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**德銀天下股份有限公司**

**DEEWIN TIANXIA CO.,LTD**

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

**(Stock Code: 2418)**

## **ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Deewin Tianxia Co.,Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022 as below.

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Revenue</b>	6	<b>1,518,082</b>	1,429,785
Cost of revenue		<u>(1,262,891)</u>	<u>(1,138,264)</u>
<b>Gross profit</b>		<u>255,191</u>	<u>291,521</u>
Selling expenses		(22,082)	(20,608)
Administrative expenses		(55,306)	(50,230)
Research and development expenses		(15,120)	(15,146)
Net impairment losses on financial assets		(26,044)	(56,005)
Other income	7	11,662	14,452
Other losses-net		<u>317</u>	<u>(874)</u>
Operating profit		<u>148,618</u>	<u>163,110</u>
Finance income		12,966	5,288
Finance costs		<u>(22,787)</u>	<u>(20,240)</u>
Finance (expense)/income-net		<u>(9,821)</u>	<u>(14,952)</u>
Share of net profit of associate accounted for using the equity method		<u>2,452</u>	<u>2,100</u>
Profit before income tax		<b>141,249</b>	150,258
Income tax expense	8	<u>(31,330)</u>	<u>(32,598)</u>
Profit for the period		<u>109,919</u>	<u>117,660</u>

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to:			
– The equity holders of the Company		<b>109,776</b>	114,926
– Non-controlling interests		<b>143</b>	2,734
		<u>109,919</u>	<u>117,660</u>
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income for the period		<u><b>109,919</b></u>	<u>117,660</u>
Total comprehensive income attributable to:			
– The equity holders of the Company		<b>109,776</b>	114,926
– Non-controlling interests		<b>143</b>	2,734
		<u><b>109,919</b></u>	<u>117,660</u>
<b>Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)</b>			
– Basic or diluted earnings per share	<i>9</i>	<u><b>0.05</b></u>	<u>0.05</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

		Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		100,590	99,170
Investment properties		7,899	8,033
Intangible assets		37,582	32,550
Investment in an associate		6,952	9,157
Right-of-use assets		37,049	47,891
Other receivables		–	11,131
Loan receivables	<i>11</i>	1,505,362	1,914,548
Deferred income tax assets		157,420	152,300
		<u>1,852,854</u>	<u>2,274,780</u>
<b>Current assets</b>			
Inventories		92,771	113,198
Trade receivables	<i>10</i>	709,039	581,578
Prepayments		101,619	153,221
Other receivables		164,856	404,550
Notes receivables		152,436	319,084
Financial assets at fair value through other comprehensive income (FVOCI)		133,542	90,268
Loan receivables	<i>11</i>	4,425,749	4,070,849
Restricted cash at banks		13,604	16,158
Cash and cash equivalents		1,119,173	1,148,967
		<u>6,912,789</u>	<u>6,897,873</u>
<b>Total assets</b>		<u><b>8,765,643</b></u>	<u><b>9,172,653</b></u>
<b>EQUITY</b>			
Share capital		2,236,043	2,236,043
Other reserves		803,348	802,590
Retained earnings		311,885	299,822
		<u>3,351,276</u>	<u>3,338,455</u>
<b>Total equity attributable to equity holders of the Company</b>		<b>3,351,276</b>	<b>3,338,455</b>
<b>Non-controlling interests</b>		<u>(2,763)</u>	<u>(2,906)</u>
<b>Total equity</b>		<u><b>3,348,513</b></u>	<u><b>3,335,549</b></u>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>13,179</b>	23,136
Bond payables		<b>88,608</b>	124,461
Provisions for warranty		<b>1,043</b>	1,194
Other payables	<i>12</i>	<b>176,970</b>	210,922
Contract liabilities		<b>30,261</b>	18,568
Borrowings	<i>13</i>	<b>61,914</b>	852,116
Deferred government grants		<b>14,042</b>	16,744
		<u><b>386,017</b></u>	<u>1,247,141</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>2,081,513</b>	1,807,430
Lease liabilities		<b>17,285</b>	18,613
Bond payables		<b>787,963</b>	784,025
Contract liabilities		<b>79,380</b>	127,278
Current income tax liabilities		<b>19,568</b>	11,965
Borrowings	<i>13</i>	<b>2,045,404</b>	1,840,652
		<u><b>5,031,113</b></u>	<u>4,589,963</u>
<b>Total liabilities</b>		<u><b>5,417,130</b></u>	<u>5,837,104</u>
<b>Total equity and liabilities</b>		<u><b>8,765,643</b></u>	<u>9,172,653</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2023*

## 1 GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PRESENTATION

### 1.1 General information

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

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

The interim condensed consolidated financial information is presented in Renminbi thousand (RMB’000), unless otherwise stated.

The interim condensed consolidated financial information have been approved for issue by the Board of Directors on 30 August 2023.

The interim condensed consolidated financial information has not been audited.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the historical financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”).

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those in the preparation of the Group's historical financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards as set out below.

Income tax expense in the interim financial statements was recognized based on management's estimate of the annual income tax rate expected for the full financial year.

#### 3.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the Reporting Period commencing 1 January 2023. The adoption of these standards and amendments does not have significant impact to the Interim Financial Information of the Group.

		<b>Effective for accounting periods beginning on or after</b>
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

#### 3.2 New standards and amendments of IFRS issued effective for the financial periods beginning on and after 1 January 2024 and have not been early adopted by the Group

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with Covenants	1 January 2024
Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Int 5 (2020))	Interpretation 5 (2020) Presentation of Financial Statements	1 January 2024
Amendment to IAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of assessing the impact of the new standards, amendments to standards and annual improvements on its results of operations and financial position. The Group expects to adopt the relevant new standards, amendments to standards and annual improvements when they become effective.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the historical financial statements of the Group for the years ended 31 December 2022.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the historical financial statements of the Group for the year ended 31 December 2022.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2022.

#### (a) *Credit risk*

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

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

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macro economic data including the gross domestic product, aggregate finance, industrial add value, producer price index, consumer price index, fixed asset investment, RMB Loan, M2 and purchasing manager's index. The Group regularly predicts the macro economic data under three economic scenarios (i.e., optimistic scenario, basic scenario, and pessimistic scenario). The predictions are used in the expected credit losses model. Basic scenario is defined as the most probable situation, which will become benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better or worse than basic scenario respectively and can also become a source of sensitivity test. The Group comprehensively considers statistical analysis and expert judgement results to determine economic forecasts and weights under various scenarios.



**(b) Liquidity risk**

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 30 June 2023 (unaudited)</b>					
Trade and other payables	2,053,279	151,186	35,853	–	2,240,318
Lease liabilities	17,916	9,579	3,666	1,003	32,164
Borrowings	2,106,673	61,597	2,131	–	2,170,401
Bond payables	807,435	103,120	–	–	910,555
	<u>4,985,303</u>	<u>325,482</u>	<u>41,650</u>	<u>1,003</u>	<u>5,353,438</u>
<b>At 31 December 2022 (audited)</b>					
Trade and other payables	1,771,982	153,556	61,359	–	1,986,897
Lease liabilities	20,275	16,520	6,201	1,434	44,430
Borrowings	1,918,422	868,021	–	–	2,786,443
Bond payables	797,734	125,939	–	–	923,673
	<u>4,508,413</u>	<u>1,164,036</u>	<u>67,560</u>	<u>1,434</u>	<u>5,741,443</u>

**5.2 Fair value estimation**

Financial instruments that are measured in the consolidated statement of financial position at fair value, and the fair value measurements by level of the following fair value measurement hierarchy is as following:

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

An explanation of each level follows underneath the table.

