS

As at 30 June 2022, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under section 336 and 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

### (i) Director’s interest in the Company

Name of Director	Capacity/nature	Number of Shares held/Interested in	Interest in underlying Shares pursuant to share option	Total	Long/short position	Approximate percentage of shareholding as at 30 June 2022
Mr. Law Hau Kit	Interest in a controlled corporation	373,916,000 (Note 1)	–	373,916,000	Long	74.01%
	Beneficial owner	–	6,000,000 (Note 2)	6,000,000	Long	1.19%
Mr. Chen Shaoxing	Beneficial owner	–	1,600,000 (Note 2)	1,600,000	Long	0.32%
Ms. Li Huifang	Beneficial owner	–	1,900,000 (Note 2)	1,900,000	Long	0.38%
Mr. Woo King Hang	Beneficial owner	400,000	2,100,000 (Note 2)	2,500,000	Long	0.50%
Ms. Yan Fei	Beneficial owner	–	1,000,000 (Note 2)	1,000,000	Long	0.20%
Mr. Li Wai Keung	Beneficial owner	–	1,000,000 (Note 2)	1,000,000	Long	0.20%
Mr. Hui Chun Tak	Beneficial owner	200,000	800,000 (Note 2)	1,000,000	Long	0.20%

*Notes:*

- Chong Kit Limited is wholly owned by Mr. Law. Under the SFO, Mr. Law is deemed to be interested in the same number of Shares in which Chong Kit Limited is interested.
- The interest of each of Mr. Law, Mr. Chen, Ms. Li, Mr. Woo, Ms. Yan, Mr. Li and Mr. Hui in 6,000,000, 1,600,000, 1,900,000, 2,100,000, 1,000,000, 1,000,000 and 800,000 underlying Shares represents his/her interest in the share options granted by the Company to him/her on 21 May 2020 and 21 May 2021 under the share option scheme (the “Share Option Scheme”) adopted on 16 September 2019. For details, please refer to the table disclosing movements in the share options of the Company under the section headed “Share Option Scheme” in page 22-26 of this report. Each of Mr. Law, Mr. Chen, Ms. Li, Mr. Woo, Ms. Yan, Mr. Li and Mr. Hui has confirmed that he/she will not exercise any Share Options if as a result of which the Company will not be able to comply with the public float requirement of the Listing Rules.

## OTHER INFORMATION

### (ii) Directors' interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature	Number of Shares held/interested in	Long/short position	Percentage of shareholding
Mr. Law Hau Kit	Chong Kit Limited (Note 1)	Beneficial owner	1	Long	100.00%

Note:

1. Chong Kit Limited holds more than 50% of the Shares. Therefore Chong Kit Limited is a holding company and an associated corporation of the Company.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as the Directors are aware, as at 30 June 2022, the interest and short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO are as follows:

## Substantial shareholders' interest in the Company

Name of shareholder	Capacity/nature	Number of Shares/ underlying Shares held/ interested in	Long/short position	Approximate percentage of shareholding as at 30 June 2022
Chong Kit Limited ( <i>Note 1</i> )	Beneficial owner	373,916,000	Long	74.01%
Ms. Liu Yali ( <i>Note 2</i> )	Interest of spouse	379,916,000	Long	75.20%

### Notes:

- Chong Kit Limited is wholly owned by Mr. Law. Under the SFO, Mr. Law is deemed to be interested in the same number of Shares in which Chong Kit Limited is interested.
- Ms. Liu Yali is the spouse of Mr. Law. Under the SFO, Ms. Liu Yali will be deemed to be interested in the same number of Shares/underlying Shares in which Mr. Law is interested.

Save as disclosed above, as at 30 June 2022, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or Chief Executive of the Company) in the Shares or underlying Shares which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 16 September 2019. The purpose of the Share Option Scheme is to provide any Director and full-time employees of any member of the Group (“**Participants**”) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.

## OTHER INFORMATION

As at 30 June 2022, the Company had 33,198,000 share option outstanding under the Share Option Scheme, representing approximately 6.57% of the issued share capital of the Company as at the date of this report. Details of the share options of the Company (the “Share Options”) outstanding as at the date of this report are as follows:

Option type	Date of grant	Validity period	Exercisable period (Note)	Vesting period	Exercise price (HK\$)	Closing price of the Shares immediately before the date on which the Share Options were Granted (HK\$)
2020 Options	21/05/2020	5 years commencing from the date of grant	21/05/2021 to 20/05/2025	21/05/2020 to 20/05/2021	0.48	0.445
			21/05/2022 to 20/05/2025	21/05/2020 to 20/05/2022		
			21/05/2023 to 20/05/2025	21/05/2020 to 20/05/2023		
2021 Options	21/05/2021	5 years commencing from the date of grant	21/05/2022 to 20/05/2026	21/05/2021 to 20/05/2022	0.81	0.790
			21/05/2023 to 20/05/2026	21/05/2021 to 20/05/2023		
			21/05/2024 to 20/05/2026	21/05/2021 to 20/05/2024		

*Notes:*

- (1) Pursuant to the terms of the Share Option Scheme, the period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant.
- (2) There is no general requirement on the minimum period for which an option must be held before an option can be exercised under the terms of the Share Option Scheme. Upon fulfillment of the vesting conditions of the Share Options, the Share Options are exercisable in the manner set out hereinbelow.

