

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TUHU CAR INC., GOLDMAN SACHS (ASIA) L.L.C., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, UBS SECURITIES HONG KONG LIMITED AND MERRILL LYNCH (ASIA PACIFIC) LIMITED

Introduction

We report on the historical financial information of TUHU Car Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-132, which comprises the consolidated statements of profit or loss, statements of comprehensive income/(loss), statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020, 2021 and 2022, and the three months ended 31 March 2023 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-132 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 September 2023 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants

(“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive loss, statement of changes in equity and statement of cash flows for the three months ended 31 March 2022 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our 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 HKICPA. A review 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. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young

Certified Public Accountants

Hong Kong

14 September 2023

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December				Three months ended 31	
						March	
		2019	2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(Unaudited)
Revenue	6	7,040,361	8,753,316	11,724,263	11,546,851	2,969,165	3,264,621
Cost of revenue		(6,516,954)	(7,673,294)	(9,853,961)	(9,276,669)	(2,436,293)	(2,474,837)
Gross profit		523,407	1,080,022	1,870,302	2,270,182	532,872	789,784
Other income and gains, net	7	11,589	114,528	121,452	151,452	8,857	17,427
Operations and support expenses		(216,180)	(308,265)	(654,051)	(627,473)	(166,231)	(139,362)
Research and development expenses		(223,279)	(369,505)	(619,583)	(621,365)	(162,312)	(152,744)
Selling and marketing expenses		(1,040,958)	(1,262,616)	(1,681,131)	(1,542,216)	(378,324)	(421,459)
General and administrative expenses		(197,906)	(193,143)	(351,022)	(399,094)	(99,153)	(95,963)
Fair value changes on financial assets at fair value through profit or loss	8	8,197	26,113	154	4,594	3,615	(193)
Operating loss		(1,135,130)	(912,866)	(1,313,879)	(763,920)	(260,676)	(2,510)
Finance income	9	41,707	63,236	63,504	56,934	11,008	25,414
Finance costs	9	(26,397)	(50,530)	(65,696)	(27,875)	(9,286)	(4,901)
Fair value changes of convertible redeemable preferred shares		(1,933,597)	(2,992,664)	(4,441,164)	(1,339,273)	(342,022)	(297,954)
Loss on repurchase of convertible redeemable preferred shares		(363,868)	—	—	—	—	—
Share of profits and losses of:							
Joint ventures		—	—	—	(2,985)	—	(2,134)
Associates		(691)	(10,791)	(52,744)	(30,530)	(3,511)	5,023
LOSS BEFORE TAX	10	(3,417,976)	(3,903,615)	(5,809,979)	(2,107,649)	(604,487)	(277,062)
Income tax expense	13	(10,302)	(24,594)	(34,822)	(30,666)	(5,237)	(1,470)
LOSS FOR THE YEAR/ PERIOD		<u>(3,428,278)</u>	<u>(3,928,209)</u>	<u>(5,844,801)</u>	<u>(2,138,315)</u>	<u>(609,724)</u>	<u>(278,532)</u>
Attributable to:							
Owners of the parent		(3,428,278)	(3,928,209)	(5,840,577)	(2,136,173)	(608,888)	(278,151)
Non-controlling interests		—	—	(4,224)	(2,142)	(836)	(381)
		<u>(3,428,278)</u>	<u>(3,928,209)</u>	<u>(5,844,801)</u>	<u>(2,138,315)</u>	<u>(609,724)</u>	<u>(278,532)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT							
Basic (RMB)	15	<u>(24)</u>	<u>(27)</u>	<u>(41)</u>	<u>(15)</u>	<u>(4)</u>	<u>(2)</u>
Diluted (RMB)	15	<u>(24)</u>	<u>(27)</u>	<u>(41)</u>	<u>(15)</u>	<u>(4)</u>	<u>(2)</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					<i>(Unaudited)</i>	
LOSS FOR THE YEAR/PERIOD	<u>(3,428,278)</u>	<u>(3,928,209)</u>	<u>(5,844,801)</u>	<u>(2,138,315)</u>	<u>(609,724)</u>	<u>(278,532)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)						
Other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of the financial statements of the subsidiaries of the Company	<u>—</u>	<u>11,360</u>	<u>106,572</u>	<u>(652,235)</u>	<u>26,257</u>	<u>105,451</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:						
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value	<u>—</u>	<u>—</u>	<u>—</u>	<u>(121,487)</u>	<u>—</u>	<u>37,523</u>
Exchange differences on translation of the financial statements of the Company	<u>77,125</u>	<u>461,195</u>	<u>158,186</u>	<u>(899,492)</u>	<u>40,167</u>	<u>154,230</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>77,125</u>	<u>472,555</u>	<u>264,758</u>	<u>(1,673,214)</u>	<u>66,424</u>	<u>297,204</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	<u>(3,351,153)</u>	<u>(3,455,654)</u>	<u>(5,580,043)</u>	<u>(3,811,529)</u>	<u>(543,300)</u>	<u>18,672</u>
Attributable to:						
Owners of the parent	<u>(3,351,153)</u>	<u>(3,455,654)</u>	<u>(5,575,819)</u>	<u>(3,809,387)</u>	<u>(542,464)</u>	<u>19,053</u>
Non-controlling interests	<u>—</u>	<u>—</u>	<u>(4,224)</u>	<u>(2,142)</u>	<u>(836)</u>	<u>(381)</u>
	<u>(3,351,153)</u>	<u>(3,455,654)</u>	<u>(5,580,043)</u>	<u>(3,811,529)</u>	<u>(543,300)</u>	<u>18,672</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December				As at
		2019	2020	2021	2022	31 March
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS						
Property, plant and equipment	16	206,529	284,297	539,143	671,032	712,930
Right-of-use assets	17(a)	322,890	424,150	517,581	467,714	444,615
Goodwill	18	—	14,789	15,820	15,820	15,820
Other intangible assets	19	1,390	46,353	63,113	69,975	70,089
Financial investments at fair value						
through profit or loss	20	31,943	145,963	201,038	227,120	236,413
Investments in joint ventures	21	—	—	—	115,375	113,241
Investments in associates	22	48,089	207,625	194,224	163,694	168,717
Equity investments designated at fair value through other comprehensive income	23	—	—	—	289,312	322,892
Restricted cash and time deposits . . .	29	25,000	300,000	480,000	403	115,003
Other non-current assets	24	24,834	33,286	74,944	87,825	124,132
Total non-current assets		<u>660,675</u>	<u>1,456,463</u>	<u>2,085,863</u>	<u>2,108,270</u>	<u>2,323,852</u>
CURRENT ASSETS						
Inventories	25	1,046,812	1,483,537	1,713,513	1,542,547	1,555,808
Trade receivables	26	155,614	280,510	202,990	173,731	195,827
Prepayments, other receivables and other assets	27	256,576	555,593	539,472	456,257	458,456
Financial assets at fair value through profit or loss	28	1,748,715	692,368	320,362	25,921	48,013
Restricted cash and time deposits . . .	29	821,157	3,400,888	3,497,661	2,021,037	1,739,702
Cash and cash equivalents	29	<u>1,474,876</u>	<u>1,164,958</u>	<u>1,472,293</u>	<u>2,686,353</u>	<u>2,815,580</u>
Total current assets		<u>5,503,750</u>	<u>7,577,854</u>	<u>7,746,291</u>	<u>6,905,846</u>	<u>6,813,386</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	As at 31 December				As at 31
		2019	2020	2021	2022	March
		RMB'000	RMB'000	RMB'000	RMB'000	2023
						RMB'000
CURRENT LIABILITIES						
Trade and bills payables	30	1,683,398	2,808,434	3,240,321	3,119,324	3,231,297
Other payables and accruals	31	698,032	962,270	1,463,777	1,566,010	1,524,310
Contract liabilities	32	215,353	382,463	558,999	653,045	634,632
Interest-bearing borrowings	33	—	2,016,915	264,000	—	—
Tax payable		10,301	34,884	67,517	97,225	97,816
Lease liabilities	17(b)	115,360	132,283	148,379	136,595	128,894
Total current liabilities		<u>2,722,444</u>	<u>6,337,249</u>	<u>5,742,993</u>	<u>5,572,199</u>	<u>5,616,949</u>
NET CURRENT						
ASSETS		<u>2,781,306</u>	<u>1,240,605</u>	<u>2,003,298</u>	<u>1,333,647</u>	<u>1,196,437</u>
TOTAL ASSETS LESS						
CURRENT						
LIABILITIES		<u>3,441,981</u>	<u>2,697,068</u>	<u>4,089,161</u>	<u>3,441,917</u>	<u>3,520,289</u>
NON-CURRENT						
LIABILITIES						
Convertible redeemable preferred shares	34	9,499,531	11,900,562	18,609,227	21,726,488	21,732,634
Contract liabilities	32	71,636	109,468	115,056	60,268	53,502
Lease liabilities	17(b)	181,881	252,468	282,873	203,735	190,456
Deferred tax liabilities	35	—	10,333	10,333	10,333	10,333
Other non-current liabilities	36	184,216	329,780	436,046	397,657	404,797
Total non-current liabilities . .		<u>9,937,264</u>	<u>12,602,611</u>	<u>19,453,535</u>	<u>22,398,481</u>	<u>22,391,722</u>
Net liabilities		<u>(6,495,283)</u>	<u>(9,905,543)</u>	<u>(15,364,374)</u>	<u>(18,956,564)</u>	<u>(18,871,433)</u>
EQUITY						
Equity attributable to						
owners of the parent						
Share capital	37	21	21	21	21	21
Deficits	38	(6,495,304)	(9,909,425)	(15,366,732)	(18,956,780)	(18,871,268)
		(6,495,283)	(9,909,404)	(15,366,711)	(18,956,759)	(18,871,247)
Non-controlling interests		—	3,861	2,337	195	(186)
Total equity		<u>(6,495,283)</u>	<u>(9,905,543)</u>	<u>(15,364,374)</u>	<u>(18,956,564)</u>	<u>(18,871,433)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to ordinary equity holders of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January 2019	—	128,094	96,185	—	(3,463,551)	(3,239,272)	—	(3,239,272)
Loss for the year	—	—	—	—	(3,428,278)	(3,428,278)	—	(3,428,278)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	77,125	—	77,125	—	77,125
Total comprehensive loss for the year	—	—	—	77,125	(3,428,278)	(3,351,153)	—	(3,351,153)
Issue of shares	21	—	—	—	—	21	—	21
Share-based payments	—	—	95,121	—	—	95,121	—	95,121
At 31 December 2019	21	128,094	191,306	77,125	(6,891,829)	(6,495,283)	—	(6,495,283)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2020

	Attributable to ordinary equity holders of the parent							
	Share-based		Capital reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	
	Share capital	payment reserve*						RMB '000
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
At 1 January 2020	21	128,094	191,306	77,125	(6,891,829)	(6,495,283)	—	(6,495,283)
Loss for the year	—	—	—	—	(3,928,209)	(3,928,209)	—	(3,928,209)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	472,555	—	472,555	—	472,555
Total comprehensive loss for the year	—	—	—	472,555	(3,928,209)	(3,455,654)	—	(3,455,654)
Share-based payments	—	—	41,533	—	—	41,533	—	41,533
Acquisition of a subsidiary	—	—	—	—	—	—	3,861	3,861
At 31 December 2020	21	128,094	232,839	549,680	(10,820,038)	(9,909,404)	3,861	(9,905,543)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2021

	Attributable to ordinary equity holders of the parent						Total equity RMB '000	
	Share capital RMB '000 (Note 37)	Capital reserve* RMB '000 (Note 38)	Share- based payment reserve* RMB '000 (Note 38)	Exchange fluctuation reserve* RMB '000 (Note 38)	Accumulated losses* RMB '000	Total RMB '000		Non-controlling interests RMB '000
At 1 January 2021	21	128,094	232,839	549,680	(10,820,038)	(9,909,404)	3,861	(9,905,543)
Loss for the year	—	—	—	—	(5,840,577)	(5,840,577)	(4,224)	(5,844,801)
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	264,758	—	264,758	—	264,758
Total comprehensive loss for the year	—	—	—	264,758	(5,840,577)	(5,575,819)	(4,224)	(5,580,043)
Share-based payments	—	—	118,512	—	—	118,512	—	118,512
Capital contribution from non-controlling interests ...	—	—	—	—	—	—	2,700	2,700
At 31 December 2021	21	128,094	351,351	814,438	(16,660,615)	(15,366,711)	2,337	(15,364,374)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2022

	Attributable to ordinary equity holders of the parent							Total equity RMB '000	
	Share capital	Capital reserve*	Share- based payment reserve*	Fair value reserve of financial assets at		Exchange fluctuation reserve*	Accumulated losses*		Non-controlling interests
				Share based payment reserve*	other comprehensive income*				
RMB '000 (Note 37)	RMB '000 (Note 38)	RMB '000 (Note 38)	RMB '000 (Note 38)	RMB '000 (Note 38)	RMB '000 (Note 38)	RMB '000	RMB '000	RMB '000	
At 1 January 2022	21	128,094	351,351	—	814,438	(16,660,615)	2,337	(15,364,374)	
Loss for the year	—	—	—	—	—	(2,136,173)	(2,142)	(2,138,315)	
Other comprehensive loss for the year:									
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	(121,487)	—	—	—	(121,487)	
Exchange differences on translation of foreign operations	—	—	—	—	(1,551,727)	—	—	(1,551,727)	
Total comprehensive loss for the year	—	—	—	(121,487)	(1,551,727)	(2,136,173)	(2,142)	(3,811,529)	
Share-based payments	—	—	219,339	—	—	—	—	219,339	
At 31 December 2022	21	128,094	570,690	(121,487)	(737,289)	(18,796,788)	195	(18,956,564)	

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

For the three months ended 31 March 2022

	Attributable to ordinary equity holders of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	21	128,094	351,351	814,438	(16,660,615)	(15,366,711)	2,337	(15,364,374)
Loss for the period	—	—	—	—	(608,888)	(608,888)	(836)	(609,724)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	66,424	—	66,424	—	66,424
Total comprehensive loss for the period	—	—	—	66,424	(608,888)	(542,464)	(836)	(543,300)
Share-based payments	—	—	52,912	—	—	52,912	—	52,912
At 31 March 2022 (unaudited)	21	128,094	404,263	880,862	(17,269,503)	(15,856,263)	1,501	(15,854,762)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

For the three months ended 31 March 2023

	Attributable to ordinary equity holders of the parent							Total equity RMB'000	
	Share capital	Capital reserve*	Share- based payment reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*	Total		
At 1 January 2023	21	128,094	570,690	(121,487)	(737,289)	(18,796,788)	(18,956,759)	195	(18,956,564)
Loss for the period	—	—	—	—	—	(278,151)	(278,151)	(381)	(278,532)
Other comprehensive income for the period:	—	—	—	—	—	—	—	—	—
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	37,523	—	—	37,523	—	37,523
Exchange differences on translation of foreign operations	—	—	—	—	259,681	—	259,681	—	259,681
Total comprehensive income for the period	—	—	—	37,523	259,681	(278,151)	19,053	(381)	18,672
Share-based payments	—	—	66,459	—	—	—	66,459	—	66,459
At 31 March 2023	21	128,094	637,149	(83,964)	(477,608)	(19,074,939)	(18,871,247)	(186)	(18,871,433)

* These reserve accounts comprise the consolidated deficits of RMB6,495,304,000, RMB9,909,425,000, RMB15,366,732,000, RMB18,956,780,000 and RMB18,871,268,000 in the consolidated statements of financial position as at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							<i>(Unaudited)</i>
CASH FLOWS FROM							
OPERATING ACTIVITIES							
Loss before tax		(3,417,976)	(3,903,615)	(5,809,979)	(2,107,649)	(604,487)	(277,062)
Adjustments for:							
Finance income	9	(41,707)	(63,236)	(63,504)	(56,934)	(11,008)	(25,414)
Finance costs	9	26,397	50,530	65,696	27,875	9,286	4,901
Share of losses of joint ventures	21	—	—	—	2,985	—	2,134
Share of profits and losses of associates	22	691	10,791	52,744	30,530	3,511	(5,023)
Fair value changes of convertible redeemable preferred shares	34	1,933,597	2,992,664	4,441,164	1,339,273	342,022	297,954
Gain from intangible assets contributed to an associate	22	—	(76,500)	(28,000)	—	—	—
Fair value changes of financial assets at fair value through profit or loss	20	(3,403)	(12,494)	7,461	2,060	(248)	679
Share-based payment expense	10	95,121	41,533	118,512	219,339	52,912	66,459
Loss on disposal of property, plant and equipment	16	4,849	4,414	7,055	6,193	2,280	972
Loss on disposal of intangible assets	19	—	282	672	—	—	—
Loss on repurchase of convertible redeemable preferred shares		363,868	—	—	—	—	—
Foreign exchange differences	7	(4,535)	(24,944)	(17,288)	(23,738)	(653)	536
Covid-19-related rent concessions from lessors . . .	17(b)	—	(3,616)	—	—	—	—
Depreciation of property, plant and equipment	16	62,887	82,483	120,851	156,513	34,528	38,660
Depreciation of right-of-use assets	17(a)	135,631	155,874	181,735	203,390	51,957	48,507
Amortisation of other intangible assets	19	798	609	1,931	3,873	798	1,144
Impairment losses on trade receivables and other receivables	10	11,629	7,893	974	5,228	519	2,106