	As at 30 June 2023 (unaudited)			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at FVOCI</b>				
Notes receivables	–	–	86,816	86,816
Trade receivables	–	–	46,726	46,726
	–	–	133,542	133,542
	<u>–</u>	<u>–</u>	<u>133,542</u>	<u>133,542</u>
	<u>–</u>	<u>–</u>	<u>133,542</u>	<u>133,542</u>
	As at 31 December 2022 (audited)			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at FVOCI</b>				
Notes receivables	–	–	43,740	43,740
Trade receivables	–	–	46,528	46,528
	–	–	90,268	90,268
	<u>–</u>	<u>–</u>	<u>90,268</u>	<u>90,268</u>
	<u>–</u>	<u>–</u>	<u>90,268</u>	<u>90,268</u>

During the six months ended 30 June 2023 and the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Fair value of notes receivable and trade receivables are considered approximate to their carrying amount. The fair value change was insignificant.

## 6 SEGMENT INFORMATION AND REVENUE

### 6.1 Segment information

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

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

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

The segment results for the six months ended 30 June 2023 and 2022 are as follows:

	Unaudited Six months ended 30 June 2023					
	Logistics and supply chain service <i>RMB'000</i>	Supply chain financial service <i>RMB'000</i>	Internet of Vehicle (IoV) and data service <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	1,187,827	238,719	102,981	-	(11,445)	1,518,082
- Sales of goods	164,674	-	63,772	-	(2,830)	225,616
- Logistics and warehousing service	1,015,264	-	-	-	(907)	1,014,357
- Interest income from financial leasing business	-	193,582	-	-	(893)	192,689
- Interest income from factoring service	-	43,924	-	-	(1,310)	42,614
- Internet of Vehicle (IoV) and data service	-	-	39,209	-	(272)	38,937
- Others	7,889	1,213	-	-	(5,233)	3,869
Gross profit	47,887	147,528	48,973	-	10,803	255,191
Operating profit	18,856	105,381	25,672	175,808	(177,099)	148,618
Financial (costs)/income-net	(15,007)	1,872	595	13,233	(10,514)	(9,821)
Share of net profit of associate	-	-	-	2,452	-	2,452
Profit before income tax	3,849	107,253	26,267	191,493	(187,613)	141,249
Total assets	1,418,209	6,337,607	226,762	6,033,906	(5,250,841)	8,765,643
Total liabilities	1,399,376	4,417,088	184,442	2,368,077	(2,951,853)	5,417,130

	Unaudited Six months ended 30 June 2022					
	Logistics and supply chain service <i>RMB'000</i>	Supply chain financial service <i>RMB'000</i>	Internet of Vehicle (IoV) and data service <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	1,037,986	316,460	94,860	-	(19,521)	1,429,785
- Sales of goods	141,766	-	41,322	-	-	183,088
- Logistics and warehousing service	882,080	-	-	-	(2,577)	879,503
- Interest income from financial leasing business	-	285,008	-	-	(1,501)	283,507
- Interest income from factoring service	-	30,613	-	-	(3,162)	27,451
- Internet of Vehicle (IoV) and data service	-	-	53,538	-	(99)	53,439
- Others	14,140	839	-	-	(12,182)	2,797
Gross profit	73,198	151,875	54,171	-	12,277	291,521
Operating profit	51,799	78,951	32,407	167,783	(167,830)	163,110
Financial (costs)/income-net	(14,904)	3,907	3,059	4,928	(11,942)	(14,952)
Share of net profit of associate	-	-	-	2,100	-	2,100
Profit before income tax	36,895	82,858	35,466	174,811	(179,772)	150,258
Total assets	1,585,390	7,703,884	259,010	4,399,413	(4,447,355)	9,500,342
Total liabilities	1,502,834	5,834,203	209,937	1,737,513	(2,148,481)	7,136,006

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

## 6.2 Revenue

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Recognised at a point in time		
– Sales of goods	<b>225,616</b>	183,088
– Others	<b>3,869</b>	2,797
Recognised over time		
– Logistics and warehousing service	<b>1,014,357</b>	879,503
– Sales-and-leaseback financing business	<b>192,689</b>	283,507
– Interest income from factoring services	<b>42,614</b>	27,451
– Internet of vehicle (IoV) and data service	<b>38,937</b>	53,439
	<b>1,518,082</b>	<b>1,429,785</b>

Revenue from major customer for the six months ended 30 June 2023 and 2022 is set out below:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Customer A	<b>221,397</b>	--

For the six months ended 30 June 2023, Customer A (the third party) was the only customer contributed 10% or above of the Group's revenue.

For the six months ended 30 June 2022, none of the Group's customers contributed 10% or more of the Group's revenue.

## 7 OTHER INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Government subsidy income		
– Income related	<b>8,960</b>	12,991
– Assets related	<b>2,702</b>	1,461
	<b>11,662</b>	<b>14,452</b>

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

## 8 INCOME TAX EXPENSE

The amounts of income tax expense charged to profit or loss represented:

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax	36,450	46,567
Deferred income tax	(5,120)	(13,969)
Income tax expense	<u>31,330</u>	<u>32,598</u>

- (a) Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and implementation regulations of the CIT Law, the statutory corporate income tax rate in the PRC is 25% from 1 January 2008. The income tax rate of 25% is applicable to all of the Group’s subsidiaries during the six months ended 30 June 2023 and 2022, except for Shaanxi Tianxingjian IoV Information Technology Co., Ltd., Xinjiang Fargo Supply Chain Management Co., Ltd. and Tonghui which enjoy a preferential income tax rate of 15% according to the polices of Western Area Development for the six months ended 30 June 2023 and 2022.
- (b) Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

## 9 EARNINGS PER SHARE

- (a) The basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares issued or deemed to be issued for the six months ended 30 June 2023 and 2022.

	Unaudited Six months ended 30 June	
	2023	2022
Profit attributable to equity holders of the Company (RMB'000)	109,776	114,926
Weighted average number of ordinary shares in issue (in thousand)	<u>2,236,042.5</u>	<u>2,236,042.5</u>
Basic earnings per share (RMB)	<u>0.05</u>	<u>0.05</u>

- (b) The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential share during the six months ended 30 June 2023 and 2022.

**10 TRADE RECEIVABLES**

	<b>Unaudited</b> As at <b>30 June</b> <b>2023</b> <i>RMB'000</i>	Audited As at 31 December 2022 <i>RMB'000</i>
Trade receivables	<u>743,221</u>	<u>612,431</u>
Less: allowance for impairment	<u>(34,182)</u>	<u>(30,853)</u>
<b>Trade receivables – net</b>	<b><u>709,039</u></b>	<b><u>581,578</u></b>

As at 30 June 2023 and 31 December 2022, the fair values of trade receivables of the Group approximate their carrying amounts.