- (3) The 2020 Options, granted on 21 May 2020, are exercisable from 21 May 2021 to 20 May 2025 (both days inclusive) in the following manner:
- (i). From 21 May 2021 to 20 May 2025: can exercise no more than 40% of the 2020 Options granted;
  - (ii). From 21 May 2022 to 20 May 2025: can exercise no more than 30% of the 2020 Options granted; and
  - (iii). From 21 May 2023 to 20 May 2025: can exercise no more than 30% of the 2020 Options granted.
- (4) The 2021 Options, granted on 21 May 2021, are exercisable from 21 May 2022 to 20 May 2026 (both days inclusive) in the following manner:
- (i). From 21 May 2022 to 20 May 2026: can exercise no more than 40% of the 2021 Options granted;
  - (ii). From 21 May 2023 to 20 May 2026: can exercise no more than 30% of the 2021 Options granted; and
  - (iii). From 21 May 2024 to 20 May 2026: can exercise no more than 30% of the 2021 Options granted.

The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 50,000,000 (being 10% of the Shares in issue as at 18 October 2019 when the Shares first commenced dealing on the Stock Exchange) (the “**General Scheme Limit**”). Subject to the approval of shareholders in general meeting, the Company may refresh the General Scheme Limit to the extent that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of the Group as refreshed must not exceed 10% of the Shares in issue as at the date of approval provided that the options previously granted will not be counted for purpose of calculating the General Scheme Limit as renewed.

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised, cancelled or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. The subscription price for Shares under the Share Option Scheme will be a price determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares on the date of grant.

## OTHER INFORMATION

The Share Option Scheme will remain in force for a period of 10 years from the date of Listing.

A non-refundable consideration of HK\$1.0 was paid by each grantee on acceptance of the Share Options within 14 days from the date of grant.

The following table discloses movements in the Share Options during the Reporting Period:

Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the six months ended 30 June 2022				Number of options at 30/06/2022	
				Granted	Exercised	Cancelled	Lapsed		
<b>Directors and Chief Executive</b>									
Mr. Law Hau Kit	21/05/2020	21/05/2021 to 20/05/2025	0.48	1,200,000	–	–	–	–	1,200,000
		21/05/2022 to 20/05/2025	0.48	900,000	–	–	–	–	900,000
		21/05/2023 to 20/05/2025	0.48	900,000	–	–	–	–	900,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	1,200,000	–	–	–	–	1,200,000
		21/05/2023 to 20/05/2026	0.81	900,000	–	–	–	–	900,000
		21/05/2024 to 20/05/2026	0.81	900,000	–	–	–	–	900,000
				6,000,000	–	–	–	–	6,000,000

## OTHER INFORMATION

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the six months ended 30 June 2022				Number of options at 30/06/2022
					Granted	Exercised	Cancelled	Lapsed	
Mr. Chen Shaoxing	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	400,000	–	–	–	–	400,000
		21/05/2023 to 20/05/2026	0.81	300,000	–	–	–	–	300,000
		21/05/2024 to 20/05/2026	0.81	300,000	–	–	–	–	300,000
				1,600,000	–	–	–	–	1,600,000
Ms. Li Huifang	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	520,000	–	–	–	–	520,000
		21/05/2023 to 20/05/2026	0.81	390,000	–	–	–	–	390,000
		21/05/2024 to 20/05/2026	0.81	390,000	–	–	–	–	390,000
				1,900,000	–	–	–	–	1,900,000

## OTHER INFORMATION

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the six months ended 30 June 2022				Number of options at 30/06/2022
					Granted	Exercised	Cancelled	Lapsed	
Mr. Woo King Hang	21/05/2020	21/05/2022 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
		21/05/2023 to 20/05/2025	0.48	300,000	–	–	–	–	300,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	600,000	–	–	–	–	600,000
		21/05/2023 to 20/05/2026	0.81	450,000	–	–	–	–	450,000
		21/05/2024 to 20/05/2026	0.81	450,000	–	–	–	–	450,000
					2,100,000	–	–	–	–
Ms. Yan Fei	21/05/2020	21/05/2021 to 20/05/2025	0.48	200,000	–	–	–	–	200,000
		21/05/2022 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	–	–	–	–	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
				1,000,000	–	–	–	–	1,000,000

## OTHER INFORMATION

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the six months ended 30 June 2022				Number of options at 30/06/2022
					Granted	Exercised	Cancelled	Lapsed	
Mr. Li Wai Keung	21/05/2020	21/05/2021 to 20/05/2025	0.48	200,000	–	–	–	–	200,000
		21/05/2022 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	–	–	–	–	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
				1,000,000	–	–	–	–	1,000,000
Mr. Hui Chun Tak	21/05/2020	21/05/2022 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
		21/05/2023 to 20/05/2025	0.48	150,000	–	–	–	–	150,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	200,000	–	–	–	–	200,000
		21/05/2023 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
		21/05/2024 to 20/05/2026	0.81	150,000	–	–	–	–	150,000
				800,000	–	–	–	–	800,000
<b>Total Directors</b>				<b>14,400,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14,400,000</b>