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						(Unaudited)	
Impairment of inventories . . .	10	17,255	25,241	46,779	77,698	9,658	13,237
Impairment of property, plant and equipment	10	1,064	1,156	4,824	1,117	—	—
Impairment of right-of-use assets	10	6,637	236	696	1,273	—	—
Termination of leases	17	197	(262)	408	(3,303)	6	(306)
		<u>(807,000)</u>	<u>(710,961)</u>	<u>(867,269)</u>	<u>(114,277)</u>	<u>(108,919)</u>	<u>169,484</u>
(Increase)/decrease in inventories		(504,774)	(461,813)	(272,745)	87,576	18,218	(26,498)
(Increase)/decrease in trade receivables		(74,829)	(132,594)	81,795	26,631	(21,372)	(22,819)
(Increase)/decrease in prepayments, other receivables and other assets		(12,656)	(257,585)	18,727	66,523	(93,728)	(17,451)
Decrease/(increase) in other non-current assets		4,615	17,450	(18,601)	8,357	(2,608)	250
(Increase)/decrease in restricted cash		(426,097)	145,426	(147,916)	(361,608)	(128,637)	21,337
Increase/(decrease) in trade and bills payables		1,135,161	1,124,487	430,402	(120,997)	(82,754)	111,973
Increase/(decrease) in other payables and accruals		181,642	256,376	390,656	95,174	(90,264)	(33,483)
Increase/(decrease) in contract liabilities		150,789	204,942	182,124	39,258	(67,366)	(25,179)
Increase/(decrease) in other non-current liabilities		101,610	145,564	106,266	(38,389)	13,352	7,140
Cash (used in)/generated from operations		(251,539)	331,292	(96,561)	(311,752)	(564,078)	184,754
Income tax paid		—	(12)	(2,189)	(959)	(231)	(880)
Net cash flows (used in)/from operating activities		<u>(251,539)</u>	<u>331,280</u>	<u>(98,750)</u>	<u>(312,711)</u>	<u>(564,309)</u>	<u>183,874</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM							
INVESTING ACTIVITIES							
Purchases of items of property, plant and equipment		(138,957)	(160,714)	(285,878)	(334,139)	(128,534)	(119,113)
Purchases of other intangible assets		(815)	(4,486)	(19,363)	(11,284)	(6,990)	(1,258)
Purchase of right-of-use assets — land use right		(28,278)	(3,067)	(41,590)	(55,221)	—	—
Purchase of financial assets at fair value through profit or loss . . .		(2,501,605)	(4,056,691)	(3,357,699)	(3,585,305)	(957,290)	(48,000)
Proceeds from disposal of financial assets at fair value through profit or loss		1,805,455	5,059,236	3,729,705	3,891,058	1,223,298	25,576
Purchase of financial investments at fair value through profit or loss		(20,840)	(101,526)	(75,061)	(65,138)	(38,777)	(11,531)
Proceeds from disposal of financial investments at fair value through profit or loss . . .		—	—	162	66,264	242	105
Purchase of shareholding in associates		(1,300)	(98,000)	(25,000)	—	—	—
Purchase of shareholding in joint ventures		—	—	—	(118,360)	—	—
Purchase of equity investments designated at fair value through other comprehensive income		—	—	—	(412,290)	—	—
Acquisition of subsidiaries		—	(38,190)	(7,495)	(17,962)	(2,090)	—
Proceeds from disposal of an associate		—	—	1,915	—	—	—
Loans to related parties		(2,313)	(26,100)	(4,500)	(37,370)	(710)	—
Repayment of loans to related parties		—	6,513	18,800	44,234	7,659	531
Loans to equity investees and others		(11,200)	(41,891)	(54,839)	(44,982)	(6,960)	—
Repayment of loans to equity investees and others		3,879	31,537	29,204	64,371	11,791	12,382
Interest received		41,707	63,236	63,504	56,934	11,981	18,634
Increase in time deposits		(223,479)	(558,829)	(2,185,544)	(269,554)	(90,982)	(16,002)
Decrease in time deposits		—	499,780	1,295,707	1,310,091	603,925	59,611
Net cash flows (used in)/from investing activities		(1,077,746)	570,808	(917,972)	481,347	626,563	(79,065)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							<i>(Unaudited)</i>
CASH FLOWS FROM FINANCING ACTIVITIES							
Principal portion of lease payments	17(b)	(126,844)	(162,915)	(188,179)	(187,194)	(52,216)	(46,082)
Interest portion of lease payments	17(b)	(16,772)	(18,756)	(27,404)	(24,246)	(7,282)	(4,901)
(Increase)/decrease in deposits of leases		(12,492)	(7,131)	(8,275)	4,358	(1,643)	2,454
Interest paid		(326)	(45,818)	(18,363)	(964)	(964)	—
Proceeds from interest-bearing borrowings		—	2,577,739	564,000	50,000	50,000	—
Repayments of interest-bearing borrowings		(22,478)	(561,000)	(2,313,355)	(314,000)	(264,000)	—
Repurchase of convertible redeemable preferred shares	34	(879,097)	—	—	—	—	—
Proceeds from issuance of convertible redeemable preferred shares	34	2,963,450	117,894	2,635,833	—	—	—
Cash received from holders of preferred shares due to the Reorganisation		—	4,621,522	—	—	—	—
Cash paid to holders of preferred shares due to the Reorganisation		—	(4,621,522)	—	—	—	—
Increase in restricted cash		—	(3,469,559)	(2,690,447)	(834,651)	(239,842)	(150,732)
Decrease in restricted cash		—	528,450	3,451,427	2,242,674	49,250	246,872
Capital contribution from non-controlling interests		—	—	2,700	—	—	—
Net cash flows from/ (used in) financing activities		<u>1,905,441</u>	<u>(1,041,096)</u>	<u>1,407,937</u>	<u>935,977</u>	<u>(466,697)</u>	<u>47,611</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash and cash equivalents at beginning of year/period		895,706	1,474,876	1,164,958	1,472,293	1,472,293	2,686,353
Effect of foreign exchange rate changes, net		<u>3,014</u>	<u>(170,910)</u>	<u>(83,880)</u>	<u>109,447</u>	<u>(3,609)</u>	<u>(23,193)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
							<i>(Unaudited)</i>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD							
		<u>1,474,876</u>	<u>1,164,958</u>	<u>1,472,293</u>	<u>2,686,353</u>	<u>1,064,241</u>	<u>2,815,580</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS							
Cash and bank balances	29	2,321,033	4,865,846	5,449,954	4,707,793	4,834,298	4,670,285
Restricted cash and time deposits	29	<u>(846,157)</u>	<u>(3,700,888)</u>	<u>(3,977,661)</u>	<u>(2,021,440)</u>	<u>(3,770,057)</u>	<u>(1,854,705)</u>
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS							
		<u>1,474,876</u>	<u>1,164,958</u>	<u>1,472,293</u>	<u>2,686,353</u>	<u>1,064,241</u>	<u>2,815,580</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December				As at 31 March
		2019	2020	2021	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS						
Investments in subsidiaries	1	2,678,340	2,719,875	2,838,387	3,057,723	3,124,182
Equity investments designated at fair value through other comprehensive income	23	—	—	—	289,312	322,892
Total non-current assets		<u>2,678,340</u>	<u>2,719,875</u>	<u>2,838,387</u>	<u>3,347,035</u>	<u>3,447,074</u>
CURRENT ASSETS						
Due from subsidiaries	27	1,274,358	7,630,051	9,827,970	10,364,210	10,254,627
Due from holders of preferred shares	27	4,621,523	—	—	—	—
Prepayments, other receivables and other assets	27	—	—	3,581	8,567	9,236
Financial assets at fair value through profit or loss	28	1,567,960	4,367	40,762	25,921	—
Cash and cash equivalents	29	715	1,490	1,426	2,009	563
Total current assets		<u>7,464,556</u>	<u>7,635,908</u>	<u>9,873,739</u>	<u>10,400,707</u>	<u>10,264,426</u>
CURRENT LIABILITIES						
Other payables and accruals		9,418	9	13,582	22,253	26,632
Due to subsidiaries	31	—	324,270	159,630	231,866	229,777
Total current liabilities		<u>9,418</u>	<u>324,279</u>	<u>173,212</u>	<u>254,119</u>	<u>256,409</u>
NET CURRENT ASSETS		<u>7,455,138</u>	<u>7,311,629</u>	<u>9,700,527</u>	<u>10,146,588</u>	<u>10,008,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,133,478</u>	<u>10,031,504</u>	<u>12,538,914</u>	<u>13,493,623</u>	<u>13,455,091</u>
NON-CURRENT LIABILITIES						
Convertible redeemable preferred shares	34	9,499,531	11,900,562	18,609,227	21,726,488	21,732,634
Total non-current liabilities		<u>9,499,531</u>	<u>11,900,562</u>	<u>18,609,227</u>	<u>21,726,488</u>	<u>21,732,634</u>
Net assets/(liabilities)		<u>633,947</u>	<u>(1,869,058)</u>	<u>(6,070,313)</u>	<u>(8,232,865)</u>	<u>(8,277,543)</u>
EQUITY						
Share capital	37	21	21	21	21	21
Reserves/(deficits)	38	633,926	(1,869,079)	(6,070,334)	(8,232,886)	(8,277,564)
Total equity		<u>633,947</u>	<u>(1,869,058)</u>	<u>(6,070,313)</u>	<u>(8,232,865)</u>	<u>(8,277,543)</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

TUHU Car Inc. (the “Company”) was incorporated in the Cayman Islands on 8 July 2019. The registered office of the Company is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) primarily provide automotive products and services to consumers through its online interfaces, including “Tuhu Automotive Service” APP, its website and Weixin mini programme in the People’s Republic of China (hereafter, the “PRC”).

As at the date of this report, the Company had direct and indirect interests in its subsidiaries. Particulars of the Company’s principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/registration and place of operations	Issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beginner Investment Limited	(a)	British Virgin Islands 17 July 2019	US\$50,000	100%	—	Investment holding
TUHU Car (Hong Kong) Limited	(b)	Hong Kong 29 July 2019	US\$10,000	—	100%	Investment holding
Shanghai Xirang Information Technology Co., Ltd.* (上海息壤信息技術有限公司)	(a)	PRC/Mainland China 2 September 2019	RMB6,020,000,000	—	100%	Investment holding
Shanghai Lantu Information Technology Co., Ltd.* (上海蘭途信息技術有限公司)	(c)	PRC/Mainland China 26 June 2014	RMB6,000,000,000	—	100%	Automotive products and services
Shanghai Jida Trade Co., Ltd.* (上海驥達貿易有限公司)	(a)	PRC/Mainland China 16 April 2015	RMB100,000,000	—	100%	Automotive products and services
Shanghai Mengfan Trade Co., Ltd.* (上海盟帆貿易有限公司)	(a)	PRC/Mainland China 30 June 2015	RMB1,000,000	—	100%	Automotive products and services
Shanghai Zitu E-Commerce Co., Ltd.* (上海紫途電子商務有限公司)	(d)	PRC/Mainland China 18 April 2014	RMB2,100,000,000	—	100%	Automotive products and services
Shanghai Kanming Advertising Co., Ltd.* (上海刊明廣告有限公司)	(a)	PRC/Mainland China 23 February 2017	RMB81,000,000	—	100%	Provision of advertising services
Shanghai Tuju Enterprise Management Consulting Co., Ltd.* (上海途聚企業管理諮詢有限公司)	(a)	PRC/Mainland China 9 October 2018	RMB20,000,000	—	100%	Management of store network

Notes:

- (a) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdictions of incorporation.

- (b) The statutory financial statements of the entity for the years ended 31 December 2019, 2020, 2021 and 2022 prepared under Hong Kong Financial Reporting Standards were audited by Wiselite CPA Limited, certified public accountants registered in Hong Kong.
- (c) The statutory financial statements of this entity for the years ended 31 December 2019, 2020, 2021 and 2022 prepared under PRC Generally Accepted Accounting Principles were audited by Ernst & Young Hua Ming LLP Shanghai Branch, certified public accountants registered in the PRC.
- (d) The statutory financial statements of this entity for the years ended 31 December 2020, 2021 and 2022 prepared under PRC Generally Accepted Accounting Principles were audited by Ernst & Young Hua Ming LLP Shanghai Branch, certified public accountants registered in the PRC. No audited financial statements have been prepared for this entity for the year ended 31 December 2019.
- * The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PRESENTATION

The Group's operations are primarily conducted through its PRC subsidiary, Shanghai Lantu Information Technology Co., Ltd. ("Shanghai Lantu"). In preparation for its initial public offering, the Company was restructured (the "Reorganisation") on 31 October 2019 (the "Reorganisation Date") in order to establish the Company as the parent company. As part of the Reorganisation, the business operations of Shanghai Lantu were transferred to the Company. In return, the Company issued ordinary shares, Series Seed convertible preferred shares and Series A, B, C-1, C-2, C-3, D-1, D-2, E-1, E-2, E-3 and E-4 convertible redeemable preferred shares to the same group of shareholders of Shanghai Lantu in the same proportions as the percentage of ordinary share interests and preferred share interests they held in Shanghai Lantu. As the Reorganisation mainly involved inserting new holding companies and has not resulted in any change of economic substance, the financial information for the Relevant Periods has been presented as a continuation of the existing companies as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income/(loss), statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023 include the consolidated assets and liabilities of all companies now comprising the Group as if the current group structure had been in existence as of the respective dates. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), (which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2023 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets or liabilities at fair value through profit or loss which have been measured at fair value.

As of 31 March 2023, the Group had net liabilities of RMB18,871,433,000 and accumulated losses of RMB19,074,939,000, respectively, primarily due to the significant fair value changes of convertible redeemable preferred shares. According to the Memorandum and Articles of Association, the preferred shares (other than Series Seed) are redeemable at the option of the holders at any time if the Company fails to complete a Qualified IPO before 29 June 2025 or the occurrence of certain other events. However, pursuant to the shareholders’ resolution approved on 29 June 2023, the redemption rights ceased to be exercisable immediately before the first filing of the listing application by the Company with the Stock Exchange of Hong Kong Limited, and shall resume to be exercisable in accordance with below terms upon the earliest of (i) the listing application being withdrawn, rejected or returned; (ii) the listing application being lapsed but not renewed by the Company within three months; or (iii) 31 December 2023 if no Qualified IPO has been consummated by then (with the original redemption event and date unchanged). The preferred shares can be converted in Class A ordinary shares at the option of the holders, or automatically converted into Class A ordinary shares immediately upon the closing of a Qualified IPO. Further details are set out in note 34. The directors of the Company are of the opinion that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report as they consider the redemption events are unlikely to occur in the next twelve months.

As of 31 March 2023, the Group had net current assets of RMB1,196,437,000. In addition, the Group has performed a cash flow projection for the next twelve months. Accordingly, the directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of the report. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information include the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity),

directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries are prepared for the same financial year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{1,3}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ⁴
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i> ⁶
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> ⁵

1 Effective for annual periods beginning on or after 1 January 2024

2 No mandatory effective date yet determined but available for adoption

3 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

4 As a consequence of the amendments to IAS 1 *Non-current Liabilities with Covenants* issued in 2022, the effective date of the amendments to IAS 1 *Classification of Liabilities as Current or Non-current* was deferred and entities are required to apply both amendments for annual periods beginning on or after 1 January 2024. In addition, consequential amendments were made to IFRS Practice Statement 2 Making Materiality Judgements

5 An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 and the amendments to IFRS 7 when it applies the amendments to IAS 7

6 Effective either immediately or for annual periods beginning on or after 1 January 2023 but it is not applicable for any interim periods before 31 December 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group’s results of operations and financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on

the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial assets and financial liabilities at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment

properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;

- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	20 years	5%
Machinery	3 to 5 years	5%
Motor vehicles	5 years	5%
Furniture and fixtures	5 to 6 years	5%
Leasehold improvements	Over the shorter of the lease term and estimated useful lives	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents warehouses under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 years.

Licences

Licences represent an insurance brokerage licence and a transportation licence. The insurance brokerage licence has an indefinite useful life as the extension cost is low and the assets can be used indefinitely. The insurance brokerage licence is stated at cost less any impairment losses. The

transportation licence is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. Right-of-use assets are subject to impairment.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be

exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing borrowings, convertible redeemable preferred shares and other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or

losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities. The Group has designated its convertible redeemable preferred shares as financial liabilities at fair value through profit or loss, details of which are included in note 34 to the Historical Financial Information.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the financial year of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year, taking into consideration interpretations and practises prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the financial year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates

to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of services or of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Automotive products and services

Automotive products and services comprise mainly the sale of automotive products such as tires, automotive parts and maintenance products to individuals and automotive service providers, sale of automotive services such as car wash and detailing services, and sale of bundled tire replacement and comprehensive installation and maintenance services. The Group provides its automotive products and services through its online interfaces and offline stores. The Group recognises revenue at a point in time when customers take possession of and accept the automotive products and services. For a transaction that contains sale of automotive products or sale of bundled automotive products and services, the Group recognises revenue on a gross basis as it is the principal in the arrangement that it bears product inventory risk and controls the services prior to the transfer to its customers and it is responsible for the acceptability of the products and services, regardless the transaction is fulfilled through self-operated stores, franchised stores or partner stores. For a service only transaction, the Group recognises revenue on a gross basis when the transaction is fulfilled

through self-operated and franchised stores as the Group controls the services prior to the transfer to its customers and it is responsible for the acceptability of the services. The Group recognises revenue on a net basis when an automotive service sold by the Company was fulfilled through partner stores, as the Group acts as an agent and the partners stores are responsible for the acceptability of the services.