As at 30 June 2023 and 31 December 2022, all the carrying amounts of trade receivables were denominated in RMB.

Aging analysis of trade receivables at the respective balance sheet dates, based on the invoice dates, are as follows:

	<b>Unaudited</b> As at <b>30 June</b> <b>2023</b> <i>RMB'000</i>	Audited As at 31 December 2022 <i>RMB'000</i>
Within one year	<b>678,158</b>	572,182
One year to two years	<b>56,248</b>	32,658
Two years to three years	<b>1,568</b>	508
Over three years	<u>7,247</u>	<u>7,083</u>
	<b><u>743,221</u></b>	<b><u>612,431</u></b>

The Group did not hold any collateral as security over these debtors.

## 11 LOAN RECEIVABLES

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2023</b> <b>RMB'000</b>	<b>Audited</b> <b>As at</b> <b>31 December</b> <b>2022</b> <b>RMB'000</b>
Loan receivables		
– Financial leasing business	<b>5,142,759</b>	5,535,008
– Factoring service	<b>1,292,824</b>	932,879
	<b><u>6,435,583</u></b>	<u>6,467,887</u>
Less: Provision for impairment		
–Financial leasing business	<b>(386,424)</b>	(367,956)
–Factoring service	<b>(118,048)</b>	(114,534)
	<b><u>(504,472)</u></b>	<u>(482,490)</u>
<b>Loan receivables – net</b>	<b>5,931,111</b>	5,985,397
Less: non-current portion		
– Financial leasing business	<b>(1,505,362)</b>	(1,914,548)
Current portion	<b><u>4,425,749</u></b>	<u>4,070,849</u>

As at 30 June 2023 and 31 December 2022, the fair values of loan receivables of the Group approximate their carrying amounts.

As at 30 June 2023 and 31 December 2022, the carrying amounts of loan receivables were all denominated in RMB.

Loan receivables of approximately RMB2,285,744,000 and RMB3,046,693,000 were secured by the leased vehicles owned by lessees with original cost of approximately RMB5,819,132,000 and RMB9,325,459,000 as of 30 June 2023 and 31 December 2022, respectively.

As at 30 June 2023 and 31 December 2022, loan receivables of RMB461,133,000 and RMB1,433,797,000 were pledged for other borrowings of RMB248,217,000 and RMB835,146,000 respectively.

As at 30 June 2023 and 31 December 2022, loan receivables of RMB1,064,178,000 and RMB1,118,846,000, respectively were transferred out but not derecognised under the Group's asset-backed security program.

As at 30 June 2023 and 31 December 2022, loan receivables of RMB512,239,000 and RMB228,550,000 were pledged for bank borrowings of RMB349,459,000 and RMB139,166,000.

Movements on the provision for impairment of Loan receivables are as follow:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Beginning of the period	<b>482,490</b>	431,969
Provision for impairment	<b>22,965</b>	57,633
Written-off of impairment	<b>(983)</b>	–
	<hr/>	<hr/>
End of the period	<b><u>504,472</u></b>	<u>489,602</u>



## 12 TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Notes payables	157,487	38,238
Trade payables	366,406	331,647
Other payables	1,589,773	1,588,117
Dividends payable	96,955	–
Staff salaries and welfare payables	42,925	54,298
Termination benefits payable	798	1,301
Accrued taxes other than income tax	4,139	4,751
	<hr/>	<hr/>
<b>Trade and other payables</b>	<b>2,258,483</b>	<b>2,018,352</b>
	<hr/>	<hr/>
<b>Less: non-current portion :</b>		
– Other payables – deposits collected from financial leasing service	(126,637)	(160,537)
– Termination benefits payable	(333)	(385)
– Other payables – loan from a third party	(50,000)	(50,000)
	<hr/>	<hr/>
<b>Total non-current portion</b>	<b>(176,970)</b>	<b>(210,922)</b>
	<hr/>	<hr/>
<b>Current portion</b>	<b>2,081,513</b>	<b>1,807,430</b>
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2023 and 31 December 2022, all trade and other payables except for loan from related parties and the third parties of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables, termination benefits payable and accrued taxes other than income tax which are not financial liabilities, approximate to their carrying amounts.

Aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on transaction date were as follows:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 RMB'000
Within one year	360,839	312,083
One year to two years	2,749	17,663
Two years to three years	2,096	1,686
Over three years	722	215
	<hr/>	<hr/>
	<b>366,406</b>	<b>331,647</b>
	<hr/> <hr/>	<hr/> <hr/>

## 13 BORROWINGS

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Non-current:</b>		
Long term bank borrowings, secured (b)	125,058	128,245
Long term bank borrowings, unsecured	696,055	747,949
Other long term borrowings, secured (c)	248,217	835,146
	<u>1,069,330</u>	<u>1,711,340</u>
<b>Subtotal</b>		
	<u>1,069,330</u>	<u>1,711,340</u>
<b>Less:</b>		
– Current portion of long term bank borrowings	(759,199)	(115,173)
– Current portion of other long term borrowings	(248,217)	(744,051)
	<u>(1,007,416)</u>	<u>(859,224)</u>
<b>Total non-current portion:</b>	<u><u>61,914</u></u>	<u><u>852,116</u></u>
<b>Current:</b>		
Short term bank borrowings, secured (b)	224,401	75,906
Short term bank borrowings, unsecured	716,178	890,522
Short term bank borrowings, guaranteed by a third party	97,409	15,000
Current portion of long term bank borrowings	759,199	115,173
Current portion of other long term borrowings (c)	248,217	744,051
	<u>2,045,404</u>	<u>1,840,652</u>
<b>Total current portion:</b>	<u><u>2,045,404</u></u>	<u><u>1,840,652</u></u>
<b>Total borrowings</b>	<u><u>2,107,318</u></u>	<u><u>2,692,768</u></u>

- (a) All the borrowings were denominated in RMB.
- (b) As at 30 June 2023 and 31 December 2022, loan receivables of RMB512,239,000 and RMB228,550,000 were pledged for bank borrowings of RMB349,459,000 and RMB139,166,000.
- (c) Other borrowings were the loans obtained from third parties in the form of sub-lease arrangement. As at 30 June 2023 and 31 December 2022, loan receivables of RMB461,133,000 and RMB1,433,797,000 were pledged for other borrowings of RMB248,217,000 and RMB835,146,000 respectively.

(d) The weighted average effective interest rates for borrowings at each balance sheet date are as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2023</b>	Audited As at 31 December 2022
Bank borrowings	<b>3.62%</b>	3.80%
Other borrowings	<b>4.49%</b>	4.65%

(e) As at 30 June 2023 and 31 December 2022, the Group's borrowings were repayable as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2023</b> <b>RMB'000</b>	Audited As at 31 December 2022 <b>RMB'000</b>
Within 1 year	<b>2,045,404</b>	1,840,652
Between 1 and 2 years	<b>59,797</b>	852,116
Between 2 and 3 years	<b>2,117</b>	–
	<b>2,107,318</b>	2,692,768

## 14 DIVIDENDS

Pursuant to a resolution passed in the shareholders' meeting of the Company on 30 May 2023, dividends of RMB96,954,802.80 for the year ended 31 December 2022 were declared to the equity holder of the Company, which were fully paid in August 2023.