## OTHER INFORMATION

	Date of grant	Exercise period	Exercise price (HK\$)	Number of options at 01/01/2022	Movements during the six months ended 30 June 2022				Number of options at 30/06/2022
					Granted	Exercised	Cancelled	Lapsed	
<b>Employees</b>	21/05/2020	21/05/2021 to 20/05/2025	0.48	998,000	–	–	–	120,000	878,000
		21/05/2022 to 20/05/2025	0.48	3,150,000	–	–	–	390,000	2,760,000
		21/05/2023 to 20/05/2025	0.48	3,150,000	–	–	–	390,000	2,760,000
	21/05/2021	21/05/2022 to 20/05/2026	0.81	5,020,000	–	–	–	60,000	4,960,000
		21/05/2023 to 20/05/2026	0.81	3,765,000	–	–	–	45,000	3,720,000
		21/05/2024 to 20/05/2026	0.81	3,765,000	–	–	–	45,000	3,720,000
<b>Total Employees</b>				<b>19,848,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,050,000</b>	<b>18,798,000</b>
<b>Total</b>				<b>34,248,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,050,000</b>	<b>33,198,000</b>

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022 and up to the date of this report.

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all code provisions ("**Code Provisions**") and, where applicable, the recommended best practices of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022, save for the deviations which are explained below:

In relation to provision C.2.1 of the CG Code where the roles of the Group's chairman and chief executive officer ("**CEO**") are both performed by Mr. Law. Provision C.2.1 of the CG Code requires that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Law has been responsible for overall strategic planning and management of the Group since the Group was founded in 1999. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Mr. Law), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above and those disclosed in the corporate governance report in the 2021 annual report of the Company, none of the Directors is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the CG Code during the Reporting Period.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no material event which could have material impact to the Group's operating and financial performance after the Reporting Period and up to the date of this report.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

## REVIEW BY AUDIT COMMITTEE

A meeting of the audit committee of the Company (the “**Audit Committee**”) was held on 29 August 2022 and the Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee. Ernst & Young, the Group’s external auditor, has carried out a review of the unaudited interim results of the Group for the six months ended 30 June 2022 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company’s total number of issued shares which was held by the public.

## ACKNOWLEDGEMENT

We would like to pay tribute to the management and all of our staff for their hard work and dedication, as well as our shareholders for their continuous support to the Group.

By order of the Board

**Law Hau Kit**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 29 August 2022

# INDEPENDENT REVIEW REPORT



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## To the board of directors of Centenary United Holdings Limited

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 66, which comprises the condensed consolidated statement of financial position of Centenary United Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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



## INDEPENDENT REVIEW REPORT

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

29 August 2022

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	4	<b>777,458</b>	979,587
Cost of sales		<b>(724,064)</b>	(934,587)
Gross profit		<b>53,394</b>	45,000
Other income and gains	4	<b>19,248</b>	15,333
Selling and distribution expenses		<b>(31,210)</b>	(30,774)
Administrative expenses		<b>(37,377)</b>	(33,097)
Other expenses		<b>(3,837)</b>	(332)
Finance costs	6	<b>(5,728)</b>	(5,795)
<b>LOSS BEFORE TAX</b>	5	<b>(5,510)</b>	(9,665)
Income tax (expense)/credit	7	<b>(2,331)</b>	1,531
<b>LOSS FOR THE PERIOD</b>		<b>(7,841)</b>	(8,134)
Attributable to:			
Owners of the parent		<b>(7,238)</b>	(7,921)
Non-controlling interests		<b>(603)</b>	(213)
		<b>(7,841)</b>	(8,134)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	9	<b>RMB(1.43) cents</b>	RMB(1.58) cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>LOSS FOR THE PERIOD</b>	<b>(7,841)</b>	(8,134)
<b>OTHER COMPREHENSIVE INCOME</b>		
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	6	79
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>6</b>	79
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(7,835)</b>	(8,055)
Attributable to:		
Owners of the parent	(7,232)	(7,842)
Non-controlling interests	(603)	(213)
	<b>(7,835)</b>	(8,055)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	181,929	164,332
Right-of-use assets		100,845	43,460
Other intangible assets		315	338
Deferred tax assets		643	541
Total non-current assets		283,732	208,671
<b>CURRENT ASSETS</b>			
Inventories	11	312,273	215,591
Trade receivables	12	7,099	9,110
Prepayments, other receivables and other assets	13	207,442	209,286
Pledged deposits	14	49,744	94,211
Cash and cash equivalents	14	43,634	65,028
Total current assets		620,192	593,226
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	115,388	141,245
Contract liabilities	16	47,094	47,407
Other payables and accruals	17	57,083	40,078
Interest-bearing bank and other borrowings	18	164,521	214,618
Amount due to a director	22	168,500	40,000
Tax payable		20,219	22,578
Total current liabilities		572,805	505,926

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>		<b>47,387</b>	87,300
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>331,119</b>	295,971
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>74,135</b>	32,713
Total non-current liabilities		<b>74,135</b>	32,713
Net assets		<b>256,984</b>	263,258
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	19	<b>4,558</b>	4,558
Reserves	21	<b>251,443</b>	257,114
Equity attributable to owners of the parent		<b>256,001</b>	261,672
Non-controlling interests		<b>983</b>	1,586
Total equity		<b>256,984</b>	263,258