The Group also sells automotive service vouchers mainly to its large key account customers. There are two forms of sales of service vouchers, i.e., pay-by-consumption and prepaid service voucher. The majority of such sales of vouchers are paid by those key account customers in accordance with the actual consumption. Certain sales of vouchers are prepaid where key account customers make bulk purchases of vouchers with non-refundable upfront payment, and the value of prepayment is initially recognised as a contract liability. The Group recognises revenues from sales of automotive service vouchers when they are redeemed. For prepaid automotive service vouchers, as the vouchers sold at any given point generally expire over the next 12 months and the prepayment is not refundable, the Group also expects to be entitled to a breakage amount, which is the amount of vouchers that is not expected to be redeemed. The estimated breakage is then recognised as revenue in proportion to the pattern of customer's redemption of the underlying vouchers. The Group reviews its breakage estimates at least annually based upon the latest available information regarding redemption and expiration patterns. Revenue from breakage amount were not significant during the Relevant Periods.

The Group recognises revenues net of discounts and return allowances. For coupons that are not issued concurrently with the completion of a sales transaction, the Group records such incentives as a deduction of revenue when used by customers, except for referral coupons, which are recognised as selling and marketing expenses when customers provide a customer referral. The amount of marketing expenses related to customer referral is insignificant for the periods presented. For coupons issued to customers concurrent with the completion of a sales transaction that can be redeemed for future products or services before expiration (which is generally within 12 months from the issue date), the Group accounts for such coupons as separate performance obligations. Revenue allocated to these coupons is deferred and recognised as the obligation to the customers is satisfied. During the Relevant Periods, each of the amount of deferred and recognised revenue for these coupons was immaterial.

The Group allows for return of products within seven days or 30 days, as applicable. The Group estimates a provision for product returns based on historical experience. At the end of each of the Relevant Periods, estimated liabilities for return allowances were not significant.

(b) Franchise services

Revenue from franchise services include an upfront franchise fee, monthly fixed management fees and profit-based royalty fees. The upfront franchise and management fees are recognised over the term of the franchise agreements. Franchised stores pay recurring royalty fees, based on a fixed percentage of the franchised stores' monthly profits throughout the duration of the respective

franchise agreement. The recurring royalty fees are recognised at the time the underlying franchised stores' sales occur. Each franchised store is required to make a deposit, which is fully refundable upon the termination of the franchise agreement.

(c) Advertising services

Advertising services comprise mainly the services where Company displays its customers' advertisements on its online interfaces and at its offline stores. Revenues are recognised ratably over the contractual advertising display period as it most faithfully depicts the simultaneous consumption and delivery of services.

(d) Others

Other revenues mainly represent revenues from insurance brokerage and insurance agency services, software-as-a-service ("SaaS") solutions and sales of new energy vehicles and sales of used cars and used car transaction services. Revenues from SaaS solutions on fixed-period basis are recognised over the term of the agreements. Revenues from SaaS solutions on project basis, revenue from sales of new energy vehicles and revenues from other categories are recognised at a point in time when customers take possession of and accept the products and services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby rendering services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees are measured by reference to the fair values at the dates at which they are granted. The cost of equity-settled transactions with consultants are measured by reference indirectly to the fair values of the equity instruments granted at the dates the counterparty renders services as the fair values of the services received cannot be directly reliably estimated. The fair values of equity instruments granted are determined by an external valuer using a binomial model, further details of which are given in note 39 to the Historical Financial Information.

The cost of equity-settled transactions is recognised as employee benefit expenses or the expenses as the services received by the consultants, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, the United States dollar ("US\$"). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items

measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of the Company is the US\$. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of these entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of financial instruments

The convertible redeemable preferred shares issued by the Company are not traded in an active market and the respective fair values are determined by using valuation techniques of the option-pricing method and equity allocation model. The valuation techniques are certified by an independent and recognised international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Key assumptions include the risk-free interest rate, discounts for lack of marketability (“DLOM”) and volatility.

The fair values of convertible redeemable preferred shares at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023 were RMB9,499,531,000, RMB11,900,562,000, RMB18,609,227,000 and RMB21,726,488,000 and RMB21,732,634,000 respectively. Further details are set out in note 34 to the Historical Financial Information.

Fair value measurement of share-based payments

The Group has set up the 2019 share incentive plan and granted options to the Group’s directors, employees and consultants. The fair values of the options are determined by the binomial

option-pricing model at the date of grant to employees and the date the consultants render services. Significant estimates on assumptions, including the underlying equity value, risk-free rate, expected volatility, and dividend yield, are made by the board of directors of the Company. Further details are included in note 39 to the Historical Financial Information.

5. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during the Relevant Periods, and the Group's total assets as at the end of the Relevant Periods were derived from one single operating segment.

Geographical information

As the Group generates all of its revenues and the non-current assets in the PRC during the Relevant Periods, no further geographical segments are presented.

Information about major customers

The Group has a large number of customers, and no single customer accounted for more than 10% of the Group's total revenue during the Relevant Periods and the three months ended 31 March 2022.

6. REVENUE

Revenue represents income from automotive products and services, franchise services, advertising services and others during the Relevant Periods and the three months ended 31 March 2022.

(i) Disaggregated revenue information

	Year ended 31 December				Three months ended	
					31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Revenue from contracts with customers:</i>						
Automotive products and services	6,818,951	8,340,209	11,066,245	10,722,748	2,786,791	3,044,970
Advertising, franchise and other services						
Franchise services	167,246	300,606	474,158	549,679	135,206	173,826
Advertising services	51,294	72,984	83,950	59,256	9,341	19,016
Others	2,870	39,517	99,910	215,168	37,827	26,809
Total	<u>7,040,361</u>	<u>8,753,316</u>	<u>11,724,263</u>	<u>11,546,851</u>	<u>2,969,165</u>	<u>3,264,621</u>

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						<i>(Unaudited)</i>
<i>Timing of revenue recognition</i>						
<i>Services transferred over time:</i>						
Advertising, franchise and other services						
Franchise services	167,246	300,606	474,158	549,679	135,206	173,826
Advertising services	51,294	72,984	83,950	59,256	9,341	19,016
Others	1,050	1,427	3,132	6,004	1,518	1,809
At a point in time:						
Automotive products and services	6,818,951	8,340,209	11,066,245	10,722,748	2,786,791	3,044,970
Advertising, franchise and other services						
Others	1,820	38,090	96,778	209,164	36,309	25,000
Total revenue from contracts with customers	<u>7,040,361</u>	<u>8,753,316</u>	<u>11,724,263</u>	<u>11,546,851</u>	<u>2,969,165</u>	<u>3,264,621</u>

Revenue recognised that was included in contract liabilities at the beginning of the reporting year/period:

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						<i>(Unaudited)</i>
Automotive products and services	59,017	163,933	254,943	350,613	172,427	269,511
Advertising, franchise and other service . . .	41,080	51,420	127,520	208,386	60,549	94,172
Total	<u>100,097</u>	<u>215,353</u>	<u>382,463</u>	<u>558,999</u>	<u>232,976</u>	<u>363,683</u>

(ii) Performance obligations

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

Automotive products and services

The performance obligation is satisfied when customers take possession of and accept the automotive products and services. For majority of the sales transactions, customers make advance payment before the products and services are delivered to them, and for certain sales transactions, payment is due within 30 days.

Franchise services

The performance obligation is satisfied over time as services are rendered. Generally, franchise services contracts are for periods of more than one year. Advances are required for upfront licence fees. Monthly fixed management fees and profit-based royalty fees are billed on a monthly basis.

Advertising services

The performance obligation is satisfied over time as services are rendered. Generally, advertising services contracts are for periods of less than one year, and are billed based on the time incurred.

Others

The performance obligation of SaaS solutions on fixed-period basis is satisfied over time as services are rendered. Generally, SaaS solutions contracts are for period of less than one year. The performance obligation of SaaS solutions on project basis and the performance obligation of other categories are satisfied when customers take possession of and accept the products and services.

As the practical expedient, the Group does not disclose the transaction price allocated to unsatisfied performance obligations for contracts with an original expected length of one year or less. As at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023, the aggregate amount of transaction prices allocated to performance obligations (unsatisfied or partially unsatisfied) for long-term contracts is related to deferred upfront franchise fees from franchised stores, does not include any variable consideration, and amounted to RMB123,353,000, RMB237,284,000, RMB257,863,000 and RMB240,704,000 and RMB218,386,000 respectively, which are expected to be recognised as revenues over one to six years.

7. OTHER INCOME AND GAINS, NET

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

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Government grants*	4,743	6,636	71,398	111,716	271	13,635
Donations	—	(5,049)	(468)	—	—	—
Net foreign exchange gains/(losses) . . .	4,535	24,944	17,288	23,738	653	(536)
Gain from intangible assets contributed to an associate	—	76,500	28,000	—	—	—
Others	2,311	11,497	5,234	15,998	7,933	4,328
	<u>11,589</u>	<u>114,528</u>	<u>121,452</u>	<u>151,452</u>	<u>8,857</u>	<u>17,427</u>

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are no contingencies relating to these grants.

8. FAIR VALUE CHANGES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Fair value changes of wealth management products	4,794	13,619	7,615	6,654	3,367	486
Fair value changes of financial investments	3,403	12,494	(7,461)	(2,060)	248	(679)
	<u>8,197</u>	<u>26,113</u>	<u>154</u>	<u>4,594</u>	<u>3,615</u>	<u>(193)</u>

9. FINANCE INCOME/(COSTS)

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Finance income						
Interest income	<u>41,707</u>	<u>63,236</u>	<u>63,504</u>	<u>56,934</u>	<u>11,008</u>	<u>25,414</u>
Finance costs						
Interest on bank loans	(327)	(31,774)	(30,532)	(3,629)	(2,004)	—
Interest on lease liabilities	(16,772)	(18,756)	(27,404)	(24,246)	(7,282)	(4,901)
Transaction costs for the issuance of convertible redeemable preferred shares	<u>(9,298)</u>	<u>—</u>	<u>(7,760)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(26,397)</u>	<u>(50,530)</u>	<u>(65,696)</u>	<u>(27,875)</u>	<u>(9,286)</u>	<u>(4,901)</u>

10. LOSS BEFORE TAX

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

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
						<i>(Unaudited)</i>	
Cost of revenue*		6,230,679	7,392,925	9,487,934	8,820,323	2,330,551	2,369,553
Depreciation of property, plant and equipment	16	62,887	82,483	120,851	156,513	34,528	38,660
Depreciation of right-of-use assets	17(a)	135,631	155,874	181,735	203,390	51,957	48,507
Amortisation of other intangible assets	19	798	609	1,931	3,873	798	1,144
Fair value changes of convertible redeemable preferred shares		1,933,597	2,992,664	4,441,164	1,339,273	342,022	297,954
Lease payments not included in the measurement of lease liabilities		30,670	29,978	53,059	65,328	14,982	13,161
Employee benefit expenses (including directors' remuneration):							

APPENDIX I
ACCOUNTANTS' REPORT

Notes	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Wages, salaries and allowances	655,398	994,145	1,523,857	1,495,325	381,229	351,050
Pension scheme contributions	47,498	26,443	114,057	131,860	34,698	33,807
Share-based payment expense	95,121	41,533	113,448	200,571	49,595	53,563
Share-based payment expenses of consultants	—	—	5,064	18,768	3,317	12,896
Foreign exchange differences, net	(4,535)	(24,944)	(17,288)	(23,738)	(653)	536
Impairment losses on trade receivables and other receivables	11,629	7,893	974	5,228	519	2,106
Impairment of inventories	17,255	25,241	46,779	77,698	9,658	13,237
Impairment of property, plant and equipment 16	1,064	1,156	4,824	1,117	—	—
Impairment of right-of-use assets 17(a)	6,637	236	696	1,273	—	—
Advertising and promotion related expenses	485,488	532,422	764,352	617,297	145,459	181,222
Shipping expenses	195,699	245,004	367,645	373,935	97,404	102,532
Listing expenses	—	—	21,170	27,774	8,190	4,968
Finance income	(41,707)	(63,236)	(63,504)	(56,934)	(11,008)	(25,414)
Interest on bank loans, overdrafts and other loans ..	327	31,774	30,532	3,629	2,004	—
Interest on lease liabilities 17(b)	16,772	18,756	27,404	24,246	7,282	4,901
Transaction costs for the issuance of convertible redeemable preferred shares	9,298	—	7,760	—	—	—
Loss on repurchase of convertible redeemable preferred shares	363,868	—	—	—	—	—

* The amount of cost of revenue as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets, impairment of inventories, employee benefit expenses, short-term lease expenses and shipping expenses.

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Chen Min was appointed as the chief executive officer and director of the Company on 8 July 2019.

Mr. Yao Leiwen and Mr. Hu Xiaodong were appointed as directors of the Company on 31 October 2019.

Mr. Zhang Shuguo was appointed as a director of the Company on 31 October 2019 and resigned on 8 February 2021.

Ms. Ping Xiaoli, Mr. Liu Erhai, Mr. Feng Yiming, Mr. Chen Hao, Mr. Zhu Yan, Mr. Zhou Lizhi, Mr. Zhou Keren and Mr. Wang Huijie were appointed as directors of the Company on 31 October 2019 and resigned on 29 June 2021.

Mr. Xia Tian, Mr. Liu Xing and Ms. Wen Qing were appointed as directors of the Company on 18 November 2019 and resigned on 29 June 2021.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The directors' remuneration of each of these directors as recorded in the Relevant Periods and the three months ended 31 March 2022 is set out below:

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Fees	—	—	—	—	—	—
Other emoluments:						
Salaries, allowances and benefits in kind	5,673	6,478	5,552	2,754	885	628
Share-based payment expense	12,378	151	12,856	7,313	1,384	2,193
Pension scheme contributions	351	335	380	188	46	48
	<u>18,402</u>	<u>6,964</u>	<u>18,788</u>	<u>10,255</u>	<u>2,315</u>	<u>2,869</u>

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods and the three months ended 31 March 2022.

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2019

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	879	885	43	1,807
Mr. Hu Xiaodong	—	667	13	43	723
Mr. Wang Huijie	—	693	1,831	43	2,567
Ms. Wen Qing	—	432	—	36	468
Mr. Zhou Lizhi	—	1,143	4,647	56	5,846
Mr. Zhou Keren	—	1,028	3,684	43	4,755
Mr. Zhu Yan	—	831	1,318	87	2,236
Mr. Zhang Shuguo	—	—	—	—	—
Mr. Liu Erhai	—	—	—	—	—
Mr. Feng Yiming	—	—	—	—	—
Ms. Ping Xiaoli	—	—	—	—	—
Mr. Chen Hao	—	—	—	—	—
Mr. Yao Leiwen	—	—	—	—	—
Mr. Liu Xing	—	—	—	—	—
Mr. Xia Tian	—	—	—	—	—
	<u>—</u>	<u>5,673</u>	<u>12,378</u>	<u>351</u>	<u>18,402</u>

Year ended 31 December 2020

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	958	—	47	1,005
Mr. Hu Xiaodong	—	644	—	36	680
Mr. Wang Huijie	—	829	—	38	867
Ms. Wen Qing	—	494	—	38	532
Mr. Zhou Lizhi	—	1,370	67	44	1,481
Mr. Zhou Keren	—	1,313	84	38	1,435
Mr. Zhu Yan	—	870	—	94	964
Mr. Zhang Shuguo	—	—	—	—	—
Mr. Liu Erhai	—	—	—	—	—
Mr. Feng Yiming	—	—	—	—	—
Ms. Ping Xiaoli	—	—	—	—	—
Mr. Chen Hao	—	—	—	—	—
Mr. Yao Leiwen	—	—	—	—	—
Mr. Liu Xing	—	—	—	—	—
Mr. Xia Tian	—	—	—	—	—
	<u>—</u>	<u>6,478</u>	<u>151</u>	<u>335</u>	<u>6,964</u>

Year ended 31 December 2021

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	1,618	5,442	84	7,144
Mr. Hu Xiaodong	—	797	1,919	80	2,796
Mr. Wang Huijie	—	469	—	41	510
Ms. Wen Qing	—	276	—	41	317
Mr. Zhou Lizhi	—	915	2,031	36	2,982
Mr. Zhou Keren	—	942	2,231	41	3,214
Mr. Zhu Yan	—	535	1,233	57	1,825
Mr. Zhang Shuguo	—	—	—	—	—
Mr. Liu Erhai	—	—	—	—	—
Mr. Feng Yiming	—	—	—	—	—
Ms. Ping Xiaoli	—	—	—	—	—
Mr. Chen Hao	—	—	—	—	—
Mr. Yao Leiwen	—	—	—	—	—
Mr. Liu Xing	—	—	—	—	—
Mr. Xia Tian	—	—	—	—	—
	<u>—</u>	<u>5,552</u>	<u>12,856</u>	<u>380</u>	<u>18,788</u>

Year ended 31 December 2022

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	1,950	5,425	94	7,469
Mr. Hu Xiaodong	—	804	1,888	94	2,786
Mr. Yao Leiwen	—	—	—	—	—
	<u>—</u>	<u>2,754</u>	<u>7,313</u>	<u>188</u>	<u>10,255</u>

Three months ended 31 March 2022 (unaudited)

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	618	1,027	23	1,668
Mr. Hu Xiaodong	—	267	357	23	647
Mr. Yao Leiwen	—	—	—	—	—
	<u>—</u>	<u>885</u>	<u>1,384</u>	<u>46</u>	<u>2,315</u>

Three months ended 31 March 2023

	<u>Fees</u>	<u>Salaries allowances and benefits in kind</u>	<u>Share-based payment expense</u>	<u>Pension scheme contributions</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors:					
Mr. Chen Min	—	432	1,630	24	2,086
Mr. Hu Xiaodong	—	196	563	24	783
Mr. Yao Leiwen	—	—	—	—	—
	<u>—</u>	<u>628</u>	<u>2,193</u>	<u>48</u>	<u>2,869</u>

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the three months ended 31 March 2022 included 1, nil, 1, 1, 1 and 1 director, respectively, details of whose remuneration are set out in note 11.