The board of directors of the Company has resolved not to recommend payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## BUSINESS REVIEW AND OUTLOOK

### BUSINESS REVIEW

Deewin Tianxia focuses on providing various value-added services, including logistics and supply chain service, supply chain financial service, IoV and data service, to players along the commercial automobile industry chain.

In the first half of 2023, the Group generated revenue amounting to approximately RMB1,518.1 million, representing a year-on-year increase of 6.2%. Among them, revenue from logistics and supply chain service sector amounted to approximately RMB1,179.7 million, representing a year-on-year increase of 15.2%; revenue from supply chain financial service sector amounted to approximately RMB235.7 million, representing a year-on-year decrease of 24.3%; and revenue from IoV and data service sector amounted to approximately RMB102.7 million, representing a year-on-year increase of 8.4%. Revenue from those three major business sectors accounted for 77.7%, 15.5% and 6.8% of the Group's total revenue, respectively.

#### *Logistics and Supply Chain Service Sector*

In the first half of 2023, our business of logistics and supply chain service mainly included commercial vehicle manufacturing supply chain business, automobile sales business and aftermarket product business. Our major customers are components suppliers, commercial vehicle manufacturers, commercial vehicle sales dealers, logistics companies and commercial automobile end users.

**In terms of supply chain service**, we provide supply chain management and “integrated logistics” services in relation to commercial automobile components. Through seamless integration with the manufacturing plan of commercial automobile manufacturers, we streamlined redundant processes and achieved a lower logistics cost while maintaining service quality. For the six months ended 30 June 2023, we provided automobile manufacturing supply chain service for the production of approximately 57.0 thousand commercial automobiles, and provided automobile logistics service in relation to approximately 32.8 thousand commercial automobiles.

Leveraging our network, we provide logistics service to independent customers such as raw material suppliers, energy companies and express courier service providers. In order to further expand our industry advantages in third party logistics service, we continued to diversify our customer base while exploring and developing cooperation with more independent customers through the expansion and development of our third party logistics service in relation to raw materials (such as coal and ore), commodities and express couriers. For the six months ended 30 June 2023, the revenue from logistics service to independent customers was approximately RMB695.8 million.

**In terms of automobile sales business**, we realised a sale of 589 commercial automobiles and recorded a revenue of approximately RMB132.7 million in the first half of 2023. We believe that such lowered market demand for commercial automobiles was primarily driven by macro-economic conditions, and it is expected that the market condition will improve over time. We formulated an annual sales plan for our inventories in the first half of 2023 based on the market conditions and the respective sales regions in the PRC to actively reduce such inventories subsequently.

**In terms of aftermarket product business**, we engaged in aftermarket product business that mainly covered the sales of (i) tyres, (ii) lubricants, and (iii) other commercial automobile-related products, such as carbamide and components. For the six months ended 30 June 2023, these businesses achieved a revenue of approximately RMB29.3 million in total.

### ***Supply Chain Financial Service Sector***

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

We engage in financial leasing business through our wholly-owned subsidiary Deewin Financial Leasing. We specialise in providing sale and leaseback service to our customers. For the six months ended 30 June 2023, newly invested funds in financial leasing business reached RMB1,789.7 million, and the number of newly effective finance lease agreements was 2,109 in total, and the total number of customers we served was 1,971.

We conduct our factoring business through our wholly-owned subsidiary Deewin Factoring. For the six months ended 30 June 2023, newly invested funds in factoring business reached RMB1,672.8 million.

We have further expanded our sources of funding through diversified funding channels. For the six months ended 30 June 2023, Deewin Financial Leasing issued 2 batches of asset-backed securities (ABS), with an aggregate principal amount of RMB800 million.

### ***IoV and Data Service Sector***

We conduct our IoV and data service business through our wholly-owned subsidiary Tianxingjian. As at 30 June 2023, the number of heavy commercial automobiles registered with our IoV platform was approximately 1,031.6 thousand.

Our IoV system has maintained its strong integration and data collection capabilities and broad range of application scenarios. As at 30 June 2023, the intellectual property rights owned by Tianxingjian included 19 patents and 97 copyrights, and Tianxingjian was in the process of applying for 23 patents.

In addition, based on our advantages in the platform scale and data collection, we have developed several application scenarios, including (i) automobile financial leasing IoV solutions, (ii) Beidou System landing access solutions, (iii) big data solutions, (iv) dump truck supervision solutions, (v) environmental protection supervision solutions, and (vi) transportation fleet management solutions. The large number of automobiles covered by the above application scenarios enables us to be one of the top players among IoV applications of the same kind in China.

## **Business Outlook and Development Strategies**

In the first half of 2023, the gross domestic product (GDP) increased by 5.5% year on year. Our performance remained solid. With the recovery of the market, we will continue to maintain firm strategic resolve, enhance the core competitiveness, strengthen the integration and synergy of various sectors, expand the external market business, accelerate the effective investment of the funds raised, speed up the presence in new energy industries, create new models and new business forms, and expedite the development of the cloud control platform for automatic driving, thereby forming a new advantage of comprehensive service. In the second half of the year, we will continue to adhere to the working guideline of “pursuing goal-driven, intensifying integration and synergy, seeking change while preserving practicability, and increasing efficiency and effectiveness”, with a focus on the following tasks:

### ***(I) Pursuing goal-driven and improving the integrated service capacity of the industry chain***

We will take the opportunity of project construction and focus on three major business sectors, namely the logistics and supply chain service sector, the supply chain financial service sector and the IoV and data service sector, to accelerate the CLGG Platform construction, new energy business and other key projects. This will also improve the construction of online platform and offline service network, enhance the quality and intensity of online product research and development, increase the online and offline integration, and shape the core service advantages of the enterprise.

### ***(II) Intensifying integration and synergy and tapping fully into the potential of existing and emerging markets***

**Logistics and supply chain service sector:** We will accelerate the construction of intelligent logistics, continue to push forward the development of market-oriented warehousing, distribution, and transportation business, expand the shared packaging business, and try to expand the portfolio with the cooperation mode of “trade + logistics”. We will further facilitate the business of the “integrated logistics capacity service model”, target core enterprise customers such as express delivery and trunk transportation, bulk logistics, and urban distribution, and promote the implementation of regionalising logistics business; we will also actively explore business cooperation opportunities in the field of new energy and build comprehensive service capacity in the new energy aftermarket.

**Supply chain financial service sector:** We will strengthen channel deployment and promotion, utilize the high viscosity drive of financial instruments, improve quality and efficiency in supply chain business and logistics capacity building by collaborating with the logistics and supply chain service sector, and carry out business model innovation of new energy vehicles.

**IoV and data service sector:** We will accelerate the exploration and implementation of new external business and expand new scenarios of data application; at the same time, through the restructuring and upgrading of existing businesses such as the Automobile Loan Pass, OTA and dump trucks, we will consolidate and expand the market scale, explore the closed-loop service model for the insurance and financial industries, give full play to the advantages of data assets, and build new business models.