**Law Hau Kit**  
Director

**Chen Shao Xing**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent									
	Share capital RMB'000 Note 19	Share premium* RMB'000 Note 21	Share option reserve* RMB'000 Note 20	Other reserve* RMB'000 Note 21	Statutory surplus reserve* RMB'000 Note 21	Foreign currency translation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	4,558	103,214	3,537	(44,512)	36,006	(733)	159,602	261,672	1,586	263,258
Loss for the period:	-	-	-	-	-	-	(7,238)	(7,238)	(603)	(7,841)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	6	-	6	-	6
Total comprehensive income/(loss) for the period	-	-	-	-	-	6	(7,238)	(7,232)	(603)	(7,835)
Transfer from retained profits	-	-	-	-	692	-	(692)	-	-	-
Equity-settled share option arrangements	-	-	1,561	-	-	-	-	1,561	-	1,561
At 30 June 2022 (unaudited)	4,558	103,214	5,098	(44,512)	36,698	(727)	151,672	256,001	983	256,984

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent									
	Share capital RMB'000 Note 19	Share premium* RMB'000 Note 21	Share option reserve* RMB'000 Note 20	Other reserve* RMB'000 Note 21	Statutory surplus reserve* RMB'000 Note 21	Foreign currency translation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021 (audited)	4,515	100,440	1,211	(44,512)	33,565	(790)	159,362	253,791	2,105	255,896
Loss for the period:	–	–	–	–	–	–	(7,921)	(7,921)	(213)	(8,134)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	79	–	79	–	79
Total comprehensive income/(loss) for the period	–	–	–	–	–	79	(7,921)	(7,842)	(213)	(8,055)
Issue of shares	37	2,451	(697)	–	–	–	–	1,791	–	1,791
Transfer from retained profits	–	–	–	–	145	–	(145)	–	–	–
Equity-settled share option arrangements	–	–	1,219	–	–	–	–	1,219	–	1,219
At 30 June 2021 (unaudited)	4,552	102,891	1,733	(44,512)	33,710	(711)	151,296	248,959	1,892	250,851

\* These reserve accounts comprise the reserves of RMB251,443,000 in the interim condensed consolidated statement of financial position as at 30 June 2022 (Six months ended 30 June 2021: RMB244,407,000).

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(5,510)	(9,665)
Adjustments for:			
Finance costs	6	5,728	5,795
Bank interest income	4	(1,009)	(875)
Gain on disposal of items of property, plant and equipment	4	(1,407)	(903)
Depreciation of property, plant and equipment	5	13,315	9,272
Depreciation of right-of-use assets	5	9,463	4,381
Equity-settled share option expense	5	1,561	1,219
Amortisation of other intangible assets	5	23	23
Reversal of impairment of trade receivables	5	(20)	(19)
(Reversal of write-down of)/write-down of inventories to net realisable value	5	(499)	1,113
Covid-19-related rent concessions from lessors		(2,726)	—
		<b>18,919</b>	10,341
(Increase)/decrease in inventories		(96,183)	82,735
Decrease in trade receivables		2,031	1,875
Decrease in prepayments, other receivables and other assets		1,844	14,913
Decrease in pledged deposits		44,467	60,342
Decrease in trade and bills payables		(25,857)	(121,433)
Increase/(decrease) in other payables and accruals		1,360	(13,748)
Decrease in contract liabilities		(313)	(26,971)
Cash (used in)/generated from operations		<b>(53,732)</b>	8,054
Interest received		1,009	875
Income taxes paid		(4,792)	(3,786)
Net cash flows (used in)/from operating activities		<b>(57,515)</b>	5,143

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash flows (used in)/from operating activities		(57,515)	5,143
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(34,916)	(20,345)
Proceeds from disposals of items of property, plant and equipment		5,411	5,582
Net cash flows used in investing activities		(29,505)	(14,763)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(3,677)	(5,023)
New bank borrowings		167,941	180,468
Repayments of bank and other borrowings		(218,038)	(189,336)
Increase in amount due to share holders		128,500	—
Proceeds from issue of shares		—	1,791
Principal portion of lease payments		(9,106)	(4,789)
Net cash flows from/(used in) financing activities		65,620	(16,889)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(21,400)</b>	<b>(26,509)</b>
Cash and cash equivalents at beginning of period		65,028	39,396
Effect of foreign exchange rate changes, net		6	79
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>43,634</b>	<b>12,966</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		93,378	61,298
Less: Pledged deposits	14	(49,744)	(48,332)
Cash and cash equivalents as stated in the interim consolidated statement of financial position	14	43,634	12,966

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 October 2018. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are mainly engaged in the sale of motor vehicles and provision of services in the People's Republic of China (the “**PRC**” or “**Mainland China**”).

### 2.1 BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. The unaudited interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The adoption of the above revised IFRSs has no significant financial effect on the interim condensed consolidated financial information.

## 3. OPERATING SEGMENT INFORMATION

The Group principally engages in the sale and service of motor vehicles in Mainland China.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

### Geographical information

During the Reporting Period, the Group operated within one geographical segment because most of its revenue was generated in Mainland China and most of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no further geographical segment information is presented.

### Information about major customers

No revenue from sales of motor vehicles or provision of services to a single customer amounted to 10% or more of total revenue of the Group during the Reporting Period.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 4. REVENUE, OTHER INCOME AND GAINS

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

Revenue from contracts with customers

(i) *Disaggregated revenue information from contracts with customers*

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Types of goods or services</b>		
Sale of motor vehicles	654,167	856,278
Others	123,291	123,309
Total revenue from contracts with customers	777,458	979,587
<b>Timing of revenue recognition</b>		
Transferred at a point in time	667,514	877,909
Transferred over time	109,944	101,678
Total revenue from contracts with customers	777,458	979,587

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the merchandised products and payment in advance is generally required.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

### (ii) Performance obligations (Continued)

Provision of services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon provision of the service and customer acceptance.