Details of the remuneration of the remaining 4, 5, 4, 4, 4 and 4 highest paid employees who are not directors nor chief executives of the Company are as follows:

	<u>Year ended 31 December</u>				<u>Three months ended 31 March</u>	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	2,619	5,500	5,133	6,823	2,427	1,605
Share-based payment expenses	46,688	7,451	19,797	75,856	19,066	19,882
Pension scheme contributions	117	247	320	385	93	96
	<u>49,424</u>	<u>13,198</u>	<u>25,250</u>	<u>83,064</u>	<u>21,586</u>	<u>21,583</u>

(Unaudited)

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
					<i>(Unaudited)</i>	
HK\$1,000,001 to HK\$1,500,000	—	—	—	—	—	2
HK\$1,500,001 to HK\$2,000,000	—	—	—	—	1	—
HK\$2,000,001 to HK\$2,500,000	—	4	—	—	1	—
HK\$4,500,001 to HK\$5,000,000	—	—	—	—	1	—
HK\$5,000,001 to HK\$5,500,000	—	—	—	—	—	1
HK\$5,500,001 to HK\$6,000,000	1	1	2	1	—	—
HK\$8,500,001 to HK\$9,000,000	—	—	1	1	—	—
HK\$9,500,001 to HK\$10,000,000	—	—	1	—	—	—
HK\$14,500,001 to HK\$15,000,000	1	—	—	—	—	—
HK\$15,000,001 to HK\$15,500,000	1	—	—	—	—	—
HK\$16,000,001 to HK\$16,500,000	—	—	—	—	—	1
HK\$17,000,001 to HK\$17,500,000	—	—	—	1	—	—
HK\$17,500,001 to HK\$18,000,000	—	—	—	—	1	—
HK\$20,000,001 to HK\$20,500,000	1	—	—	—	—	—
HK\$65,500,001 to HK\$66,000,000	—	—	—	1	—	—
	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

13. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax 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 Company and the Group’s subsidiary incorporated in the Cayman Islands and the BVI are not subject to any income tax.

Under the Hong Kong tax laws, the Company’s subsidiaries in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before 1 April 2018. Starting from the financial year commencing on 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No provision for Hong Kong profits tax was made during the Relevant Periods and the three months ended 31 March 2022 on the basis that the subsidiaries did not have any assessable profits arising in or derived from Hong Kong during such periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Relevant Periods and the three months ended 31 March 2022.

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
Current income tax	10,302	24,594	34,822	30,666	5,237	1,470
Tax charge for the year/period	<u>10,302</u>	<u>24,594</u>	<u>34,822</u>	<u>30,666</u>	<u>5,237</u>	<u>1,470</u>

A reconciliation of the tax expense/credit applicable to loss before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
Loss before tax	(3,417,976)	(3,903,615)	(5,809,979)	(2,107,649)	(604,487)	(277,062)
Tax at the statutory tax rate of 25%	(854,494)	(975,904)	(1,452,495)	(526,912)	(151,122)	(69,266)
Effect of differing tax rates in different jurisdictions	(93,729)	747,343	1,116,300	374,291	88,137	68,143
Research and development super-deduction	(15,610)	(27,377)	(22,726)	(68,954)	(16,125)	(14,519)
Income not subject to tax	—	(4,942)	(4,572)	(3,153)	(515)	(1,149)
Expenses not deductible for tax	874,643	227,996	295,693	273,087	69,231	36,363
Tax losses and temporary differences for which no deferred income tax assets were recognised/ utilisation of losses in previous years/ periods	99,492	57,478	102,622	(17,693)	15,631	(18,102)
Tax charge for the year/period at the Group's effective rate	<u>10,302</u>	<u>24,594</u>	<u>34,822</u>	<u>30,666</u>	<u>5,237</u>	<u>1,470</u>

14. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the Relevant Periods and the three months ended 31 March 2022.

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods and the three months ended 31 March 2022. In addition, following the subsequent share subdivision by 1:5 occurred on 8 March 2022 as described in note 37 (the “Share Subdivision”), the weighted average number of ordinary shares in issue was calculated taken into account of the effect of the Share Subdivision and then was retrospectively adjusted as if the Share Subdivision had been in issue for the whole Relevant Periods and the three months ended 31 March 2022.

The calculation of basic loss per share is based on:

Loss per share	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
					<i>(Unaudited)</i>	
Loss						
Loss attributable to ordinary equity holders of the parent (RMB'000)	(3,428,278)	(3,928,209)	(5,840,577)	(2,136,173)	(608,888)	(278,151)
Shares						
Weighted average number of ordinary shares in issue (thousand) during the year/period used in the basic loss per share calculation taking into account the effect of the Share Subdivision	144,151	144,151	144,151	144,151	144,151	144,151
Loss per share (RMB)	<u>(24)</u>	<u>(27)</u>	<u>(41)</u>	<u>(15)</u>	<u>(4)</u>	<u>(2)</u>

The Group has two categories of dilutive potential ordinary shares, which are convertible redeemable preferred shares and share options. As the Group incurred losses during the Relevant Periods and the three months ended 31 March 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect. Accordingly, the diluted loss per share for the Relevant Periods and the three months ended 31 March 2022 are the same as the basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2019							
At 1 January 2019:							
Cost	—	146,645	18,729	14,523	1,802	5,285	186,984
Accumulated depreciation and impairment	—	(30,733)	(7,627)	(6,712)	(1,244)	—	(46,316)
Net carrying amount	—	115,912	11,102	7,811	558	5,285	140,668
At 1 January 2019, net of accumulated depreciation and impairment							
	—	115,912	11,102	7,811	558	5,285	140,668
Additions	19,292	82,230	8,116	5,187	370	19,466	134,661
Disposals	—	(4,426)	(423)	—	—	—	(4,849)
Transfers	—	18,667	—	102	—	(18,769)	—
Depreciation provided during the year	(840)	(52,943)	(6,005)	(2,813)	(286)	—	(62,887)
Impairment provided during the year	—	(1,052)	(12)	—	—	—	(1,064)
At 31 December 2019, net of accumulated depreciation and impairment	18,452	158,388	12,778	10,287	642	5,982	206,529
At 31 December 2019							
Cost	19,292	241,647	26,244	19,812	2,172	5,982	315,149
Accumulated depreciation and impairment	(840)	(83,259)	(13,466)	(9,525)	(1,530)	—	(108,620)
Net carrying amount	18,452	158,388	12,778	10,287	642	5,982	206,529

	Buildings	Leasehold improvements	Machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2020							
At 1 January 2020:							
Cost	19,292	241,647	26,244	19,812	2,172	5,982	315,149
Accumulated depreciation and impairment	(840)	(83,259)	(13,466)	(9,525)	(1,530)	—	(108,620)
Net carrying amount	18,452	158,388	12,778	10,287	642	5,982	206,529
At 1 January 2020, net of accumulated depreciation and impairment							
18,452	158,388	12,778	10,287	642	5,982	206,529	
Additions	—	78,821	8,454	14,728	3,066	60,752	165,821
Disposals	—	(3,330)	(1,024)	(60)	—	—	(4,414)
Transfers	—	44,202	4,557	1,881	—	(50,640)	—
Depreciation provided during the year	(916)	(68,469)	(5,395)	(7,429)	(274)	—	(82,483)
Impairment provided during the year	—	(991)	(165)	—	—	—	(1,156)
At 31 December 2020, net of accumulated depreciation and impairment	17,536	208,621	19,205	19,407	3,434	16,094	284,297
At 31 December 2020							
Cost	19,292	359,902	37,441	36,350	5,238	16,094	474,317
Accumulated depreciation and impairment	(1,756)	(151,281)	(18,236)	(16,943)	(1,804)	—	(190,020)
Net carrying amount	17,536	208,621	19,205	19,407	3,434	16,094	284,297

	Buildings	Leasehold improvements	Machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2021							
At 1 January 2021:							
Cost	19,292	359,902	37,441	36,350	5,238	16,094	474,317
Accumulated depreciation and impairment	(1,756)	(151,281)	(18,236)	(16,943)	(1,804)	—	(190,020)
Net carrying amount	<u>17,536</u>	<u>208,621</u>	<u>19,205</u>	<u>19,407</u>	<u>3,434</u>	<u>16,094</u>	<u>284,297</u>
At 1 January 2021, net of accumulated depreciation and impairment							
17,536	208,621	19,205	19,407	3,434	16,094	284,297	
Additions	—	150,650	1,457	32,568	5,542	200,798	391,015
Acquisition of subsidiaries (note 40)	—	282	34	—	—	—	316
Disposals	—	(8,790)	(199)	(357)	(1,464)	—	(10,810)
Transfers	—	11,295	4,836	—	—	(16,131)	—
Depreciation provided during the year	(916)	(98,257)	(7,992)	(13,142)	(544)	—	(120,851)
Impairment provided during the year	—	(1,697)	(3,127)	—	—	—	(4,824)
At 31 December 2021, net of accumulated depreciation and impairment	<u>16,620</u>	<u>262,104</u>	<u>14,214</u>	<u>38,476</u>	<u>6,968</u>	<u>200,761</u>	<u>539,143</u>
At 31 December 2021							
Cost	19,293	511,400	42,852	67,651	9,174	200,761	851,131
Accumulated depreciation and impairment	(2,673)	(249,296)	(28,638)	(29,175)	(2,206)	—	(311,988)
Net carrying amount	<u>16,620</u>	<u>262,104</u>	<u>14,214</u>	<u>38,476</u>	<u>6,968</u>	<u>200,761</u>	<u>539,143</u>

	Buildings	Leasehold improvements	Machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022							
At 1 January 2022:							
Cost	19,293	511,400	42,852	67,651	9,174	200,761	851,131
Accumulated depreciation and impairment	(2,673)	(249,296)	(28,638)	(29,175)	(2,206)	—	(311,988)
Net carrying amount	16,620	262,104	14,214	38,476	6,968	200,761	539,143
At 1 January 2022, net of accumulated depreciation and impairment							
16,620	262,104	14,214	38,476	6,968	200,761	539,143	
Additions	—	98,031	13,693	24,954	5,742	159,089	301,509
Disposals	—	(4,681)	(3,320)	(1,129)	(2,860)	—	(11,990)
Transfers	71,393	23,655	(1,046)	—	—	(94,002)	—
Depreciation provided during the year	(2,895)	(126,738)	(9,193)	(16,130)	(1,557)	—	(156,513)
Impairment provided during the year	—	(1,117)	—	—	—	—	(1,117)
At 31 December 2022, net of accumulated depreciation and impairment	85,118	251,254	14,348	46,171	8,293	265,848	671,032
At 31 December 2022							
Cost	90,685	626,378	40,363	83,740	10,604	265,848	1,117,618
Accumulated depreciation and impairment	(5,567)	(375,124)	(26,015)	(37,569)	(2,311)	—	(446,586)
Net carrying amount	85,118	251,254	14,348	46,171	8,293	265,848	671,032

	Buildings	Leasehold improvements	Machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 March 2023							
At 1 January 2023:							
Cost	90,685	626,378	40,363	83,740	10,604	265,848	1,117,618
Accumulated depreciation and impairment	(5,567)	(375,124)	(26,015)	(37,569)	(2,311)	—	(446,586)
Net carrying amount	<u>85,118</u>	<u>251,254</u>	<u>14,348</u>	<u>46,171</u>	<u>8,293</u>	<u>265,848</u>	<u>671,032</u>
At 1 January 2023, net of accumulated depreciation and impairment							
85,118	251,254	14,348	46,171	8,293	265,848	671,032	
Additions	—	12,831	2,601	23	294	67,454	83,203
Disposals	—	(672)	(775)	(261)	(937)	—	(2,645)
Transfers	—	93	45	—	—	(138)	—
Depreciation provided during the period	(1,077)	(29,402)	(3,437)	(4,284)	(460)	—	(38,660)
At 31 March 2023, net of accumulated depreciation and impairment							
<u>84,041</u>	<u>234,104</u>	<u>12,782</u>	<u>41,649</u>	<u>7,190</u>	<u>333,164</u>	<u>712,930</u>	
At 31 March 2023							
Cost	90,685	638,630	39,885	82,086	9,609	333,164	1,194,059
Accumulated depreciation and impairment	(6,644)	(404,526)	(27,103)	(40,437)	(2,419)	—	(481,129)
Net carrying amount	<u>84,041</u>	<u>234,104</u>	<u>12,782</u>	<u>41,649</u>	<u>7,190</u>	<u>333,164</u>	<u>712,930</u>

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's leases consist of its self-operated stores, warehouses, distribution centres, office space and land use rights. The movements in right-of-use assets and lease liabilities during the Relevant Periods are as follows:

	<u>As at 31 December</u>				<u>As at</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>31 March</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(a) <u>Right-of-use assets</u>					
Carrying amount at the beginning of the year/ period	329,433	322,890	424,150	517,581	467,714
Additions	166,383	260,540	317,364	212,030	33,207
Acquisition of subsidiaries (note 40)	—	17,960	7,662	—	—
Depreciation charge	(135,631)	(155,874)	(181,735)	(203,390)	(48,507)
Termination	(30,658)	(21,130)	(49,164)	(57,234)	(7,799)
Impairment	(6,637)	(236)	(696)	(1,273)	—
Carrying amount at the end of the year/period	<u>322,890</u>	<u>424,150</u>	<u>517,581</u>	<u>467,714</u>	<u>444,615</u>
	<u>As at 31 December</u>				<u>As at</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>31 March</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(b) <u>Lease liabilities</u>					
Carrying amount at the beginning of the year/ period	316,441	297,241	384,751	431,252	340,330
New leases	138,105	258,229	275,617	156,809	33,207
Acquisition of subsidiaries (note 40)	—	17,204	7,819	—	—
Accretion of interest recognised during the year/period	16,772	18,756	27,404	24,246	4,901
Covid-19-related rent concessions from lessors	—	(3,616)	—	—	—
Payments	(143,616)	(181,671)	(215,583)	(211,440)	(50,983)
Termination	(30,461)	(21,392)	(48,756)	(60,537)	(8,105)
Carrying amount at the end of the year/period	<u>297,241</u>	<u>384,751</u>	<u>431,252</u>	<u>340,330</u>	<u>319,350</u>
Analysed into:					
Current portion	115,360	132,283	148,379	136,595	128,894
Non-current portion	<u>181,881</u>	<u>252,468</u>	<u>282,873</u>	<u>203,735</u>	<u>190,456</u>

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(b) <u>Lease liabilities</u>					
Maturity analysis:					
Within 1 year	115,360	132,283	148,379	136,595	128,894
1 to 2 years	88,767	120,166	115,245	84,890	81,785
2 to 5 years	84,360	112,966	134,140	101,348	96,407
More than 5 years	8,754	19,336	33,488	17,497	12,264
	<u>297,241</u>	<u>384,751</u>	<u>431,252</u>	<u>340,330</u>	<u>319,350</u>

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December				Three months ended	
					31 March	
	2019	2020	2021	2022	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	16,772	18,756	27,425	24,246	7,282	4,901
Depreciation charge of right-of-use assets	135,631	155,874	181,735	203,390	51,957	48,507
Expense relating to short term leases	29,508	32,250	51,748	64,396	14,694	12,974
Variable lease payments not included in the measurement of lease liabilities	1,162	1,344	1,311	932	288	187
Covid-19-related rent concessions from lessors	—	(3,616)	—	—	—	—
Termination of leases	197	(262)	408	(3,303)	6	(306)
Impairment of right-of-use assets	6,637	236	696	1,273	—	—
Total amount recognised in profit or loss	<u>189,907</u>	<u>204,582</u>	<u>263,323</u>	<u>290,934</u>	<u>74,227</u>	<u>66,263</u>

The Group's right-of-use assets held under the leases of its self-operated stores, warehouses, distribution centres, office space have terms ranging between two and eight years. The Group's right-of-use assets held under the lease of its land use rights have terms between twelve and fifty years. All the payments and all the lease liabilities are payable according to the lease term.

18. GOODWILL

	<i>RMB'000</i>
At 1 January 2019 and 2020	—
Acquisition of a subsidiary	<u>14,789</u>
At 31 December 2020	14,789
Acquisition of a subsidiary	<u>1,031</u>
At 31 December 2021, 31 December 2022 and 31 March 2023	<u><u>15,820</u></u>

Impairment testing of goodwill

The carrying amount of goodwill allocated to the cash-generating unit (“CGU”) for goodwill impairment testing is as follows:

	As at 31 December				As at
					31 March
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xi'an Jushuohua (note a)	—	14,789	14,789	14,789	14,789
Shanghai Xiangming (note b)	—	—	<u>1,031</u>	<u>1,031</u>	<u>1,031</u>
	—	<u>14,789</u>	<u>15,820</u>	<u>15,820</u>	<u>15,820</u>

- (a) On 31 December 2020, the subsidiary of the Company, Shanghai Yangman Consulting Co. Ltd., acquired 64.61% equity interests in Xi'an Jushuohua Automobile Technology Co. Ltd. (“Xi'an Jushuohua”) from a third party. The principal activity of Xi'an Jushuohua is automotive products and services.
- (b) On 31 March 2021, the subsidiary of the Company, Shanghai Tuju Enterprise Management Consulting Co., Ltd. acquired 100% equity interests in Xiangming (Shanghai) Automotive Technology Service Co., Ltd. (“Shanghai Xiangming”) from a third party. The principal activity of Shanghai Xiangming is automotive products and services.