***(III) Seeking change while preserving practicability and strengthening risk prevention consciousness***

We will further promote the integrated application of technological and information measures in business and financial fields, and vigorously carry out business innovation, scene innovation, model innovation, technology innovation and service innovation in the commercial vehicle aftermarket, so as to gradually realize the transformation of the enterprise from scale-benefited to quality-benefited. We will further enhance the risk prevention consciousness, continue to improve the compliance risk control system, and enhance the ability of systemic risk resolution.

***(IV) Focusing on operation control and continuously increasing efficiency and effectiveness***

We will further strengthen inter-departmental coordination and information sharing and increase industry policy research and situation study to develop effective response strategies. We will pay attention to the ratio of account receivables and inventories as well as the debt-to-asset ratio to ensure that the scale of financial liabilities matches the production and operation situation. We will improve the regularity and effectiveness of the Company's operation to strengthen foundational management. We will establish a talent selection and employment mechanism that adapts to high-intensity market competition and continue to build a market-based incentive and restraint mechanism to realize the organic unification of responsibilities and rights.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVENUE**

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

The revenue of the Group increased by 6.2% to RMB1,518.1 million for the six months ended 30 June 2023 from RMB1,429.8 million for the corresponding period of 2022.

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

	<b>Unaudited</b>			
	<b>For the six months ended 30 June</b>			
	<b>2023</b>		<b>2022</b>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB'000, except for percentages)</i>			
<b>Logistics and Supply Chain Service Sector</b>	<b>1,179,742</b>	<b>77.7</b>	1,023,797	71.6
– Logistics and warehousing service	<b>1,014,357</b>	<b>66.8</b>	879,503	61.5
– Sales of goods	<b>161,875</b>	<b>10.7</b>	141,766	9.9
– Others <sup>Note (1)</sup>	<b>3,510</b>	<b>0.2</b>	2,528	0.2
<b>Supply Chain Financial Service Sector</b>	<b>235,662</b>	<b>15.5</b>	311,227	21.8
– Interest income from financial leasing business	<b>192,689</b>	<b>12.7</b>	283,507	19.8
– Interest income from factoring services	<b>42,614</b>	<b>2.8</b>	27,451	1.9
– Others <sup>Note (2)</sup>	<b>359</b>	<b>0.0</b>	269	0.1
<b>IoV and Data Service Sector</b>	<b>102,678</b>	<b>6.8</b>	94,761	6.6
– Sales of goods	<b>63,741</b>	<b>4.2</b>	41,322	2.9
– IoV and data service	<b>38,937</b>	<b>2.6</b>	53,439	3.7
<b>Revenue</b>	<b><u>1,518,082</u></b>	<b><u>100.0</u></b>	<b><u>1,429,785</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Other revenue from logistics and supply chain service sector was mainly (i) financial leasing assistance service for customers of automobile sales business, and (ii) provisional automobile plate service.
- (2) Other revenue from supply chain financial service sector was mainly generated from satellite positioning device and the related installation service provided for commercial automobiles other than brands from Shaanxi Holding Group in order to facilitate provision of our financial leasing service.



## **Logistics and supply chain service sector**

Revenue generated from logistics and supply chain service sector accounted for a majority of the total revenue of the Group for the six months ended 30 June 2023. Such revenue was primarily derived from (i) our logistics and warehousing services including automobile manufacturing supply chain service, automobile logistics service and third party logistics service, (ii) sales of commercial automobiles and components, including tyres, lubricants and other automobile-related products, and (iii) other services, such as financial leasing assistance service. The revenue derived from logistics and supply chain service sector increased by approximately 15.2% from RMB1,023.8 million for the six months ended 30 June 2022 to RMB1,179.7 million for the six months ended 30 June 2023, primarily due to the increase in revenue from this sector as compared with the corresponding period of previous year as a result of our strong efforts in expansion of external supply chain projects along with the proactive consumption of automobile inventories during the Reporting Period.

## **Supply chain financial service sector**

Supply chain financial service sector was our second largest source of revenue for the six months ended 30 June 2023. Revenue was mainly generated from (i) interest income from financial leasing business operated under a sales and leaseback model, (ii) interest income from factoring service, and (iii) other financial services, such as provision of satellite positioning device and the related installation service under our financial leasing service. The revenue derived from supply chain financial service sector decreased by approximately 24.3% from RMB311.2 million for the six months ended 30 June 2022 to RMB235.7 million for the six months ended 30 June 2023, primarily due to the decrease in existing revenue from financial leasing business during the Reporting Period resulting from the decrease in rental volume since 2022.

## **IoV and data service sector**

The revenue of IoV and data services was generated from (i) sales of intelligent IoV products, and (ii) provision of IoV solutions and data services. The revenue derived from IoV and data service sector increased by approximately 8.4% from RMB94.8 million for the six months ended 30 June 2022 to RMB102.7 million for the six months ended 30 June 2023, primarily due to the increase in revenue from sales of IoV products as compared with the corresponding period of previous year resulting from the increase in production and sales volume from commercial vehicle manufacturers in the first half of 2023.

## **COST OF REVENUE**

Cost of revenue of the Group increased by approximately 10.9% to RMB1,262.9 million for the six months ended 30 June 2023 from RMB1,138.3 million for the corresponding period of 2022.

The cost of our logistics and supply chain service sector increased by 18.1% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the increase in revenue of this sector by 15.2% during the same period, primarily due to the increase in the proportion of revenue from, but decrease in gross profit margin of logistics and warehousing services as a result of the adjustment of business structure during the year.

Cost of our supply chain financial service sector decreased by 45.0% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the decrease in revenue of this sector by 24.3% during the same period, primarily due to the decrease in funding cost during the Reporting Period, resulting in the decrease in the cost for business investments as compared with the corresponding period.

The cost of our IoV and data service sector increased by 32.7% for the six months ended 30 June 2023 as compared with the corresponding period of 2022, which was relatively higher than the increase in revenue of this sector by 8.4% during the same period, primarily due to large increase in revenue from sales of commodity and large increase in associated cost resulting from changes in revenue structure during the year and the proportion of revenue from IoV and data service decreased which had lower cost element.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

Gross profit of the Group decreased by approximately 12.5% from approximately RMB291.5 million for the six months ended 30 June 2022 to approximately RMB255.2 million for the six months ended 30 June 2023, and gross profit margin of the Group decreased to approximately 16.8% during the Reporting Period from approximately 20.4% during the corresponding period of 2022. The decrease in gross profit margin was mainly due to the increase in proportion of revenue from, but decrease in gross profit of logistics and supply chain service sector.

## **SELLING EXPENSES**

Selling expenses increased by approximately 7.3% from RMB20.6 million for the six months ended 30 June 2022 to RMB22.1 million for the six months ended 30 June 2023. The increase was mainly due to the increase in employee benefit expenses as a result of the increase in sales personnel as compared with the corresponding period of 2022, as well as the increase in travelling costs and business entertainment expenses for the purpose of market expansion as compared with the corresponding period of previous year.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses increased by approximately 10.2% from RMB50.2 million for the six months ended 30 June 2022 to RMB55.3 million for the six months ended 30 June 2023. The increase was mainly due to the increase in staff compensation, travelling costs, business entertainment expenses and rental fees as compared with the corresponding period of previous year.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Research and development expenses was RMB15.1 million for the six months ended 30 June 2023, which was basically flat as compared with the corresponding period of previous year.