The unsatisfied performance obligations are expected to be satisfied within one year.

Other income and gains

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	1,009	875
Government grants released (note (a))	183	599
Gain on disposal of property, plant and equipment	1,407	903
Others (note (b))	16,649	12,956
	19,248	15,333

Notes:

- (a) Government grant released represented the funds for stable employment. There were no unfulfilled conditions or contingencies in relation to the grants.
- (b) Others mainly included commission income from releasing vehicle mortgage for the customers, commission income for automotive explosion-proof membrane, commission income from third party financing institution for vehicle financing and advertisement support received from automobile manufacturers for the advertising activities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 5. LOSS BEFORE TAX

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

	Note	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		37,734	33,398
Pension scheme contributions		7,180	6,793
		<b>44,914</b>	40,191
Cost of inventories sold (note (a))		653,661	872,065
Cost of services provided		70,403	62,522
Depreciation of property, plant and equipment		13,315	9,272
Depreciation of right-of-use assets		9,463	4,381
Equity-settled share option expense		1,561	1,219
Amortisation of other intangible assets		23	23
Auditor's remuneration		895	650
Gain on disposal of property, plant and equipment		(1,407)	(903)
Reversal of impairment of trade receivables (note (b))	12	(20)	(19)
(Reversal of write-down of)/write-down of inventories to net realisable value		(499)	1,113
Interest income		(1,009)	(875)
Stock loss (note (b), note (c))		2,395	—

Notes:

- (a) Inclusive of (reversal of write-down of)/write-down of inventories to net realisable value.
- (b) Included in "Other expenses" in the consolidated statement of profit or loss.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 5. LOSS BEFORE TAX (Continued)

Notes: (Continued)

- (c) In early March 2022, the management of the Company found that a legally dismissed employee of the Group (who was once a salesperson of Zhongshan Century Jaguar, a wholly-owned subsidiary of the Company) (the “**Former Employee**”), was suspected to have misappropriated car assets of Zhongshan Century Jaguar. Zhongshan Century Jaguar immediately reported the Former Employee’s suspected misappropriation to the Chinese police authorities and immediately dismissed him according to law. The Company was informed that the Former Employee has been criminally detained by the relevant Chinese police authorities. A stock loss of RMB2.4 million has been recognised as other expenses for the six months ended 30 June 2022. The incident is still under investigation by the Chinese police authorities.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
Interest on bank and other borrowings	3,677	5,023
Interest on lease liabilities	2,051	772
	<b>5,728</b>	5,795

## 7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“**BVI**”), the entities of the Group which were incorporated in the Cayman Islands and the BVI are not subject to any income tax.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 7. INCOME TAX (Continued)

#### Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Reporting Period.

#### PRC Corporate Income Tax (“CIT”)

Certain subsidiaries of the Group operating in Mainland China were certified as small and micro-sized enterprises (“**SMEs**”) in 2022. They enjoyed an 87.5% reduction of the first RMB1,000,000 of taxable income, a 75% reduction of taxable income between RMB1,000,000 and RMB3,000,000 and the preferential CIT rate of 20%.

Pursuant to the CIT Law and the respective regulations, the other PRC subsidiaries were subject to income tax at a statutory rate of 25% for the six months ended 30 June 2022 and 30 June 2021.

CIT of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Reporting Period.

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current — the PRC		
Charge for the period	2,820	1,150
Deferred income tax	(489)	(2,681)
Total tax charge/(credit) for the period	2,331	(1,531)

### 8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted loss per share amount are based on the loss for the Reporting Period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 505,202,000 (six months ended 30 June 2021: 500,887,000) in issue during the Reporting Period.

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

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 and 30 June 2021 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation: (RMB'000)	(7,238)	(7,921)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period in the basic loss per share calculation (in thousand)	505,202	500,887
	RMB cents	RMB cents
Loss per share: Basic and diluted	(1.43)	(1.58)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets at a cost of approximately RMB34,916,000 (six months ended 30 June 2021: RMB19,685,000).

Assets with a net book value of approximately RMB4,004,000 were disposed of by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB4,679,000), resulting in a net gain on disposal of approximately RMB1,407,000 (six months ended 30 June 2021: RMB903,000).

### 11. INVENTORIES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Vehicles	<b>296,766</b>	208,863
Accessories	<b>15,507</b>	6,728
	<b>312,273</b>	215,591

At 30 June 2022, the Group's inventories with a carrying amount of approximately RMB35,885,000 (as at 31 December 2021: RMB33,632,000), were pledged as security for the Group's interest-bearing bank and other borrowings.