The recoverable amounts of the CGU have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5-year period. Key assumptions used in the calculation are as follows:

As at 31 December 2020

	<u>Xi'an Jushuohua</u>
Annual revenue growth rate for the 5-year period	15.0%-50.0%
Gross profit rate	60.7%-61.5%
Terminal growth rate	2.3%
Pre-tax discount rate	19.98%

As at 31 December 2021

	<u>Xi'an Jushuohua</u>	<u>Shanghai Xiangming</u>
Annual revenue growth rate for the 5-year period	8.0%-50.0%	10.0%-45.0%
Gross profit rate	61.1%	13.9%-54.6%
Terminal growth rate	2.3%	2.3%
Pre-tax discount rate	19.95%	17.00%

As at 31 December 2022

	<u>Xi'an Jushuohua</u>	<u>Shanghai Xiangming</u>
Annual revenue growth rate for the 5-year period	2.3%-36.0%	2.3%-29.0%
Gross profit rate	60.5%-61.8%	32.4%-50.5%
Terminal growth rate	2.3%	2.3%
Pre-tax discount rate	21.17%	20.83%

As at 31 March 2023

	<u>Xi'an Jushuohua</u>	<u>Shanghai Xiangming</u>
Annual revenue growth rate for the 5-year period	2.3%-35.0%	2.3%-39.6%
Gross profit rate	60.8%-61.5%	32.3%-46.8%
Terminal growth rate	2.3%	2.3%
Pre-tax discount rate	21.05%	22.59%

The expected revenue growth rate and gross profit rates are determined by the management based on past performance and its expectation for market development. The discount rates used are before tax and reflect specific risks relating to the relevant units.

At the end of each of the Relevant Periods, the headroom that the recoverable amount of each CGU exceeds its carrying amount are as follows:

	As at 31 December			As at
				31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xi'an Jushuohua	5,199	11,856	3,698	4,425
Shanghai Xiangming	N/A	294	161	337

The Company performs the sensitivity analysis based on the assumption that revenue amount or terminal value or the discount rate has been changed. Had the estimated key assumptions during the forecast period been changed, the headroom would be decreased to as follows:

	As at 31 December			As at
				31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xi'an Jushuohua				
- Revenue amount decreases by 10%	1,692	7,463	256	1,014
- Terminal value decreases by 10%	1,410	8,700	1,490	2,180
- Pre-tax discount rate increases by 5%	1,193	8,153	1,268	2,043
	As at 31 December			As at
				31 March
	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Shanghai Xiangming				
- Revenue amount decreases by 10%	N/A	109	21	177
- Terminal value decreases by 10%	N/A	64	61	234
- Pre-tax discount rate increases by 5%	N/A	80	59	241

As at 31 December 2020, a 14.82% decrease in estimated revenue amount, a 13.72% decrease in estimated terminal value, a 6.62% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Xi'an Jushuohua. As at 31 December 2021, a 26.99% decrease in estimated revenue amount, a 37.57% decrease in estimated terminal value, an 18.44% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Xi'an Jushuohua. As at 31 December 2022, a 10.74% decrease in estimated revenue amount, a 16.75% decrease in estimated terminal value, a 7.85% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Xi'an Jushuohua. As at 31 March 2023, a 12.91% decrease in estimated revenue amount, a 19.71% decrease in estimated terminal value, a 9.78% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Xi'an Jushuohua.

As at 31 December 2021, a 15.90% decrease in estimated revenue amount, a 13.99% decrease in estimated terminal value, a 7.03% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Shanghai Xiangming. As at 31 December 2022, an 11.49% decrease in estimated revenue amount, a 16.07% decrease in estimated terminal value, an 8.16% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Shanghai Xiangming. As at 31 March 2023, a 20.88% decrease in estimated revenue amount, a 32.74% decrease in estimated terminal value, a 20.65% increase in estimated discount rate, all changes taken in isolation in the value-in-use calculations, would remove the remaining headroom for Shanghai Xiangming.

Management is of the opinion that a reasonably possible change in key assumptions would not cause the carrying amount of each of the CGUs to exceed its recoverable amount as at 31 December 2020, 2021 and 2022 and 31 March 2023.

19. OTHER INTANGIBLE ASSETS

	<u>Licences</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2019			
At 1 January 2019:			
Cost	—	2,724	2,724
Accumulated amortisation and impairment	—	(1,351)	(1,351)
Net carrying amount	<u>—</u>	<u>1,373</u>	<u>1,373</u>
At 1 January 2019, net of accumulated amortisation and impairment	—	1,373	1,373
Additions	—	815	815
Amortisation during the year	—	(798)	(798)
At 31 December 2019, net of accumulated amortisation and impairment	<u>—</u>	<u>1,390</u>	<u>1,390</u>
At 31 December 2019:			
Cost	—	3,539	3,539
Accumulated amortisation and impairment	—	(2,149)	(2,149)
Net carrying amount	<u>—</u>	<u>1,390</u>	<u>1,390</u>
31 December 2020			
At 1 January 2020:			
Cost	—	3,539	3,539
Accumulated amortisation and impairment	—	(2,149)	(2,149)
Net carrying amount	<u>—</u>	<u>1,390</u>	<u>1,390</u>

	<u>Licences</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020, net of accumulated amortisation and impairment	—	1,390	1,390
Additions	—	4,486	4,486
Amortisation during the year	—	(609)	(609)
Acquisition of a subsidiary	41,368	—	41,368
Disposals	—	(282)	(282)
At 31 December 2020, net of accumulated amortisation and impairment	<u>41,368</u>	<u>4,985</u>	<u>46,353</u>
At 31 December 2020:			
Cost	41,368	7,743	49,111
Accumulated amortisation and impairment	—	(2,758)	(2,758)
Net carrying amount	<u>41,368</u>	<u>4,985</u>	<u>46,353</u>
31 December 2021			
At 1 January 2021:			
Cost	41,368	7,743	49,111
Accumulated amortisation and impairment	—	(2,758)	(2,758)
Net carrying amount	<u>41,368</u>	<u>4,985</u>	<u>46,353</u>
At 1 January 2021, net of accumulated amortisation and impairment	41,368	4,985	46,353
Additions	—	19,363	19,363
Amortisation during the year	—	(1,931)	(1,931)
Disposals	—	(672)	(672)
At 31 December 2021, net of accumulated amortisation and impairment	<u>41,368</u>	<u>21,745</u>	<u>63,113</u>
At 31 December 2021:			
Cost	41,368	25,123	66,491
Accumulated amortisation and impairment	—	(3,378)	(3,378)
Net carrying amount	<u>41,368</u>	<u>21,745</u>	<u>63,113</u>
31 December 2022			
At 1 January 2022:			
Cost	41,368	25,123	66,491
Accumulated amortisation and Impairment	—	(3,378)	(3,378)
Net carrying amount	<u>41,368</u>	<u>21,745</u>	<u>63,113</u>
At 1 January 2022, net of accumulated amortisation and impairment	41,368	21,745	63,113
Additions	2,400	8,884	11,284
Amortisation during the year	(667)	(3,206)	(3,873)
Disposals	—	(549)	(549)
At 31 December 2022, net of accumulated amortisation and impairment	<u>43,101</u>	<u>26,874</u>	<u>69,975</u>

	<u>Licences</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2022:			
Cost	43,768	33,456	77,224
Accumulated amortisation and impairment	<u>(667)</u>	<u>(6,582)</u>	<u>(7,249)</u>
Net carrying amount	<u>43,101</u>	<u>26,874</u>	<u>69,975</u>
31 March 2023			
At 1 January 2023:			
Cost	43,768	33,456	77,224
Accumulated amortisation and impairment	<u>(667)</u>	<u>(6,582)</u>	<u>(7,249)</u>
Net carrying amount	<u>43,101</u>	<u>26,874</u>	<u>69,975</u>
At 1 January 2023, net of accumulated amortisation and impairment	43,101	26,874	69,975
Additions	—	1,258	1,258
Amortisation during the period	<u>(200)</u>	<u>(944)</u>	<u>(1,144)</u>
At 31 March 2023, net of accumulated amortisation and impairment	<u>42,901</u>	<u>27,188</u>	<u>70,089</u>
At 31 March 2023:			
Cost	43,768	34,713	78,481
Accumulated amortisation and impairment	<u>(867)</u>	<u>(7,525)</u>	<u>(8,392)</u>
Net carrying amount	<u>42,901</u>	<u>27,188</u>	<u>70,089</u>

The licences included an insurance brokerage licence, which had an indefinite useful life and amounted to RMB41,368,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023. The Group performs impairment test of the insurance brokerage licence at 31 December 2020, 2021 and 2022 and 31 March 2023. The recoverable amount has been determined based on a fair value less costs to sell using discounted cash flow method with cash flow projections from financial budgets approved by senior management covering a 5-year period. Key assumptions used in the calculation are as follows:

	<u>As at 31 December</u>			<u>As at 31 March</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual revenue growth rate for the 5-year period	15.0%-50.0%	3.0%-62.0%	2.3%-60.0%	2.3%-53.0%
Gross profit rate	67.2%-69.1%	26.4%-54.0%	38.6%-38.9%	38.7%-43.0%
Terminal growth rate	2.3%	2.3%	2.3%	2.3%
Pre-tax discount rate	18.66%	19.27%	18.80%	18.80%

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the headroom that the recoverable amount of the insurance brokerage licence exceeds its carrying amount of RMB5,132,000, RMB6,432,000 and RMB4,932,000 and RMB4,932,000 respectively.

The Group performs the sensitivity analysis based on the assumption that revenue amount or terminal value or the discount rate has been changed. Had the estimated key assumptions during the forecast period been changed, the headroom would be decreased to as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
- Revenue amount decreases by 10%	532	1,632	132	72
- Terminal value decreases by 10%	2,954	4,485	3,071	3,023
- Pre-tax discount rate increases by 5%	1,932	3,632	2,332	2,332

As at 31 December 2020, an 11.10% decrease in estimated revenue amount, a 23.56% decrease in estimated terminal value, an 8.42% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the licence. As at 31 December 2021, a 13.50% decrease in estimated revenue amount, a 33.03% decrease in estimated terminal value, a 12.38% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the licence. As at 31 December 2022, a 10.09% decrease in estimated revenue amount, a 26.05% decrease in estimated terminal value, a 9.96% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the licence.

As at 31 March 2023, a 10.15% decrease in estimated revenue amount, a 25.83% decrease in estimated terminal value, a 9.95% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the licence.

Management is of the opinion that a reasonably possible change in key assumptions would not cause the carrying amount of the licence to exceed its recoverable amount as at 31 December 2020, 2021 and 2022 and 31 March 2023.

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	7,700	31,943	145,963	201,038	227,120
Additions	20,840	101,526	62,698	94,569	10,077
Fair value changes through profit or loss	3,403	12,494	(7,461)	(2,060)	(679)
Disposals	—	—	(162)	(66,427)	(105)
At the end of the year/period	<u>31,943</u>	<u>145,963</u>	<u>201,038</u>	<u>227,120</u>	<u>236,413</u>

During the Relevant Periods, the Group made investments in certain convertible redeemable preferred shares or ordinary shares with preferential rights issued by private investee companies. The

above investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income or the investments are not qualified to be designated as financial assets at fair value through other comprehensive income.

21. INVESTMENTS IN JOINT VENTURES

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	—	115,375	113,241

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Shanghai Zhisheng Automobile Technology Co., Ltd	Registered capital of RMB1 each	PRC/ Mainland China	51	51	51	Automobile
Shanghai Wuqi Private Fund Limited Partnership	Registered capital of RMB1 each	PRC/ Mainland China	59	59	59	Privately offering fund

The investments in Shanghai Zhisheng Automobile Technology Co., Ltd. (“Shanghai Zhisheng”) and Shanghai Wuqi Private Fund Limited Partnership (“Shanghai Wuqi”) are accounted as investments in joint ventures as the activities that significantly affect the returns of Shanghai Zhisheng and Shanghai Wuqi require the unanimous consents of the Group and other owners of Shanghai Zhisheng and Shanghai Wuqi.

Share of loss from Shanghai Zhisheng was RMB2,998,000 and RMB1,159,000 respectively for the year ended 31 December 2022 and for the three months ended 31 March 2023. Share of profit from Shanghai Wuqi was RMB13,000 for the year ended 31 December 2022 and share of loss from Shanghai Wuqi was RMB975,000 for the three months ended 31 March 2023. As at 31 December 2022 and 31 March 2023, the Group is of the opinion that the losses of Shanghai Zhisheng and Shanghai Wuqi were temporary due to the start-up expenses and there were no significant negative indicators of the impairment in the investment in Shanghai Zhisheng and Shanghai Wuqi.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of the joint ventures' loss for the year/period . . .	—	—	—	(2,985)	(2,134)
Share of the joint ventures' total comprehensive loss	—	—	—	(2,985)	(2,134)
Aggregate carrying amount of the Group's investments in the joint ventures	—	—	—	115,375	113,241

22. INVESTMENTS IN ASSOCIATES

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	47,480	48,089	207,625	194,224	163,694
Additions	1,300	174,500	53,000	—	—
Disposal or derecognition	—	(4,173)	(13,657)	—	—
Share of profits and losses	(691)	(10,791)	(52,744)	(30,530)	5,023
At the end of the year/period	<u>48,089</u>	<u>207,625</u>	<u>194,224</u>	<u>163,694</u>	<u>168,717</u>

On 30 December 2020, the Group acquired 15% equity interest in Shanghai Fuchuang Industrial Development Co., Ltd (“Shanghai Fuchuang”). As the Group can appoint one out of five directors of Shanghai Fuchuang under the Articles of Association, the Group has the power to participate in the financial and operating policy decisions of Shanghai Fuchuang and therefore can exercise significant influence over Shanghai Fuchuang. The total investment was RMB202,500,000 comprising RMB98,000,000 cash contribution and the fair value of intangible assets to be contributed of RMB104,500,000. As the contribution of the intangible assets were made separately in two stages during the years end 31 December 2020 and 2021, the Group recognised a gain amounting to RMB76,500,000 and RMB28,000,000, respectively, which represents the difference between the fair value and the carrying amount of intangible assets contributed during the year and was recorded in other income and gains, net. The Group determined the fair value of the intangible assets contributed with the assistance of an independent valuation firm.

Share of losses from Shanghai Fuchuang were nil, RMB5,322,000, RMB53,668,000 and RMB37,349,000 for the years ended 31 December 2019, 2020, 2021 and 2022 respectively. Share of profit from Shanghai Fuchuang were RMB2,734,000 for the three months ended 31 March 2023. Share of losses from other associates were RMB691,000 and RMB5,469,000 for the years ended

31 December 2019 and 2020, respectively, and share of profits was RMB924,000, RMB6,819,000 and RMB2,290,000 for the years ended 31 December 2021 and 2022, and the three months ended 31 March 2023, respectively.

The Group performs impairment test of the investment in Shanghai Fuchuang at 31 December 2020, 2021 and 2022 and 31 March 2023. The recoverable amount has been determined based on a fair value less costs to sell using discounted cash flow method with cash flow projections from financial budgets approved by senior management covering a 5-year period. Key assumptions used in the calculation are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
Annual revenue growth rate for the 5-year period	19.5%-41.8%	15.0%-35.0%	4.0%-20.0%	4.0%-17.0%
Gross profit rate	6.9%-14.9%	8.9%-16.9%	9.0%-20.3%	9.4%-19.9%
Terminal growth rate	2.3%	2.3%	2.3%	2.3%
Pre-tax discount rate	16.32%	16.79%	16.67%	16.78%

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the headroom that the recoverable amount of investment in Shanghai Fuchuang exceeds its carrying amount of RMB18,094,000, RMB46,326,000 and RMB7,890,000 and RMB7,095,000 respectively.

The Group performs the sensitivity analysis based on the assumption that revenue amount or terminal value or the discount rate has been changed. Had the estimated key assumptions during the forecast period been changed, the headroom would be decreased to as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000
— Revenue amount decreases by 10%	8,710	35,820	4,830	4,239
— Terminal value decreases by 10%	8,506	38,355	4,422	3,525
— Pre-tax discount rate increases by 5%	3,823	33,378	1,668	873

As at 31 December 2020, a 19.36% decrease in estimated revenue amount, an 18.95% decrease in estimated terminal value, a 6.46% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the investment in Shanghai Fuchuang. As at 31 December 2021, a 44.07% decrease in estimated revenue amount, a 57.96% decrease in estimated terminal value, a 21.70% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the investment in Shanghai Fuchuang. As at 31 December 2022, a 27.52% decrease in estimated revenue amount, a 23.11% decrease in estimated terminal value, a 6.50% increase in estimated discount rate, all changes taken in isolation in the

calculations, would remove the remaining headroom for the investment in Shanghai Fuchuang. As at 31 March 2023, a 24.81% decrease in estimated revenue amount, a 19.83% decrease in estimated terminal value, a 5.76% increase in estimated discount rate, all changes taken in isolation in the calculations, would remove the remaining headroom for the investment in Shanghai Fuchuang.