## **NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

Net impairment losses on financial assets decreased by approximately 53.6% from RMB56.0 million for the six months ended 30 June 2022 to RMB26.0 million for the six months ended 30 June 2023. The decrease was mainly due to the increase in the amount of provision for impairment losses caused by the increase in overdue situation under the impact of the industry in the first half of 2022, and the Company's strengthened prevention of credit risk and improved measures for risk control and management, leading the decrease in the expected credit loss.

## **OTHER INCOME**

Other income decreased by approximately 19.3% from RMB14.5 million for the six months ended 30 June 2022 to RMB11.7 million for the six months ended 30 June 2023. The decrease was mainly due to the fact that the supply chain financial service sector received a lower immediate refund of value-added tax during the Reporting Period.

## **NET OTHER (LOSSES) GAINS**

Net other (losses) gains increased by approximately 133.3% from RMB-0.9 million for the six months ended 30 June 2022 to RMB0.3 million for the six months ended 30 June 2023. The increase was mainly due to the increase in the amount of business penalty on suppliers charged by us in logistics and supply chain service business.

## **NET FINANCE INCOME/FINANCE COSTS**

The net finance costs decreased by approximately 34.2% from RMB15.0 million for the six months ended 30 June 2022 to RMB9.8 million for the six months ended 30 June 2023. The decrease was mainly due to the increase of approximately RMB7.7 million in interest income from bank deposits during the Reporting Period as compared with that of for the corresponding period of previous year.

## **PROFIT BEFORE INCOME TAX**

Profit before income tax decreased by 6.1% from RMB150.3 million for the six months ended 30 June 2022 to RMB141.2 million for the six months ended 30 June 2023. The decrease was mainly due to the increase in the proportion of revenue from logistics and supply chain service sector and the large decrease in the revenue from the supply chain financial service sector as a result of the adjustment of business structure during the Reporting Period, resulting in a decrease in overall gross profit margin of the Company.

## **INCOME TAX EXPENSE**

We recorded an income tax expense of approximately RMB31.3 million for the six months ended 30 June 2023 as compared to RMB32.6 million for the corresponding period of previous year. The decrease was mainly due to the decrease in profit before tax.

## **PROFIT FOR THE PERIOD**

We recorded a net profit of approximately RMB109.9 million for the six months ended 30 June 2023 comparing with RMB117.7 million for corresponding period of previous year. Net profit margin for the six months ended 30 June 2023 was 7.2% as compared to 8.2% for the corresponding period of previous year.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Current Assets and Current Liabilities**

As at 30 June 2023, the Group had net current assets of approximately RMB1,881.7 million, representing a decrease of approximately 18.5% from RMB2,307.9 million as at 31 December 2022. The decrease was primarily because current liabilities increased by approximately RMB441.1 million as compared with the end of 2022.

The Group's current assets increased by RMB14.9 million from approximately RMB6,897.9 million as at 31 December 2022 to approximately RMB6,912.8 million as at 30 June 2023. The increase was primarily due to the expansion of external business during the period which led to the increase in the balance of receivables.

The Group's current liabilities increased by RMB441.1 million from approximately RMB4,590.0 million as at 31 December 2022 to approximately RMB5,031.1 million as at 30 June 2023, which was mainly due to (i) the increase of approximately RMB210.6 million in notes payable, accounts payable and short-term borrowings as compared with that of in the end of 2022 as a result of the increase in business volume of logistics and supply chain services sector in 2023, as well as the increase of approximately RMB828.2 million in long-term borrowings and related party borrowings reclassified under due within one year; (ii) the decrease of approximately RMB678.9 million in financial lease deposits due within one year, long-term payables due within one year, accounts received in advance as compared with that of in the end of 2022; (iii) and increase of RMB97.0 million in dividends.

### **Other Receivables**

Other receivables decreased by approximately RMB250.8 million from RMB415.7 million as at 31 December 2022 to RMB164.9 million as at 30 June 2023. The decrease was mainly due to (i) the decrease of approximately RMB124.5 million in the advances to customers as a result of the decrease in the advances to customers of the logistics and supply chain service sector; (ii) the decrease of RMB109.0 million in sub-leasing business deposits in supply chain financial service sector as compared with that of in the end of 2022.

### **Financial Assets at Fair Value Through Other Comprehensive Income**

Financial assets at fair value through other comprehensive income increased by approximately RMB43.2 million from RMB90.3 million as at 31 December 2022 to RMB133.5 million as at 30 June 2023. The increase was mainly due to the increase in payment collection from customers by bills as a result of the increase in revenue during the Reporting Period.

### **Loan Receivables**

Loan receivables decreased by approximately RMB54.3 million from RMB5,985.4 million as at 31 December 2022 to RMB5,931.1 million as at 30 June 2023. The increase was mainly due to (i) the increase in the amount of factoring business in the supply chain financial services sector during the Reporting Period, resulting in an increase of approximately RMB356.4 million in receivables as compared with that of in the end of 2022; (ii) the decrease in the amount of financial leasing business in the supply chain financial services sector and the scale-down financial leasing business, resulting in a decrease of RMB410.7 million in long-term receivables as compared with that of in the end of 2022.

## Inventories

Inventories of the Group decreased by approximately RMB20.4 million from RMB113.2 million as at 31 December 2022 to RMB92.8 million as at 30 June 2023. The decrease was mainly due to the increased effort in sales of inventories which resulted in a speed-up inventory turnover during the Reporting Period.

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

	<b>Six months ended 30 June 2023</b>	Year ended 31 December 2022
Average turnover days of inventories of the logistics and supply chain service sector	<b>113.9</b>	187.4
Average turnover days of inventories of the IoV and data service sector	<b>26.1</b>	23.8

Average turnover days of inventories of the logistics and supply chain service sector in 2022 and for the six months ended 30 June 2023 were 187.4 days and 113.9 days, respectively, which was mainly due to the less inventory turnover days as a result of the increased effort in sales of commodities and strict control of the inventory occupation during the Reporting Period

Average turnover days of inventories of the IoV and data service sector in 2022 and for the six months ended 30 June 2023 were 23.8 days and 26.1 days, respectively, mainly due to longer average turnover days of inventories resulting from the increase in the production volume of commercial vehicle manufacturers and the purchase of inventory in the IoV and data services sector during the Reporting Period.

## Trade Receivables

Trade receivables increased by approximately RMB127.4 million from RMB581.6 million as at 31 December 2022 to RMB709.0 million as at 30 June 2023, mainly due to the increase in business volume in logistics and supply chain service sector and IoV and data services sector during the Reporting Period, resulting in the increase in accounts receivable in the Reporting Period.

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

	<b>Six months ended 30 June 2023</b>	Year ended 31 December 2022
Average turnover days of trade receivables	<b>95.1</b>	92.8

For the year ended 31 December 2022 and the six months ended 30 June 2023, the average turnover days of trade receivables were 92.8 days and 95.1 days, respectively, representing longer turnover days, which was mainly due to the slow collection from customers and longer aging of accounts during the Reporting Period.