### 12. TRADE RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables	<b>7,171</b>	9,202
Impairment	<b>(72)</b>	(92)
	<b>7,099</b>	9,110

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 12. TRADE RECEIVABLES (Continued)

Trade receivables of the Group represented proceeds receivable from the sale of motor vehicles and the provision of services. The Group's trading terms with its customers normally require payment in advance, except for certain of provision of services where credit is allowed. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control management system to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk as at 30 June 2022. Trade receivables were interest-free and unsecured as at 30 June 2022.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>6,748</b>	8,939
3–12 months	<b>351</b>	171
	<b>7,099</b>	9,110

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
At beginning of period/year	<b>92</b>	123
Reversal of impairment (note 5)	<b>(20)</b>	(31)
At end of period/year	<b>72</b>	92

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Advances to suppliers	<b>140,080</b>	153,398
Deposit	<b>10,223</b>	4,610
Value added taxes recoverable	<b>46,030</b>	38,274
Prepayments	<b>4,159</b>	4,696
Other receivables	<b>6,950</b>	8,308
	<b>207,442</b>	209,286

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances. Other receivables are non-interest-bearing and not secured with collateral.

Other receivables were settled within 12 months and had no historical default, the financial assets included in the above balances were categorised in stage 1 at the end of the Reporting Period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Reporting Period, the Group estimated the expected loss rate for other receivables is minimal.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Cash and bank balances	<b>93,378</b>	159,239
Less: Pledged deposits:		
Pledged for bills payables	<b>(38,702)</b>	(83,169)
Bank loans	<b>(10,000)</b>	(10,000)
Others	<b>(1,042)</b>	(1,042)
	<b>(49,744)</b>	(94,211)
Cash and cash equivalents	<b>43,634</b>	65,028

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately RMB90,579,000 (31 December 2021: RMB158,312,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and term deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables of the Group, based on the invoice date, as at the end of the Reporting Period, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within 3 months	<b>103,000</b>	121,618
3 to 12 months	<b>12,388</b>	19,627
	<b>115,388</b>	141,245

The trade and bills payables are non-interest-bearing and are normally settled on a 90 to 180 days' term.

The Group's bills payables are secured by the pledged deposits of approximately RMB38,702,000 as at 30 June 2022 (as at 31 December 2021: RMB83,169,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 16. CONTRACT LIABILITIES

The following table provides information about contract liabilities from contracts with customers:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Contract liabilities:		
Advances from customers	<b>47,094</b>	47,407

The contract liabilities represent the Group's obligations to transfer goods or services to customers for which the Group has received consideration, or for which an amount of consideration is due from the customers.

Changes in contract liabilities during the reporting period are as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
At beginning of the period/year	<b>47,407</b>	61,392
Revenue recognised that was included in the contract liabilities at the beginning of the period/year	<b>(47,407)</b>	(61,392)
Increases due to cash received, excluding amounts recognised as revenue during the period/year	<b>47,094</b>	47,407
At end of the period/year	<b>47,094</b>	47,407

Contract liabilities included short-term advances received to deliver goods and render services.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 17. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Lease liability	<b>21,696</b>	6,051
Payroll payable	<b>7,561</b>	8,886
Other taxes payable	<b>249</b>	381
Others	<b>27,577</b>	24,760
	<b>57,083</b>	40,078

The above balances are unsecured and non-interest bearing. The carrying amounts of other payables and accruals as at the end of each of the reporting periods approximated to their fair values due to their short term maturities.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans	4.05–5.655	July 2022 to June 2023	130,040	4.00–5.655	February to March 2022	193,000
– secured						
Other loans	3.00	September 2022 to January 2023	34,481	4.20	September to December 2022	21,618
– secured						
<b>Total</b>			<b>164,521</b>			<b>214,618</b>

Notes:

- (a) As at 30 June 2022 and 31 December 2021, the Group's bank and other borrowings are all denominated in RMB.
- (b) The Group's bank and other borrowings are secured by:
- (i) certain of the Group's merchandised goods amounting to approximately RMB35,885,000 (note 11) as at 30 June 2022 (as at 31 December 2021: RMB33,632,000);
  - (ii) the Group's buildings, which a net carrying amount of approximately RMB6,674,000 as at 30 June 2022 (as at 31 December 2021: RMB7,022,000);
  - (iii) the Group's right of use assets, which a net carrying amount of approximately RMB9,846,000 as at 30 June 2022 (as at 31 December 2021: RMB10,097,000);
  - (iv) a pledged deposit of approximately RMB10,000,000 as at 30 June 2022 (note 14) (as at 31 December 2021: RMB10,000,000); and
  - (v) certain buildings and leasehold lands held by the Group's related parties as at 30 June 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 19. SHARE CAPITAL

#### Shares

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (Audited)
Authorised: 2,000,000,000 ordinary shares of HKD0.01 each as at 30 June 2022 and 31 December 2021	<b>HK\$20,000,000</b>	HK\$20,000,000
Issued and fully paid: 505,202,000 ordinary shares of HK\$0.01 each as at 30 June 2022 and 31 December 2021	<b>HK\$5,052,020</b>	HK\$5,052,020
Equivalent to	<b>RMB4,558,000</b>	RMB4,558,000

No share options were exercised for the six months ended 30 June 2022. For the year ended 31 December 2021, the subscription rights attaching to 5,202,000 share options were exercised at the subscription price of HK\$0.48 per share, resulting in the issue of 5,202,000 shares for a total cash consideration, before expenses, of HK\$2,497,000 (equivalent to RMB2,067,000). An amount of HK\$903,000 (equivalent to RMB750,000) was transferred from the share option reserve to share capital upon the exercise of the share options in the previous year.

### 20. SHARE OPTION SCHEME

On 21 May 2020 and 21 May 2021, the Company adopted two share option schemes (the “Scheme” or the “2020 Share Option Scheme” and “2021 Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any invested entity.