Other than the investment in Shanghai Fuchuang, the Group is of the opinion that the losses from the associates were temporary and there were no significant negative indicators of the impairment in the investment in those associates at the end of 31 December 2019 and 2020. Since 2021, the Group had recognised profits from these associates.

As either Shanghai Fuchuang or each of the other associates of the Group is not individually material to the consolidated financial statements, the following tables illustrate the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December				Three months ended 31 March	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>					
Share of profits and losses of associates	(691)	(10,791)	(52,744)	(30,530)	(3,511)	5,023
Share of total comprehensive (losses)/ income of associates	(691)	(10,791)	(52,744)	(30,530)	(3,511)	5,023
					As at 31 March	
	As at 31 December				As at 31 March	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate carrying amount of the Group's investments in the associates	48,089	207,625	194,224	163,694	163,694	168,717

23. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December				As at 31 March	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income						
Listed equity investments, at fair value	<u>—</u>	<u>—</u>	<u>—</u>	<u>289,312</u>	<u>289,312</u>	<u>322,892</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

24. OTHER NON-CURRENT ASSETS

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits	22,212	29,408	25,972	15,148	18,442
Prepayments	578	2,786	17,920	56,179	89,855
Others	2,044	1,092	31,052	16,498	15,835
	<u>24,834</u>	<u>33,286</u>	<u>74,944</u>	<u>87,825</u>	<u>124,132</u>

Prepayments included in other non-current assets represent prepayments for property, plant and equipment, prepayments for financial and equity investments and prepayments for business combination. During the year ended 31 December 2022, the Group made prepayments of RMB2,090,000 to purchase 100% equity interests in a target company from third parties (“transaction A”) and prepayments of RMB15,872,000 to purchase 82.98% equity interests in another target company from third parties (“transaction B”). Transaction A had been terminated in 2023. As at 30 June 2023, the Group had completed the acquisition of 68.89% equity interests in the target company in relation to transaction B.

25. INVENTORIES

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Commodities	1,046,812	1,483,537	1,713,513	1,542,547	1,555,808

26. TRADE RECEIVABLES

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	174,155	291,972	215,607	188,976	211,795
Impairment	(18,541)	(11,462)	(12,617)	(15,245)	(15,968)
Trade receivables, net	<u>155,614</u>	<u>280,510</u>	<u>202,990</u>	<u>173,731</u>	<u>195,827</u>

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The credit terms granted by the Group are generally within 30 days. An ageing analysis of the Group's trade receivables, based on the transaction date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	91,343	151,403	121,223	97,911	118,833
2 to 3 months	47,217	32,421	39,169	44,354	34,817
4 to 6 months	8,719	53,400	36,927	22,988	31,171
7 to 12 months	8,335	43,286	5,671	8,478	11,006
	<u>155,614</u>	<u>280,510</u>	<u>202,990</u>	<u>173,731</u>	<u>195,827</u>

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

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	7,241	18,541	11,462	12,617	15,245
Impairment losses, net	11,300	7,697	1,155	2,628	723
Amount written off	—	(14,776)	—	—	—
At end of year/period	<u>18,541</u>	<u>11,462</u>	<u>12,617</u>	<u>15,245</u>	<u>15,968</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days invoiced for groupings of various customer segments with similar loss patterns (by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

a) Specific judgement

Set out below is the information about the credit risk exposure on the Group's trade receivables using specific judgement:

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
Expected credit loss rate	100%	100%	—	—	—
Gross carrying amount (RMB'000)	14,776	741	—	—	—
Expected credit losses (RMB'000)	14,776	741	—	—	—

b) Probability of default method

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	1.16%	2.64%	4.95%	100%	2.36%
Gross carrying amount (RMB'000)	140,180	8,955	8,769	1,475	159,379
Expected credit losses (RMB'000)	1,620	236	434	1,475	3,765

As at 31 December 2020

	Within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	1.26%	2.49%	4.69%	100%	3.68%
Gross carrying amount (RMB'000)	186,173	54,767	45,414	4,877	291,231
Expected credit losses (RMB'000)	2,350	1,366	2,128	4,877	10,721

As at 31 December 2021

	Within 3 months	4 to 6 months	7 to 12 months	Over 1 year	Total
Expected credit loss rate	1.61%	2.17%	2.12%	100%	5.85%
Gross carrying amount (RMB'000)	163,014	37,745	5,794	9,054	215,607
Expected credit losses (RMB'000)	2,622	818	123	9,054	12,617

As at 31 December 2022

	<u>Within 3 months</u>	<u>4 to 6 months</u>	<u>7 to 12 months</u>	<u>Over 1 year</u>	<u>Total</u>
Expected credit loss rate	2.39%	3.51%	3.67%	100%	8.07%
Gross carrying amount (RMB'000)	145,748	23,825	8,801	10,602	188,976
Expected credit losses (RMB'000)	3,483	837	323	10,602	15,245

As at 31 March 2023

	<u>Within 3 months</u>	<u>4 to 6 months</u>	<u>7 to 12 months</u>	<u>Over 1 year</u>	<u>Total</u>
Expected credit loss rate	1.68%	2.64%	2.70%	100%	7.54%
Gross carrying amount (RMB'000)	156,278	32,016	11,311	12,190	211,795
Expected credit losses (RMB'000)	2,628	845	305	12,190	15,968

27. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**Group**

	Notes	<u>As at 31 December</u>				<u>As at 31 March</u>
		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	(a)	145,884	306,904	182,959	157,637	156,257
Deposits and other receivables	(b)	39,461	100,382	126,650	127,610	127,244
Value-Added Tax ("VAT") recoverable	(c)	54,238	97,984	174,065	148,157	164,869
Loans receivable	(d)	8,159	39,052	42,784	22,727	10,229
Receivable from employees	(e)	9,163	11,796	13,358	3,070	4,184
Impairment allowance		<u>(329)</u>	<u>(525)</u>	<u>(344)</u>	<u>(2,944)</u>	<u>(4,327)</u>
		<u>256,576</u>	<u>555,593</u>	<u>539,472</u>	<u>456,257</u>	<u>458,456</u>

Notes:

- (a) Prepayments represent advances to certain major suppliers for the purchase of goods or services.
- (b) Deposits and other receivables mainly represent lease deposits and deposits with suppliers. Deposits and other receivables are non-interest-bearing and trade in nature.
- (c) VAT recoverable is mainly due to the input tax to be deducted arising from purchase, installation service fees, warehousing and logistics fees and lease payments, etc.

- (d) Loans receivable represents loans to related parties, equity investees and others. The loans receivable bears interest rate ranging from nil to 12% per annum.
- (e) Receivables from employees mainly represent the temporary fund provided to the managers of self-operated stores for miscellaneous purchases of tools, materials and office supplies and the temporary fund provided to marketing personnel for miscellaneous offline promotion activities.

Except for certain loss allowance provided for loans receivable and other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

Company

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due from subsidiaries	1,274,358	7,630,051	9,827,970	10,364,210	10,254,627
Due from holders of preferred shares	4,621,523	—	—	—	—
Prepayments, other receivables and other assets	—	—	3,581	8,567	9,236

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss . . .	<u>1,748,715</u>	<u>692,368</u>	<u>320,362</u>	<u>25,921</u>	<u>48,013</u>

Company

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss . . .	<u>1,567,960</u>	<u>4,367</u>	<u>40,762</u>	<u>25,921</u>	<u>—</u>

The financial assets at fair value through profit or loss above were wealth management products issued by commercial banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest and they were held for trading.

29. CASH AND BANK BALANCES

Group

	As at 31 December				As at
	2019	2020	2021	2022	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current					
Cash and cash equivalents	1,474,876	1,164,958	1,472,293	2,686,353	2,815,580
Time deposits with maturities over three months	223,479	307,528	1,017,365	514,115	471,793
Restricted cash current portion:					
Restricted for bills payable	517,128	731,256	2,027,405	1,094,947	903,006
Restricted for interest-bearing borrowings	—	2,165,494	163,757	—	—
Restricted for letters of guarantee	80,550	191,610	169,664	362,949	341,052
Restricted for others	—	5,000	119,470	49,026	23,851
	<u>2,296,033</u>	<u>4,565,846</u>	<u>4,969,954</u>	<u>4,707,390</u>	<u>4,555,282</u>
Non-current					
Time deposits with maturities over one year	25,000	—	380,000	—	—
Restricted cash non-current portion:					
Restricted for bills payable	—	—	100,000	—	—
Restricted for interest-bearing borrowings	—	300,000	—	—	—
Restricted for letters of guarantee	—	—	—	403	115,003
	<u>25,000</u>	<u>300,000</u>	<u>480,000</u>	<u>403</u>	<u>115,003</u>
	<u>2,321,033</u>	<u>4,865,846</u>	<u>5,449,954</u>	<u>4,707,793</u>	<u>4,670,285</u>
Denominated in:					
RMB	2,039,459	1,568,854	1,581,566	2,589,850	2,555,199
US\$	281,574	3,296,992	3,868,388	2,117,943	2,115,086
	<u>2,321,033</u>	<u>4,865,846</u>	<u>5,449,954</u>	<u>4,707,793</u>	<u>4,670,285</u>

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 are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

The restricted cash for bills payable is operating in nature when it is designated to settle the bills payable upon maturity, otherwise it is financing in nature.

Company

	As at 31 December				As at
	2019	2020	2021	2022	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current					
Cash and cash equivalents	<u>715</u>	<u>1,490</u>	<u>1,426</u>	<u>2,009</u>	<u>563</u>
Denominated in:					
RMB	—	121	95	95	95
US\$	<u>715</u>	<u>1,369</u>	<u>1,331</u>	<u>1,914</u>	<u>468</u>
	<u>715</u>	<u>1,490</u>	<u>1,426</u>	<u>2,009</u>	<u>563</u>

30. TRADE AND BILLS PAYABLES

	As at 31 December				As at
	2019	2020	2021	2022	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	371,536	806,169	1,098,761	808,085	755,207
Bills payable	<u>1,311,862</u>	<u>2,002,265</u>	<u>2,141,560</u>	<u>2,311,239</u>	<u>2,476,090</u>
	<u>1,683,398</u>	<u>2,808,434</u>	<u>3,240,321</u>	<u>3,119,324</u>	<u>3,231,297</u>

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	1,352,237	2,188,646	2,697,050	2,392,343	2,497,002
3 to 6 months	305,229	546,830	527,179	705,200	711,889
6 to 12 months	12,715	57,236	8,951	13,890	14,501
Over 1 year	13,217	15,722	7,141	7,891	7,905
	<u>1,683,398</u>	<u>2,808,434</u>	<u>3,240,321</u>	<u>3,119,324</u>	<u>3,231,297</u>

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on 30-days to 90-days terms. Bills payables generally have a longer payment term of 6 to 12 months.

31. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other tax payable	211,387	287,219	322,768	307,283	294,080
Payroll and welfare payable	221,266	306,621	514,549	539,397	539,901
Accrual and other payables	265,379	368,430	626,460	719,330	690,329
	<u>698,032</u>	<u>962,270</u>	<u>1,463,777</u>	<u>1,566,010</u>	<u>1,524,310</u>

Other payables and accruals were trade in nature, non-interest-bearing and repayable on demand.

Company

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Due to subsidiaries	—	324,270	159,630	231,866	229,777
	<u>—</u>	<u>324,270</u>	<u>159,630</u>	<u>231,866</u>	<u>229,777</u>

The amounts due to subsidiaries were non-interest-bearing and repayable on demand.

32. CONTRACT LIABILITIES

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current:					
Automotive products and services	163,933	254,943	350,613	472,609	471,782
Franchise services	51,420	127,520	208,386	180,436	162,850
	<u>215,353</u>	<u>382,463</u>	<u>558,999</u>	<u>653,045</u>	<u>634,632</u>
Non-current:					
Franchise services	<u>71,636</u>	<u>109,468</u>	<u>115,056</u>	<u>60,268</u>	<u>53,502</u>

Contract liabilities of the Group mainly arise from the advance payments received from customers for automotive products and services and deferred upfront franchise fees from franchised stores.

33. INTEREST-BEARING BORROWINGS

	Note	As at 31 December 2020		
		Effective interest rate (%)	Maturity	RMB'000
Current				
Bank loans — unsecured		3.46-3.60	2021	278,560
Bank loans — secured	(a)	2.63-3.50	2021	1,738,355
				<u>2,016,915</u>
	Note	As at 31 December 2021		
		Effective interest rate (%)	Maturity	RMB'000
Current				
Bank loans — unsecured		2.95	2022	100,000
Bank loans — secured	(a)	2.65-3.15	2022	164,000
				<u>264,000</u>

	As at 31 December				As at
	2019	2020	2021	2022	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	2023
Analysed into:					
Bank loans repayable:					
Within one year	—	2,016,915	264,000	—	—

Notes:

(a) Certain of the Group's bank loans are secured by:

- (i) the Group's bank deposits and time deposits amounting to RMB2,465,494,000 and RMB163,757,000 as of 31 December 2020 and 2021, respectively.
- (ii) the guarantee of a related-party company controlled by Mr. Chen Min amounting to RMB100,000,000 as of 31 December 2020 and the corresponding bank loan has been fully repaid during the year ended 31 December 2021.

34. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On 31 October 2019, in conjunction with the Reorganisation (note 2.1), the Company issued the Series Seed, Series A, Series B, Series C-1, Series C-2, Series C-3, Series D-1, Series D-2, Series E-1, Series E-2, Series E-3 and Series E-4 preferred shares (collectively, the "Reorganisation Preferred Shares") to existing preferred shareholders of Shanghai Lantu to replace their preferred share interests in Shanghai Lantu. As discussed in note 2.1, the consolidated financial statements of the Company were prepared as if the corporate structure of the Company after the Reorganisation had been in existence since the beginning of the earliest period presented. The following table provides key information of each series of the Reorganisation Preferred Shares outstanding on the Reorganisation Date.

Reorganisation Preferred Shares	Number of shares
Series Seed convertible preferred shares ("Series Seed Preferred Shares")	2,242,396
Series A convertible redeemable preferred shares ("Series A Preferred Shares")	3,324,228
Series B convertible redeemable preferred shares ("Series B Preferred Shares")	6,873,513
Series C-1 convertible redeemable preferred shares ("Series C-1 Preferred Shares")	2,579,568
Series C-2 convertible redeemable preferred shares ("Series C-2 Preferred Shares")	6,684,368

Reorganisation Preferred Shares	Number of shares
Series C-3 convertible redeemable preferred shares ("Series C-3 Preferred Shares")	8,928,374
Series D-1 convertible redeemable preferred shares ("Series D-1 Preferred Shares")	5,707,296
Series D-2 convertible redeemable preferred shares ("Series D-2 Preferred Shares")	7,146,360
Series E-1 convertible redeemable preferred shares ("Series E-1 Preferred Shares")	12,288,896
Series E-2 convertible redeemable preferred shares ("Series E-2 Preferred Shares")	6,125,137
Series E-3 convertible redeemable preferred shares ("Series E-3 Preferred Shares")	18,173,211
Series E-4 convertible redeemable preferred shares ("Series E-4 Preferred Shares")	994,030
Total	<u>81,067,377</u>

The following table provides key information for each series of preferred shares issued after the Reorganisation.

	Issuance date	Number of shares	Issue price per share	Cash consideration
			<i>US\$</i>	<i>US\$'000</i>
Series A Preferred Shares	18 November 2019	5,009,050	14.94	74,818
Series C-2 Preferred Shares	18 November 2019	333,301	15.05	5,016
Series C-3 Preferred Shares	14 July 2020	1,121,233	16.22	18,186
Series D-1 Preferred Shares	18 November 2019	629,804	14.94	9,407
Series D-2 Preferred Shares	18 November 2019	519,603	15.05	7,819
Series E-2 Preferred Shares	18 November 2019	616,537	16.22	10,000
Series E-2 Preferred Shares	8 February 2021	176,812	20.99	3,711
Series F Preferred Shares	18 November 2019	18,206,100	16.50	300,348
Series F-2 Preferred Shares	8 February 2021	10,792,861	25.57	275,944
Series F-3 Preferred Shares	29 June 2021	4,627,476	27.38	126,708

As described in note 37, on 8 March 2022, each existing issued and unissued authorised share of the Company with a par value of US\$0.0001 each, including the preferred shares above, was subsequently subdivided into five shares of the corresponding class or series with a par value of US\$0.00002 each.

The Reorganisation Preferred Shares and preferred shares issued after the Reorganisation are collectively referred to as the “Preferred Shares”. The following is a summary of the significant terms of the Preferred Shares:

Conversion rights

Each holder of the Preferred Shares has the right, at each holder’s sole discretion, to convert at any time and from time to time, all or any portion of the Preferred Shares into Class A ordinary shares. The initial conversion price is the stated issuance price for each series of Preferred Shares. The initial conversion ratio for each series of Preferred Shares is on a one for one basis and subject to adjustments in the event of share splits, reverse share splits, share dividends and distribution, or any capital reorganisation or reclassification of the ordinary shares. The Preferred Shares are automatically converted into Class A ordinary shares immediately upon the closing of a Qualified IPO. As of 31 March 2023, the conversion ratio was one Preferred Share convertible into one Class A ordinary share.

Voting rights

Each holder of the Preferred Shares has voting rights equivalent to the number of ordinary shares into which the Preferred Shares could then be converted. The holders of the Preferred Shares and Class A ordinary shares should vote together as a single class, with respect to any matter upon which the holders of the ordinary shares have the right to vote.

Dividend rights

The holders of the Preferred Shares are entitled to receive dividends at the same rate as for the holders of the ordinary shares on an as converted basis when, as, and if declared by the board of directors. No dividends were declared during the Relevant Periods.