### **Trade and Other Payables**

Trade and other payables increased by approximately RMB240.1 million from RMB2,018.4 million as at 31 December 2022 to RMB2,258.5 million as at 30 June 2023. The decrease was mainly due to (i) the increase of approximately RMB274.1 million in the portion due within one year, mainly due to the increase of approximately RMB445.0 million in borrowings from related parties, notes payable, dividend payable and accounts payable as compared to the end of 2022, as well as the decrease of approximately RMB135.1 million in financial leasing deposit due within one year as compared to the end of 2022; (ii) the decrease of approximately RMB34.0 million in the long-term portion as compared to the end of 2022, mainly due to the decrease of approximately RMB33.9 million in the financial leasing deposit generated from supply chain financial service sector as compared to the end of 2022.

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

	<b>Six months ended 30 June 2023</b>	Year ended 31 December 2022
Average turnover days of trade payables	<b>49.7</b>	60.2

Our average turnover days of trade payables for the year ended 31 December 2022 and the six months ended 30 June 2023 were 60.2 days and 49.7 days, respectively, primarily due to increase in third party logistics revenue of logistics and supply chain service sector, shorter transportation settlement period during the Reporting Period, causing short average turnover days of trade payables.

## **Liquidity and Capital Resources**

We have financed our operations primarily through cash generated from our operating activities, capital contribution from our Shareholders, bank borrowings, loans from related parties, asset-backed notes/securities and other borrowings obtained from other financial institutions. As at 31 December 2022 and 30 June 2023, the Company had cash and cash equivalents of RMB1,149.0 million and RMB1,119.2 million, respectively.

### **Net Cash Generated from Operating Activities**

For the six months ended 30 June 2023, net cash generated from operating activities was RMB187.2 million, with a decrease of RMB105.6 million compared with the corresponding period of 2022, mainly due to the decrease in the investment in financial leasing business in 2022 plus less rental amount recovered in the first half of 2023, resulting in a decrease in the net amount from operating activities compared with the corresponding period of 2022.

### **Net Cash Generated Used in Investing Activities**

For the six months ended 30 June 2023, net cash used in investing activities was RMB14.5 million, with a decrease of approximately RMB2.7 million compared with the corresponding period of 2022, mainly due to the decrease in acquisition of fixed assets and intangible assets during the Reporting Period compared with the corresponding period of 2022.

### **Net Cash Generated Used in Financing Activities**

For the six months ended 30 June 2023, net cash used in financing activities was RMB202.5 million, with a decrease of RMB394.3 million compared with the corresponding period of 2022, mainly due to increase in repayment amount of borrowings due and payable in 2023.

## **INDEBTEDNESS**

### **Bank Borrowings**

Bank borrowings increased by 0.1% from RMB1,857.6 million as at 31 December 2022 to RMB1,859.1 million as at 30 June 2023, representing a relatively stable size of that.

### **Loans from Related Parties**

Loans from related parties increased by 19.9% from RMB973.0 million as at 31 December 2022 to RMB1,167.0 million as at 30 June 2023, mainly due to the increase of RMB194.0 million in loan due to Shaanxi Automobile during the Reporting Period.

## Asset-Backed Notes/Securities

Asset-backed notes/securities decreased by 3.5% from RMB908.5 million as at 31 December 2022 to RMB876.6 million as at 30 June 2023, primarily due to the fact that the amount due to repayment of the ABS issued in the previous period was greater than the amount of the newly issued ABS in 2023.

## Other Borrowings

Our other borrowings from other financial institutions decreased by 70.3% from RMB835.1 million as at 31 December 2022 to RMB248.2 million as at 30 June 2023, mainly due to the reduction of the proportion of other borrowings from other financial institutions in order to optimize the financial structure and reduce the funding cost during the Reporting Period.

## Notes Payable

Notes payable increased by 312.3% from RMB38.2 million as at 31 December 2022 to RMB157.5 million as at 30 June 2023, primarily due to the increase in business payment made to suppliers during the Reporting Period, resulting in the billing amount of notes payable greater than the amount due to repayment.

The maturity of financial liabilities is as follows:

<b>At 30 June 2023 (unaudited)</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years (RMB'000)</b>	<b>Over 5 years</b>	<b>Total</b>
Trade and other payables	2,053,279	151,186	35,853	–	2,240,318
Lease liabilities	17,916	9,579	3,666	1,003	32,164
Borrowings	2,106,673	61,597	2,131	–	2,170,401
Bond payables	807,435	103,120	–	–	910,555
<b>Total</b>	<b>4,985,303</b>	<b>325,482</b>	<b>41,650</b>	<b>1,003</b>	<b>5,353,438</b>



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

<b>Items</b>	<b>Weighted average interest rate</b>
Bank borrowings	3.62%
Loans from related parties	3.16%
Loans from third parties	3.00%
Asset-backed securities	3.32%
Borrowings from other financial institutions	4.49%

### **Lease Liabilities**

Lease liabilities represent the lease of office buildings and facilities for our logistics and warehousing services. Lease liabilities amounted to RMB41.7 million and RMB30.5 million, respectively, as at 31 December 2022 and 30 June 2023. The lease term of our lease of buildings and facilities ranges from one year to ten years.

### **Contingent Liabilities**

As at 30 June 2023, our Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

As at 30 June 2023, save as disclosed above, our Group did not have any other outstanding borrowings, mortgage, charges, debentures or other loan capital (issued or agreed to issue), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, financial leasing commitments, hire purchase commitment.

Save as disclosed above, our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 June 2023 and up to the Latest Practicable Date.

### **Gearing Ratio**

The Group's gearing ratio decreased from 51.2% as at 31 December 2022 to 48.1% as at 30 June 2023, which is mainly due to the decrease of RMB585.5 million in borrowings as compared with that of in the end of 2022 resulted from lower demands in borrowing in the first half of 2023.

## **QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS**

Our Group's activities and operations are exposed to a variety of market risk, credit risk, liquidity risk and capital risk. Our overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. We currently do not use any derivative financial instruments to hedge certain risk exposures. Please refer to note 5 to the interim condensed consolidated financial information included in this announcement for further details.

### **PLEDGE OF ASSETS**

As at 30 June 2023 and 31 December 2022, the Group's loan receivables of RMB461.3 million and RMB1,433.8 million were pledged as security for other borrowings of RMB248.2 million and RMB835.1 million, respectively. Please refer to note 11 to the interim condensed consolidated financial information included in this announcement for further details.

### **EMPLOYMENT, REMUNERATION POLICY AND TRAINING**

As at 30 June 2023, the Group had a total of 1,657 employees. Employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. The remuneration of the Group's employees includes salaries and allowances. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance.

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

### **SIGNIFICANT INVESTMENTS HELD**

During the Reporting Period, the Group did not hold any significant investments.

### **FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders and enhance its value and accountability. The Company has adopted and applied principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Group will continue to review and monitor its corporate governance practices in order to ensure the ongoing compliance with the Corporate Governance Code.