The following share options were outstanding under the Scheme during the period:

	<b>Six months ended 30 June 2022</b>	
	<b>Weighted average exercise price HK\$ per share</b>	<b>Number of options '000</b>
At 31 December 2021 (Audited)	<b>0.68</b>	<b>34,248</b>
Forfeited for 2020 Share Option Scheme	<b>0.48</b>	<b>(900)</b>
Forfeited for 2021 Share Option Scheme	<b>0.81</b>	<b>(150)</b>
At 30 June 2022 (Unaudited)	<b>0.68</b>	<b>33,198</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 20. SHARE OPTION SCHEME (Continued)

	Six months ended 30 June 2021	
	Weighted average exercise price HK\$ per share	Number of options '000
At 31 December 2020 (Audited)	0.48	19,500
Granted during the six months ended 30 June 2021	0.81	25,000
Exercised during the six months ended 30 June 2021	0.48	(4,512)
At 30 June 2021 (Unaudited)	0.79	39,988

No share options were exercised during the six months ended 30 June 2022. For the six months ended 30 June 2021, the weighted average share price at the date of exercise for share options exercised was HK\$0.48 per share.

The exercise prices and exercise periods of the share options exercised as at the end of the reporting period are as follows:

For the six months ended 30 June 2022

Number of options '000	Exercise price	Exercise period HK\$ per share
5,202	0.48	21-5-2021 to 20-5-2025

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 20. SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

As at 30 June 2022 (unaudited)

Name and category of participants	Number of share options '000	Exercise price* per share HK\$	Grant date of share option	Exercise period
<b>Directors</b>				
Mr. Law Hau Kit	1,200	0.48	21-5-2020	21-5-2021 to 20-5-2025
	900	0.48	21-5-2020	21-5-2022 to 20-5-2025
	900	0.48	21-5-2020	21-5-2023 to 20-5-2025
	1,200	0.81	21-5-2021	21-5-2022 to 20-5-2026
	900	0.81	21-5-2021	21-5-2023 to 20-5-2026
	900	0.81	21-5-2021	21-5-2024 to 20-5-2026
	6,000			
Mr. Chen Shaoxing	300	0.48	21-5-2020	21-5-2022 to 20-5-2025
	300	0.48	21-5-2020	21-5-2023 to 20-5-2025
	400	0.81	21-5-2021	21-5-2022 to 20-5-2026
	300	0.81	21-5-2021	21-5-2023 to 20-5-2026
	300	0.81	21-5-2021	21-5-2024 to 20-5-2026
1,600				
Ms. Li Huifang	300	0.48	21-5-2020	21-5-2022 to 20-5-2025
	300	0.48	21-5-2020	21-5-2023 to 20-5-2025
	520	0.81	21-5-2021	21-5-2022 to 20-5-2026
	390	0.81	21-5-2021	21-5-2023 to 20-5-2026
	390	0.81	21-5-2021	21-5-2024 to 20-5-2026
1,900				

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

## 20. SHARE OPTION SCHEME (continued)

As at 30 June 2022 (unaudited) (continued)

Name and category of participants	Number of share options '000	Exercise price* per share HK\$	Grant date of share option	Exercise period
Mr. Woo King Hang	300	0.48	21-5-2020	21-5-2022 to 20-5-2025
	300	0.48	21-5-2020	21-5-2023 to 20-5-2025
	600	0.81	21-5-2021	21-5-2022 to 20-5-2026
	450	0.81	21-5-2021	21-5-2023 to 20-5-2026
	450	0.81	21-5-2021	21-5-2024 to 20-5-2026
	2,100			
Ms. Yan Fei	200	0.48	21-5-2020	21-5-2021 to 20-5-2025
	150	0.48	21-5-2020	21-5-2022 to 20-5-2025
	150	0.48	21-5-2020	21-5-2023 to 20-5-2025
	200	0.81	21-5-2021	21-5-2022 to 20-5-2026
	150	0.81	21-5-2021	21-5-2023 to 20-5-2026
	150	0.81	21-5-2021	21-5-2024 to 20-5-2026
	1,000			
Mr. Li Wai Keung	200	0.48	21-5-2020	21-5-2021 to 20-5-2025
	150	0.48	21-5-2020	21-5-2022 to 20-5-2025
	150	0.48	21-5-2020	21-5-2023 to 20-5-2025
	200	0.81	21-5-2021	21-5-2022 to 20-5-2026
	150	0.81	21-5-2021	21-5-2023 to 20-5-2026
	150	0.81	21-5-2021	21-5-2024 to 20-5-2026
	1,000			

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 20. SHARE OPTION SCHEME (continued)

As at 30 June 2022 (unaudited) (continued)

Name and category of participants	Number of share options '000	Exercise price* per share HK\$	Grant date of share option	Exercise period
Mr. Hui Chun Tak	150	0.48	21-5-2020	21-5-2022 to 20-5-2025
	150	0.48	21-5-2020	21-5-2023 to 20-5-2025
	200	0.81	21-5-2021	21-5-2022 to 20-5-2026
	150	0.81	21-5-2021	21-5-2023 to 20-5-2026
	150	0.81	21-5-2021	21-5-2024 to 20-5-2026
	800			
Other Employees	878	0.48	21-5-2020	21-5-2021 to 20-5-2025
	2,760	0.48	21-5-2020	21-5-2022 to 20-5-2025
	2,760	0.48	21-5-2020	21-5-2023 to 20-5-2025
	4,960	0.81	21-5-2021	21-5-2022 to 20-5-2026
	3,720	0.81	21-5-2021	21-5-2023 to 20-5-2026
	3,720	0.81	21-5-2021	21-5-2024 to 20-5-2026
	18,798			
	33,198			