Redemption rights

All of the Preferred Shares other than Series Seed Preferred Shares are redeemable at the holders’ option at any time upon the occurrence of: (i) the Company fails to complete a Qualified IPO before 29 June 2025; or any of the following events (the “Redemption Events”) (ii) the Company and management materially breach the agreements entered into with the preferred shareholders or the articles of association; (iii) any fraud, negligence, intentional misconduct, violation of laws and regulations or breach of the shareholder agreements by the Company and management; (iv) the CEO resigns as management for more than three consecutive months; (v) Preferred Shareholders other than Series Seed Preferred Shareholders have requested the Company to redeem its shares or (vi) the Reorganisation has not been completed upon expiry of six months after the reorganisation agreements becoming invalid due to any governmental order or court decision.

The redemption price of each of the Preferred Shares other than Series Seed Preferred Shares is calculated at an amount equal to (a) the original issue price or deemed issue price as applicable, plus (b) an interest of 15% per annum calculated from the original issue date through the date on which the preferred shares are required to be redeemed, plus (c) all declared but unpaid dividend on such share. Series Seed Preferred Shares are not redeemable but have a liquidation preference as indicated below.

Pursuant to the shareholders' resolution approved on 29 June 2023, the redemption rights shall cease to be exercisable immediately before the first filing of the listing application by the Company with the Stock Exchange of Hong Kong Limited, and shall resume to be exercisable in accordance with above terms upon the earliest of (i) the listing application being withdrawn, rejected or returned; (ii) the listing application being lapsed but not renewed by the Company within three months; or (iii) 31 December 2023 if no Qualified IPO has been consummated by then (with the original redemption event and date unchanged).

Registration rights

All the Preferred Shareholders have the following registration rights:

(a) Demand registration rights

Registration other than on Form F-3

At any time after the earlier of (i) 29 June 2026 and (ii) expiry of 180 days following an initial public offering, holders holding 10% or more of the outstanding registrable securities held by all holders may make a written request to the Company to register, and the Company shall use its best efforts to cause the registrable securities to be registered and/or qualified for sale and distribution, under the Securities Act the number of registrable securities specified in the requests, provided, however, that the Company shall not be obligated to effect more than two registrations.

Registration on Form F-3

The Company shall use its best efforts to qualify for registration on Form F-3. If the Company qualifies for registration on Form F-3, any holder is entitled to request the Company to register, so long as such registration offerings are in excess of US\$5,000,000, and the Company shall cause the registrable securities to be registered and/or qualified for sale and distribution, under the Securities Act on Form F-3 the number of registrable securities specified in the requests. However, the Company shall not be required to effect more than three registrations.

(b) Piggyback registration rights

If the Company proposes to register for its own account any equity securities, or for the account of any holder of equity securities, other than a holder of the registrable securities, in connection with the public offering of such securities, the Company shall register the registrable securities requested by the holders to be registered.

The Company is required to use its best efforts to affect the registration if requested by the Preferred Shareholders, but the provisions of the registration rights do not stipulate the consequences of non-performance if the Company made its best efforts to effect registration nor any requirement to pay any monetary or non-monetary consideration for non-performance. The registration rights shall terminate on the earlier of (i) the fifth anniversary of the closing of a Qualified IPO, and (ii) with respect to any security holder, the date on which such holder may sell all of its registrable securities under Rule 144 of the Securities Act in any 90-day period.

Liquidation preference

Upon the voluntary or involuntary liquidation, winding up or dissolution of the Company, or any deemed liquidation event (the "Liquidation Events"), the assets of the Company legally available for distribution will be distributed as follows:

Each holder of the Series F-3 Preferred Shares is entitled to receive, on a pari passu basis, an amount equal to 120% of the original issue price, plus all declared but unpaid dividends in preference to any distribution to the holders of the Series F-2, Series F, Series E-4, Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F-3 Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series F-2 Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series F, Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F-2 Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series F Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series F Preferred Shares, the remaining assets of the Company available for distribution shall be distributed the holders of the Series E-4 Preferred Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series E-3, Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-4 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series E-3 Preferred

Shares, on a pari passu basis, with an amount equal to 120% of the deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of Series E-2, Series E-1, Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-3 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series E-2 and/or Series E-1 Preferred Shares, on a pari passu basis, with an amount equal to 120% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series D-2, Series D-1, Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series E-2 and E-1 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series D-2 and/or Series D-1 Preferred Shares, on a pari passu basis, with an amount equal to 120% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series C-3, Series C-2, Series C-1, Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series D-2 and Series D-1 Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series C-3, Series C-2 and Series C-1 Preferred Shares, on a pari passu basis, with an amount equal to 130% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holder of the Series B, Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series C-3, Series C-2 and Series C-1 Preferred Shares, the remaining assets of Company available for distribution will be distributed to the holders of the Series B Preferred Shares, on a pari passu basis, with an amount equal to 130% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of the Series A and Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series B Preferred Shares, the remaining assets of Company available for distribution will be distributed to the holders of the Series A Preferred Shares, on a pari passu basis, with an amount equal to 150% of deemed issue price plus all declared but unpaid dividends in preference to any distribution to the holders of Series Seed Preferred Shares and the ordinary shareholders of the Company.

After the payment to the holders of Series A Preferred Shares, the remaining assets of the Company available for distribution will be distributed to the holders of the Series Seed Preferred Shares, on a pari passu basis, with an amount equal to the deemed issue price in preference to any distribution to the ordinary shareholders of the Company.

After payment has been made to the holders of the Preferred Shares in accordance with the above, the remaining assets of the Company available for distribution to shareholders shall be distributed ratably among the holders of ordinary shares and the Preferred Shares based on the number of ordinary shares into which such Preferred Shares are convertible.

Each of the following events shall also be treated as a liquidation event: (a) the voluntary or involuntary liquidation under any applicable bankruptcy, insolvency or reorganisation legislation or the dissolution or winding up of the Group operating all or substantially all the business taken as a whole, (b) any appointment of an administrator or a receiver over all or substantially all assets of the Group taken as a whole, (c) a trade sale (including any approved sale, proposed sale or qualified sale), (d) cessation of operating all or substantially all of the business by the Group taken as a whole due to the Group's incurrence of serious or substantial losses, and (e) cessation of operating all or substantially all of the business by the Group taken as a whole due to reasons other than the Group's incurrence of serious or substantial losses, and it shall be determined by all investors in writing that the situation set forth in (e) shall be deemed as a liquidation event.

Modification

Upon the issuance of the Series F Preferred Shares, the redemption term of any previously issued series of preferred shares was modified to be the same as the Series F Preferred Shares' redemption term.

Repurchase of Preferred Shares

From June 2019 to August 2019, the Company repurchased a total of 8,339,340 preferred shares consisting of Series A, Series C-2, Series C-3, Series D-1, Series D-2 and Series E-2 Preferred Shares from the preferred shareholders (the "Repurchased Preferred Shares") for a total cash consideration of RMB879,097,000. The Company accounted for the difference between the fair value of the consideration paid for the Repurchased Preferred Shares and their respective carrying value was recorded in the statements of profit or loss.

The movements of the convertible redeemable preferred shares are set out below:

	Series Seed	Series A	Series B	Series C-1	Series C-2	Series C-3	Series D-1	Series D-2	Series E-1	Series E-2	Series E-3	Series E-4	Series F	Series F-2	Series F-3	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 1 January																
2019	61,641	243,042	232,338	100,934	279,036	431,376	385,145	466,501	936,540	528,564	1,560,544	88,657	—	—	—	5,314,318
New issue	—	524,137	—	—	35,253	—	65,612	54,958	—	70,223	—	—	2,108,008	—	—	2,858,191
Repurchase	—	(238,995)	—	—	(20,721)	(74,579)	(55,210)	(45,599)	—	(80,125)	—	—	—	—	—	(515,229)
Change in fair value	41,680	(126,895)	141,764	55,630	137,826	227,677	137,524	169,805	248,401	156,095	351,883	20,955	371,252	—	—	1,933,597
Exchange realignment	(1,150)	(3,114)	(4,190)	(1,763)	(4,744)	(6,601)	(5,770)	(7,107)	(13,489)	(7,193)	(21,386)	(1,214)	(13,625)	—	—	(91,346)
At 31 December																
2019	102,171	398,175	369,912	154,801	426,650	577,873	527,301	638,558	1,171,452	667,564	1,891,041	108,398	2,465,635	—	—	9,499,531
New issue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	127,192
Change in fair value	79,606	294,120	238,545	87,523	237,513	278,945	193,790	234,305	336,940	180,744	452,088	23,733	354,812	—	—	2,992,664
Exchange realignment	(9,271)	(35,590)	(31,905)	(12,940)	(35,540)	(50,959)	(40,589)	(49,142)	(87,045)	(49,227)	(137,446)	(7,805)	(171,366)	—	—	(718,825)
At 31 December																
2020	172,506	656,705	576,552	229,384	628,623	933,051	680,502	823,721	1,421,347	799,081	2,205,683	124,326	2,649,081	—	—	11,900,562
New issue	—	—	—	—	—	—	—	—	—	24,140	—	—	—	1,795,249	824,204	2,643,593
Change in fair value	123,504	451,492	355,772	127,191	343,837	476,750	255,609	308,894	440,629	231,242	595,329	30,864	395,674	237,828	66,549	4,441,164
Exchange realignment	(5,373)	(20,238)	(17,298)	(6,716)	(18,351)	(26,849)	(18,517)	(22,408)	(37,597)	(21,427)	(57,321)	(3,200)	(65,151)	(38,475)	(17,171)	(376,092)
At 31 December																
2021	290,637	1,087,959	915,026	349,859	954,109	1,382,952	917,594	1,110,207	1,824,379	1,033,036	2,743,691	151,990	2,979,604	1,994,602	873,582	18,609,227
Change in fair value	28,521	106,801	89,714	33,984	92,617	133,799	84,170	101,848	153,346	86,383	203,825	10,357	152,522	45,408	15,978	1,339,273
Exchange realignment	28,105	105,205	88,478	33,815	92,216	133,645	88,470	107,042	175,281	99,231	262,422	14,496	281,948	186,239	81,395	1,777,988
At 31 December																
2022	347,263	1,299,965	1,093,218	417,658	1,138,942	1,650,396	1,090,234	1,319,097	2,153,006	1,218,650	3,209,938	176,843	3,414,074	2,226,249	970,955	21,726,488
Change in fair value	3,906	14,909	13,186	5,248	14,393	21,434	15,470	18,715	30,532	17,404	44,051	2,398	48,020	33,505	14,783	297,954
Exchange realignment	(4,659)	(17,440)	(14,671)	(5,606)	(15,289)	(22,158)	(14,646)	(17,721)	(28,924)	(16,372)	(43,113)	(2,375)	(45,862)	(29,921)	(13,051)	(291,808)
At 31 March																
2023	346,510	1,297,434	1,091,733	417,300	1,138,046	1,649,672	1,091,058	1,320,091	2,154,614	1,219,682	3,210,876	176,866	3,416,232	2,229,833	972,687	21,732,634

The Group has used the discounted cash flow method to determine the underlying equity value of the Company and adopted the equity allocation model to determine the fair value of the Preferred Shares.

Key assumptions are set out below:

	As at 31 December				As at
	2019	2020	2021	2022	31 March
Discount rate	15.00%	15.00%	15.00%	15.00%	15.00%
Risk-free interest rate	1.65%	0.17%	0.19%-1.04%	4.57%-4.60%	4.00%-4.79%
DLOM	13.39%	16.12%	8.58%	7.68%	5.89%
Volatility	31.34%	44.12%	32.93%-40.70%	37.05%-38.03%	36.26%-37.01%

The discount rate was estimated by the weighted average cost of capital as of the valuation date. The Group estimated the risk-free interest rate based on the yield of US Treasury Strips. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the discount for lack of marketability. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

35. DEFERRED TAX

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December				As at
	2019	2020	2021	2022	31 March
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	363,256	363,696	377,946	369,682	344,504
Deductible temporary differences	132,410	176,987	265,359	256,998	264,075
	<u>495,666</u>	<u>540,683</u>	<u>643,305</u>	<u>626,680</u>	<u>608,579</u>

The Group had tax losses of RMB1,453,024,000, RMB1,454,784,000, RMB1,515,879,000 and RMB1,478,727,000 and RMB1,265,708,000 at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023, respectively, mainly arising from subsidiaries in Mainland China. The tax losses of subsidiaries in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that enough taxable profits will be available against which the tax losses can be utilised.

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Revaluation of assets on acquisition
	<i>RMB'000</i>
As at 1 January 2019 and 31 December 2019	—
Addition	<u>10,333</u>
As at 31 December 2020, 2021 and 2022 and 31 March 2023	<u><u>10,333</u></u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 August 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries incorporated in Mainland China have no such earnings to distribute to their intermediate holding company incorporated in Hong Kong from 1 January 2008.

36. OTHER NON-CURRENT LIABILITIES

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits from franchised and partner stores	151,503	303,301	436,046	397,657	404,797
Other liabilities	<u>32,713</u>	<u>26,479</u>	—	—	—
	<u><u>184,216</u></u>	<u><u>329,780</u></u>	<u><u>436,046</u></u>	<u><u>397,657</u></u>	<u><u>404,797</u></u>

37. SHARE CAPITAL

On 8 March 2022, pursuant to the shareholders' resolution, each existing issued and unissued authorised share of the Company with a par value of US\$0.0001 each, including both ordinary shares and preferred shares, was subdivided into five shares of the corresponding class or series with a par value of US\$0.00002 each.

As at 31 March 2023, the authorised share capital of the Company is US\$50,000 divided into 2,500,000,000 shares, comprising of: (i) 1,815,549,650 Class A Ordinary Shares of a nominal or par value of US\$0.00002 each, (ii) 68,949,580 Class B Ordinary Shares of a nominal or par value of US\$0.00002 each, (iii) 11,211,980 Series Seed Preferred Shares of a nominal or par value of

US\$0.00002 each, (iv) 41,666,390 Series A Preferred Shares of a nominal or par value of US\$0.00002 each, (v) 34,367,565 Series B Preferred Shares of a nominal or par value of US\$0.00002 each, (vi) 12,897,840 Series C-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (vii) 35,088,345 Series C-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (viii) 50,248,035 Series C-3 Preferred Shares of a nominal or par value of US\$0.00002 each, (ix) 31,685,500 Series D-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (x) 38,329,815 Series D-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (xi) 61,444,480 Series E-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (xii) 34,592,430 Series E-2 Preferred Shares of a nominal or par value of US\$0.00002 each, (xiii) 90,866,055 Series E-3 Preferred Shares of a nominal or par value of US\$0.00002 each, (xiv) 4,970,150 Series E-4 Preferred Shares of a nominal or par value of US\$0.00002 each, (xv) 91,030,500 Series F Preferred Shares of a nominal or par value of US\$0.00002 each, (xvi) 53,964,305 Series F-2 Preferred Shares of a nominal or par value of US\$0.00002 each, and (xvii) 23,137,380 Series F-3 Preferred Shares of a nominal or par value of US\$0.00002 each, with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (as amended) and the Articles of Association.

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:					
Class A ordinary shares	11	11	11	11	11
Class B ordinary shares	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>

The movements in share capital are as follows:

	Number of shares in issue			Share capital RMB'000
	Class A	Class B	Total	
	ordinary shares	ordinary shares		
At 1 January 2019	—	—	—	—
Issue of shares (a)	<u>15,040,228</u>	<u>13,789,916</u>	<u>28,830,144</u>	<u>21</u>
At 31 December 2019, 2020 and 2021 and 1 January 2022	<u>15,040,228</u>	<u>13,789,916</u>	<u>28,830,144</u>	21
Share Subdivision by 1:5	<u>60,160,912</u>	<u>55,159,664</u>	<u>115,320,576</u>	—
At 31 December 2022 and 31 March 2023	<u>75,201,140</u>	<u>68,949,580</u>	<u>144,150,720</u>	<u>21</u>

- (a) Upon the Reorganisation on 31 October 2019, the Company issued and re-designated 15,040,228 Class A ordinary shares of a nominal or par value of US\$0.0001 each, and 13,789,916 Class B ordinary shares of a nominal or par value of US\$0.0001 each. Included in those shares 9,149,063 Class A ordinary shares and 885,124 Class B ordinary shares were issued upon the exercise of the employee share options.

38. DEFICITS

The amounts of the Group's deficits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents (i) the capital contributions from the then equity holders of the Group's subsidiaries, after elimination of investments in subsidiaries and (ii) the waiver of an amount due to a related party. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Share-based payment reserve

The share-based payment reserve comprises the fair value of share options granted, as further explained in the accounting policy for share-based payments in note 3 to the Historical Financial Information.