### **PURCHASE, SALE AND REDEMPTION OF SHARES**

The resolution on granting general mandate to the Board to repurchase H Shares of the Company was considered and approved at the annual general meeting, the H Share Class Meeting and the Domestic Shareholders Class Meeting of the Company held on 30 May 2023. According to such mandate, from the period from 11 July 2023 to 28 July 2023, the Company repurchased a total of 31,845,000 H Shares on the Stock Exchange with a total amount of approximately HK\$62.6 million. As of the date of this announcement, the Company has not yet completed the cancellation of the repurchased H Shares.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted and formulated a code of conduct on terms no less stringent than the required standards of the Model Code as set out in Appendix 10 to the Listing Rules. After making specific enquiries, the Company confirmed that each Director and each Supervisor have complied with the required standards of the Model Code and the Company's code of conduct throughout the Reporting Period.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

### **AUDIT COMMITTEE**

The Audit Committee consists of three INEDs, namely Mr. Ip Wing Wai, Mr. Yu Qiang and Mr. Li Gang with terms of reference in compliance with the Listing Rules. The chairperson of the Audit Committee is Mr. Ip Wing Wai.

The condensed consolidated interim financial results have not been audited by the independent auditor of the Company. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2023 and this interim results announcement. The Audit Committee considers that the interim financial results for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## INTERIM DIVIDEND

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

## USE OF PROCEEDS

The Company's Shares were successfully listed on the Stock Exchange on 15 July 2022. The net proceeds from the Listing amounted to approximately HK\$1,011.0 million (after deduction of the underwriting commission and other relevant Listing expenses payable by the Company in connection with the Global Offering). For the six months ended 30 June 2023, the Company used RMB37.3 million of the proceeds raised from H Shares. The cumulative total utilized proceeds raised from H Shares amounted to RMB136.0 million, and the balance of the unutilized proceeds raised from H Shares amounted to RMB732.8 million. As at the date of this announcement, the unutilized net proceeds have been deposited in licensed banks in the PRC and will continue to be used in accordance with the purposes set out in the Prospectus, which is expected to be fully utilized by 31 December 2026.

The table below sets out the planned applications and usage of the net proceeds:

	Actual net proceeds received		Utilized amounts accumulated as at 30 June 2023	Unutilized amounts as at 30 June 2023	Expected timetable for the utilization of net proceeds
	(HK\$/million)	(RMB/million)	(RMB/million)	(RMB/million)	
<b>Offline business development</b>					
– establishment of an offline digital warehousing and distribution network, as well as a repair service network targeting at commercial automobile aftermarket	379.1	325.8	22.0	303.8	by the end of 2026
<b>Online business development</b>					
– ongoing establishment of online service platform for commercial automobile aftermarket (being CLGG Online Platform)	227.5	195.5	4.8	190.7	by the end of 2025
<b>Enhancement of the core technology capabilities and data service capabilities of IoV and data service sector</b>	303.3	260.6	22.3	238.3	by the end of 2026
<b>Replenishment of general working capital</b>	101.1	86.9	86.9	–	fully unutilized in 2022
<b>Total</b>	<b>1,011.0</b>	<b>868.8</b>	<b>136.0</b>	<b>732.8</b>	

## CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since the date of the annual report of 2022 of the Company, changes in the Directors and Supervisors are as follows:

<b>Names</b>	<b>Details of changes</b>
Mr. Wang Jianbin	Retired as a non-executive director of the Company on 30 May 2023
Mr. Zhou Qi	Retired as a non-executive director of the Company on 30 May 2023
Mr. Tian Qiang	Appointed as a non-executive director of the Company on 30 May 2023
Mr. Zhao Chengjun	Appointed as a non-executive director of the Company on 30 May 2023
Mr. Wang Jingan	Retired as a Supervisor of the Company on 30 May 2023
Mr. Zhang Shaojie	Appointed as a Supervisor of the Company on 30 May 2023

Save from the above, there was no change in the information of the Directors and Supervisors which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

## CORPORATE GOVERNANCE EVENTS DURING THE REPORTING PERIOD

As at the date of this announcement, the Company has no corporate governance events that need to be disclosed under the Listing Rules.

## EVENT AFTER THE REPORTING PERIOD

There were no significant events occurred in the Company after 30 June 2023.

## Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.deewintx.com](http://www.deewintx.com)). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

By order of the Board of Director  
**Deewin Tianxia Co., Ltd**  
德銀天下股份有限公司  
**Guo Wancai**  
Chairman

Xi'an, the PRC, 30 August 2023

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

## DEFINITION

In this interim results announcement, unless the context otherwise require, the following expressions shall have the following meaning:

“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“China” or “the PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Deewin Tianxia Co., Ltd (德銀天下股份有限公司) (formerly known as Deewin Tianxia Investment Holding Co., Ltd.* (德銀天下投資控股有限公司)), a limited liability company established in the PRC on 14 August 2014 and registered as a joint stock company with limited liability on 25 December 2020
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Deewin Factoring”	Shanghai Deewin Commercial Factoring Co., Ltd.* (上海德銀商業保理有限公司), a limited liability company established in the PRC on 17 September 2013, which is a wholly-owned subsidiary of the Company
“Deewin Financial Leasing”	Deewin Financial Leasing Co., Ltd.* (德銀融資租賃有限公司), a limited liability company established in the PRC on 24 November 2011, which is a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EIT”	enterprise income tax of the PRC
“Global Offering”	the Hong Kong Public Offering and the International Offering both as defined in the Prospectus

“Group”, “our Group”, “the Group”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1.00 each
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	30 August 2023, being the latest practicable date for ascertaining certain information in this announcement before its publication
“Listing”	the listing of the H Shares on the Main Board
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Government” or “State”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“Prospectus”	the prospectus being issued by the Company dated 30 June 2022 in connection with the Global Offering
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Shaanxi Automobile”	Shaanxi Automobile Group Co., Ltd. (陝西汽車集團股份有限公司) (formerly known as Shaanxi Automobile Group Co., Ltd.* (陝西汽車集團有限責任公司)), a limited liability company established in the PRC on 18 November 1989 and registered as a joint stock company with limited liability on 30 March 2021 and a Controlling Shareholder

“Shaanxi Automobile Holding”	Shaanxi Automobile Holding Group Co., Ltd.* (陝西汽車控股集團有限公司), a limited liability company established in the PRC on 20 August 2012 and a Controlling Shareholder, in which 51.00% equity interest is held by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shaanxi Province and 49.00% equity interest is held by one company that is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shaanxi Province
“Shaanxi Holding Group”	Shaanxi Automobile and Shaanxi Automobile Holding and/or their respective associates (excluding the members of our Group)
“Share(s)”	ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange” or the “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Supervisor(s)”	supervisor(s) of the Company
“Tianxingjian”	Shaanxi Tianxingjian Internet of Vehicle Information Technology Co., Ltd.* (陝西天行健車聯網信息技術有限公司), a limited liability company established in the PRC on 18 June 2013, which is a wholly-owned subsidiary of the Company
“Tonghui”	Shaanxi Tonghui Automobile Logistics Co., Ltd.* (陝西通匯汽車物流有限公司), a limited liability company established in the PRC on 20 October 2005, which is a wholly-owned subsidiary of the Company
“%”	per cent