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 20. SHARE OPTION SCHEME (continued)

No share options were granted for the six months ended 30 June 2022. The fair value of the share options granted during the six months ended 30 June 2021 was HK\$6,761,000, equivalent to RMB5,601,000. The Group recognised a share option expense of HK\$1,884,000, equivalent to RMB1,561,000 for the six months ended 30 June 2022 (Six months ended 30 June 2021: HK\$1,466,000, equivalent to RMB1,219,000).

The fair value of equity-settled share options granted during the six months ended 30 June 2021 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Six months ended 30 June 2021
Dividend yield (%)	2.47
Expected volatility (%)	54.07
Risk-free interest rate (%)	0.68
Expected life of options (year)	5
Exercise multiple — Directors	3.34
Exercise multiple — Employees	2.86

The expected life of options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 21. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity on page 35 to 36 of this report.

#### Share premium

The share premium of the Group represents the capital contribution premium from its then shareholders.

#### Other reserve

The balance represented the reserve arising from the corporate reorganisation and the aggregate paid-in capital of the subsidiaries acquired, offset by investment costs in subsidiaries of the Company during the corporate reorganisation.

#### Statutory surplus reserve

Pursuant to the relevant laws and regulations in the PRC, the companies registered in the PRC shall appropriate a certain percentage of their net profit after tax (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to the reserve fund. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages. After making the appropriation to the statutory surplus reserve, the companies may also appropriate their profits for the period to the discretionary surplus reserve upon approval by the board of directors or the shareholders in a general meeting.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 22. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the period:

(a) Name and relationship of a related party

Name	Relationship
Mr. Law Hau Kit	Director of the Company
Zhongshan New Century Car Rental Co., Ltd.* (中山市創世紀汽車租賃有限公司) (Note)	Controlled by a director of the Company
Zhongshan Dongri Automobile Co., Ltd.* (中山市東日汽車有限公司)	Controlled by a director of the Company
Zhongshan New Century Pioneering Automobile Co., Limited* (中山市創世紀汽車有限公司)	Controlled by a director of the Company
Huichuang Financial Leasing (Zhuhai) Co., Ltd.* (滙創融資租賃(珠海)有限公司)	Controlled by a director of the Company

Note: On 7 June 2021, the shares Mr. Law Hau Kit interested in Zhongshan New Century Car Rental Co., Ltd. (“**New Century Rental**”), which amounted to 80% of shareholding out of the total shares, have been 100% acquired by independent third parties. New Century Rental ceased to be an entity controlled by Mr. Law Hau Kit. Hence, New Century Rental is no longer considered as a related party of the Group.

(b) Outstanding balances with related parties

As disclosed in the consolidated statements of financial position, the Group had outstanding balance with its related party as follows:

*Amount due to a director*

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-trade		
Mr. Law Hau Kit	168,500	40,000

The outstanding balance with a related party is unsecured, interest-free and repayable on demand.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 22. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (c) Transactions with related parties

In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the Reporting Period:

##### (1) Sales of goods to related parties

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Zhongshan New Century Car Rental Co., Ltd.*	—	4,144
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	—	242
	—	4,386

The prices for the above sales of goods were determined according to the published prices and conditions offered to other customers of the Group.

##### (2) Services provided to related parties

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Huichuang Financial Leasing (Zhuhai) Co., Ltd.*	—	2

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

### 22. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Transactions with related parties (Continued)

(3) *Rental fee paid to related parties*

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Zhongshan Dongri Automobile Co., Ltd.*	—	579
Zhongshan New Century Pioneering Automobile Co., Limited*	—	1,245
	—	1,824

The prices for the above services were determined according to the published prices and conditions offered to other customers of the Group.

During the Reporting Period, certain subsidiaries leased the buildings and leasehold lands owned by Zhongshan Dongri Automobile Co., Ltd. and Zhongshan New Century Pioneering Automobile Co., Limited with nil consideration under rent concessions.

(d) During the Reporting Periods, the Group did not identify any personnel as key management other than the directors of the Group.

\* The English names of all the above companies represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 23. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Financial assets at amortised costs</b>		
Trade receivables	<b>7,099</b>	9,110
Financial assets included in prepayments, other receivables and other assets	<b>17,173</b>	12,918
Pledged deposits	<b>49,744</b>	94,211
Cash and cash equivalents	<b>43,634</b>	65,028
	<b>117,650</b>	181,267

#### Financial liabilities

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Financial liabilities at amortised costs</b>		
Trade and bills payables	<b>115,388</b>	141,245
Lease liabilities (non-current)	<b>74,135</b>	32,713
Financial liabilities included in other payables and accruals	<b>49,273</b>	30,811
Interest-bearing bank borrowings	<b>164,521</b>	214,618
Amount due to a director	<b>168,500</b>	40,000
	<b>571,817</b>	459,387

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalent, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, amount due from related companies, trade and bill payables, amount due to a director, amounts due to related parties, current interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing borrowings was assessed to be insignificant.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. Corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the treasury department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.