(c) Fair value reserve of financial assets at fair value through other comprehensive income

The Group irrevocably elected to recognise changes in the fair value of certain equity investments in other comprehensive income.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(e) Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(f) Reserve movement of the Company

Period ended 31 December 2019

	Share- based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 8 July 2019 (date of incorporation)	—	—	—	—
Loss for the period	—	—	365,495	365,495
Other comprehensive income for the period:				
Exchange differences on translation of financial statements	—	77,125	—	77,125
Total comprehensive loss for the period	—	77,125	365,495	442,620
Share-based payments	191,306	—	—	191,306
At 31 December 2019	<u>191,306</u>	<u>77,125</u>	<u>365,495</u>	<u>633,926</u>

Year ended 31 December 2020

	Share- based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	191,306	77,125	365,495	633,926
Loss for the year	—	—	(3,005,733)	(3,005,733)
Other comprehensive income for the year:				
Exchange differences on translation of financial statements	—	461,195	—	461,195
Total comprehensive loss for the year	—	461,195	(3,005,733)	(2,544,538)
Share-based payments	41,533	—	—	41,533
At 31 December 2020	<u>232,839</u>	<u>538,320</u>	<u>(2,640,238)</u>	<u>(1,869,079)</u>

Year ended 31 December 2021

	Share- based Payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	232,839	538,320	(2,640,238)	(1,869,079)
Loss for the year	—	—	(4,477,953)	(4,477,953)
Other comprehensive income for the year:				
Exchange differences on translation of financial statements	—	158,186	—	158,186
Total comprehensive loss for the year	—	158,186	(4,477,953)	(4,319,767)
Share-based payments	118,512	—	—	118,512
At 31 December 2021	<u>351,351</u>	<u>696,506</u>	<u>(7,118,191)</u>	<u>(6,070,334)</u>

Year ended 31 December 2022

	Share- based Payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	351,351	—	696,506	(7,118,191)	(6,070,334)
Loss for the year	—	—	—	(1,360,912)	(1,360,912)
Other comprehensive income for the year:					
Fair value changes of equity investments designated at fair value through other comprehensive income	—	(121,487)	—	—	(121,487)
Exchange differences on translation of financial statements	—	—	(899,492)	—	(899,492)
Total comprehensive loss for the year	—	(121,487)	(899,492)	(1,360,912)	(2,381,891)
Share-based payments	219,339	—	—	—	219,339
At 31 December 2022	<u>570,690</u>	<u>(121,487)</u>	<u>(202,986)</u>	<u>(8,479,103)</u>	<u>(8,232,886)</u>

Three months ended 31 March 2022 (unaudited)

	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	351,351	696,506	(7,118,191)	(6,070,334)
Loss for the period	—	—	(349,237)	(349,237)
Other comprehensive income for the period:				
Exchange differences on translation of financial statements	—	40,167	—	40,167
Total comprehensive loss for the period	—	40,167	(349,237)	(309,070)
Share-based payments	52,912	—	—	52,912
At 31 March 2022	<u>404,263</u>	<u>736,673</u>	<u>(7,467,428)</u>	<u>(6,326,492)</u>

Three months ended 31 March 2023

	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Exchange fluctuation reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	570,690	(121,487)	(202,986)	(8,479,103)	(8,232,886)
Loss for the period	—	—	—	(302,890)	(302,890)
Other comprehensive income for the period:					
Fair value changes of equity investments designated at fair value through other comprehensive income	—	37,523	—	—	37,523
Exchange differences on translation of financial statements	—	—	154,230	—	154,230
Total comprehensive loss for the period	—	37,523	154,230	(302,890)	(111,137)
Share-based payments	66,459	—	—	—	66,459
At 31 March 2023	<u>637,149</u>	<u>(83,964)</u>	<u>(48,756)</u>	<u>(8,781,993)</u>	<u>(8,277,564)</u>

39. SHARE-BASED PAYMENTS

2019 Share Incentive Plan

On 31 October 2019, the Company's shareholders and the board of directors approved the 2019 Share Incentive Plan (the "2019 Plan") with a maximum aggregate number of 5,596,271 ordinary shares that are authorised to be issued under the 2019 Plan. The Company's shareholders and board of directors subsequently approved to increase the share award pool under the 2019 Plan to 18,747,437 ordinary shares. (which was further adjusted to 93,737,185 ordinary shares after the Share Subdivision as described in note 37). Eligible participants of the 2019 Plan include the directors, consultants and employees of the Group. The 2019 Plan has a contractual term of ten years. The 2019 Plan replaced options granted under a previous plan on 31 October 2019 (the "Modification Date") on a one for one basis.

Upon the adoption of the 2019 Plan, the exercise price was modified from RMB1 to US\$0.0001 per share, and the terms and conditions were modified such that the grantee can only exercise vested options upon the earlier of (i) the completion of the Company's IPO and lapse of the applicable lock-up period; and (ii) consummation of a trade sale of the Company (liquidation, consolidation, merger or other business combination of the Company). The cost of the original award was recognised as if it had not been modified. The incremental fair value would be recognised over the period from the date of modification to the date of vesting for the modified instruments.

In addition, all the new grants under the 2019 Plan are also subject to the aforementioned performance condition.

Majority of outstanding share options granted to directors and employees will become vested in four equal tranches of 25% over a period of four years. Certain share options granted to employees of the Group will become vested in five tranches over a period of five years. The share options granted to consultants of the Group will become vested in two equal tranches of 50% over a period of two years.

The following share options were outstanding under the share-based payment scheme during the Relevant Periods:

Share options granted to directors and employees

	Weighted average exercise price	Number of share options
	<i>RMB per share</i>	<i>'000</i>
At 1 January 2019		9,824
Granted	1	2,156
Exercised	1	(10,034)
Forfeited	1	(50)
Expired	1	(12)
At 31 October 2019		<u>1,884</u>

	Weighted average exercise price	Number of share options
	<i>US\$ per share</i>	<i>'000</i>
At 31 October 2019		1,884
Granted	0.0001	<u>465</u>
At 31 December 2019	0.0001	<u>2,349</u>
Exercisable as of 31 December 2019		—
At 1 January 2020		2,349
Granted	0.0001	2,391
Forfeited	0.0001	<u>(201)</u>
At 31 December 2020	0.0001	<u>4,539</u>
Exercisable as of 31 December 2020		—
At 1 January 2021		4,539
Granted	0.0001	4,389
Forfeited	0.0001	<u>(796)</u>
At 31 December 2021	<u>0.0001</u>	<u>8,132</u>
Exercisable as of 31 December 2021		—
At 1 January 2022		8,132
Forfeited before Share Subdivision	0.0001	(116)
Share Subdivision by 1:5	0.00002	32,064
Granted after the Share Subdivision	0.00002	6,134
Forfeited after the Share Subdivision	0.00002	<u>(2,700)</u>
At 31 December 2022	<u>0.00002</u>	<u>43,514</u>
Exercisable as of 31 December 2022		—
At 1 January 2023		43,514
Granted	0.00002	—
Forfeited	0.00002	<u>(1,927)</u>
At 31 March 2023	<u>0.00002</u>	<u>41,587</u>
Exercisable as of 31 March 2023		—

Share options granted to consultants

	Weighted average exercise price	Number of share options
	<i>US\$ per share</i>	<i>'000</i>
At 1 January 2019, 31 December 2019, 31 December 2020 and 1 January 2021		—
Granted	0.0001	<u>222</u>
At 31 December 2021	0.0001	<u>222</u>

	<u>Weighted average exercise price</u>	<u>Number of share options</u>
	<i>US\$ per share</i>	<i>'000</i>
Exercisable as of 31 December 2021		—
At 1 January 2022		222
Share Subdivision by 1:5	0.00002	888
Granted after the Share Subdivision	0.00002	1,434
Forfeited after the Share Subdivision	<u>0.00002</u>	<u>(352)</u>
At 31 December 2022	<u>0.00002</u>	<u>2,192</u>
Exercisable as of 31 December 2022		—
At 1 January 2023 and 31 March 2023		<u>2,192</u>
Exercisable as of 31 March 2023		—

The fair value of equity-settled share options granted was estimated as at the date of grant to employees and at the date the consultants render services using a binomial model, taking into account the terms and conditions upon which the options were granted, including the share options granted to the consultants as the fair value of the services received cannot be reliably estimated. The following table lists the key assumptions that the model used:

	<u>Year ended 31 December</u>			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Dividend yield	0%	0%	0%	0%
Expected volatility	29%-31%	31%-35%	35%	35%
Risk free interest rate	1.52%-2.60%	0.55%-1.92%	0.93%-1.69%	2.94%-4.00%
Expected exercise multiple	2.50	2.50	2.50	2.50
Ordinary share price at grant date (US\$ per share)	3.93-6.47	6.51-11.77	11.77-19.06	4.20-4.38

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The weighted average fair value of the share options at the grant date was RMB42.28, RMB67.13, RMB113.46 and RMB30.22 during years ended 31 December 2019, 2020, 2021 and 2022. The Group recognised share-based payment expenses of RMB95,121,000, RMB41,533,000, RMB113,448,000, RMB200,571,000, RMB53,563,000 and RMB49,595,000 in relation to the share options granted to directors and employees during the Relevant Periods and the three months ended 31 March 2022, and share-based payment expenses of nil, nil, RMB5,064,000, RMB18,768,000, RMB12,896,000 and RMB3,317,000 during the Relevant Periods and the three months ended 31 March 2022 in relation to the share options granted to consultants.

40. BUSINESS COMBINATION

Year ended 31 December 2020

On 9 June 2020, the subsidiary of the Company, Shanghai Lantu Information Technology Co., Ltd. acquired 100% equity interests of Beijing Shengtang Insurance Broker Co., Ltd. (“Beijing Shengtang”) from a third party. The consideration was RMB53,196,000 and was paid in 2020.

On 31 December 2020, the subsidiary of the Company, Shanghai Yangman Consulting Co., Ltd., acquired 64.61% equity interests in Xi’an Jushuohua from a third party. The consideration was RMB21,841,000, with RMB13,000,000 paid during the year ended 31 December 2020 and the remaining RMB8,841,000 paid during the year ended 31 December 2021.

The fair values of the identifiable assets and liabilities of Xi’an Jushuohua and Beijing Shengtang as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		<i>RMB'000</i>
Right-of-use assets		17,960
Other intangible assets	19	41,368
Inventories		153
Prepayments, other receivables and other assets		8,240
Cash and cash equivalents		28,006
Trade payables		(549)
Other payables and accruals		(3,532)
Lease liabilities		(17,204)
Deferred tax liabilities		(10,333)
Total identifiable net assets at fair value		64,109
Non-controlling interests		(3,861)
Goodwill on acquisition	18	14,789
Satisfied by:		
Cash		<u>75,037</u>
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:		
Cash consideration paid during the year ended 31 December 2020		(66,196)
Cash and cash equivalents acquired		<u>28,006</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities		<u>(38,190)</u>

Since the acquisition, Xi'an Jushuohua Automobile Technology Co., Ltd and Beijing Shengtang Insurance Brokerage Co., Ltd. contributed RMB9,781,000 to the Group's revenue and RMB444,000 to the consolidated loss for the year ended 31 December 2020.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year would have been RMB8,755,212,000 and RMB3,928,848,000, respectively.

Year ended 31 December 2021

On 31 March 2021, the subsidiary of the Company, Shanghai Tuju Enterprise Management Consulting Co., Ltd. acquired 100% equity interests in Shanghai Xiangming from a third party. The consideration was RMB800,000, with RMB700,000 paid in 2021.

On 2 September 2021, the subsidiary of the Company, Shanghai Lantu Information Technology Co., Ltd. acquired 55% equity interests in Shanghai Fengtu Automobile Technology Co., Ltd. ("Shanghai Fengtu") from a third party. The cash consideration was paid during the year ended 31 December 2021. The consideration was RMB14,960,000. Shanghai Lantu Information Technology Co., Ltd. previously owned 45% equity interests in Shanghai Fengtu and fair value of the 45% equity interests upon the acquisition date was RMB9,914,000.

The fair values of the identifiable assets and liabilities of Shanghai Fengtu and Shanghai Xiangming as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Right-of-use assets		7,662
Property, plant and equipment	16	316
Inventories		4,010
Trade receivables		5,430
Prepayments, other receivables and other assets		884
Cash and cash equivalents		17,004
Trade payables		(1,485)
Other payables and accruals		(1,359)
Lease liabilities		<u>(7,819)</u>
Total identifiable net assets at fair value		24,643
Goodwill on acquisition	18	<u>1,031</u>
Satisfied by:		
Fair value of 45% equity interests in Shanghai Fengtu		9,914
Cash		<u>15,760</u>
		<u>25,674</u>

	Notes	Fair value recognised on acquisition
		RMB'000
An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:		
Cash consideration paid during the year ended 31 December 2021		(15,660)
Cash and cash equivalents acquired		<u>17,004</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities		<u><u>1,344</u></u>

Since the acquisition, Shanghai Fengtu Automobile Technology Co., Ltd. and Xiangming (Shanghai) Automobile Technical Service Co., Ltd. contributed RMB7,214,000 to the Group's revenue and contributed a profit of RMB447,000, which had been net off by the consolidated loss for the year ended 31 December 2021.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year would have been RMB11,765,397,000 and RMB5,843,634,000, respectively.

41. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the three months ended 31 March 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB138,105,000, RMB258,229,000, RMB275,617,000, RMB156,809,000, RMB33,207,000 and RMB44,617,000, respectively, in respect of lease arrangements for plant and equipment.

During the year ended 31 December 2020 and 2021, the Group had non-cash gains from intangible assets contributed to an associate of RMB76,500,000 and RMB28,000,000, respectively.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2019

	Interest- bearing borrowings	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	(22,478)	(316,441)	(5,314,318)
Changes from financing cash flows	22,478	143,616	—
Repurchase of convertible redeemable preferred shares	—	—	879,097
Issuance of convertible redeemable preferred shares	—	—	(2,858,191)
Fair value changes of convertible redeemable preferred shares	—	—	(1,933,597)
Losses on repurchase of convertible redeemable preferred shares	—	—	(363,868)
New leases	—	(138,105)	—
Interest expense (note 9)	—	(16,772)	—
Termination of lease contracts	—	30,461	—
Exchange realignment	—	—	91,346
At 31 December 2019	<u>—</u>	<u>(297,241)</u>	<u>(9,499,531)</u>

Year ended 31 December 2020

	Interest- bearing borrowings	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	—	(297,241)	(9,499,531)
Changes from financing cash flows	(2,020,300)	181,671	—
Issuance of convertible redeemable preferred shares	—	—	(127,192)
Fair value changes of convertible redeemable preferred shares	—	—	(2,992,664)
New leases	—	(258,229)	—
Acquisition of subsidiaries (note 40)	—	(17,204)	—
Interest expense (note 9)	—	(18,756)	—
Covid-19-related rent concessions from lessors	—	3,616	—
Termination of lease contracts	—	21,392	—
Exchange realignment	3,385	—	718,825
At 31 December 2020	<u>(2,016,915)</u>	<u>(384,751)</u>	<u>(11,900,562)</u>

Year ended 31 December 2021

	Interest- bearing borrowings	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	(2,016,915)	(384,751)	(11,900,562)
Changes from financing cash flows	1,752,915	215,583	—
Issuance of convertible redeemable preferred shares	—	—	(2,643,593)
Fair value changes of convertible redeemable preferred shares	—	—	(4,441,164)
New leases	—	(275,617)	—
Acquisition of subsidiaries (note 40)	—	(7,819)	—
Interest expense (note 9)	—	(27,404)	—
Termination of lease contracts	—	48,756	—
Exchange realignment	—	—	376,092
At 31 December 2021	<u>(264,000)</u>	<u>(431,252)</u>	<u>(18,609,227)</u>

Year ended 31 December 2022

	Interest- bearing borrowings	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	(264,000)	(431,252)	(18,609,227)
Changes from financing cash flows	264,000	211,440	—
Fair value changes of convertible redeemable preferred shares	—	—	(1,339,273)
New leases	—	(156,809)	—
Interest expense (note 9)	—	(24,246)	—
Termination of lease contracts	—	60,537	—
Exchange realignment	—	—	(1,777,988)
At 31 December 2022	<u>—</u>	<u>(340,330)</u>	<u>(21,726,488)</u>

Three months ended 31 March 2022 (unaudited)

	Interest- bearing borrowings	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	(264,000)	(431,252)	(18,609,227)
Changes from financing cash flows	214,000	59,498	—
Fair value changes of convertible redeemable preferred shares	—	—	(342,022)
New leases	—	(44,617)	—
Interest expense (note 9)	—	(7,282)	—
Termination of lease contracts	—	335	—
Exchange realignment	—	—	81,005
At 31 March 2022 (unaudited)	<u>(50,000)</u>	<u>(423,318)</u>	<u>(18,870,244)</u>

Three months ended 31 March 2023

	Lease liabilities	Convertible redeemable preferred shares
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	(340,330)	(21,726,488)
Changes from financing cash flows	50,983	—
Fair value changes of convertible redeemable preferred shares	—	(297,954)
New leases	(33,207)	—
Interest expense (note 9)	(4,901)	—
Termination of lease contracts	8,105	—
Exchange realignment	—	291,808
At 31 March 2023	<u>(319,350)</u>	<u>(21,732,634)</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December				Three months ended	
					31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Within operating activities	30,670	33,594	53,059	65,328	14,982	13,161
Within investing activities	28,278	3,067	41,590	55,221	—	—
Within financing activities	143,616	181,671	215,583	211,440	59,498	50,983
	<u>202,564</u>	<u>218,332</u>	<u>310,232</u>	<u>331,989</u>	<u>74,480</u>	<u>64,144</u>

42. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December				As at
					31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:					
Property, plant and equipment	—	63,899	56,759	478,280	372,784
	<u>—</u>	<u>63,899</u>	<u>56,759</u>	<u>478,280</u>	<u>372,784</u>

The Group's purchase commitments are primarily relevant to the construction of new automated warehouses and are all scheduled to be paid within one to two years.

43. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Group had the following material transactions carried out with related parties during the Relevant Periods and the three months ended 31 March 2022:

	Notes	Year ended 31 December				Three months ended 31 March	
		2019	2020	2021	2022	2022	2023
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>							
Sales of products and services to related parties							
Associates of the Group	(i)	34,778	92,548	139,459	133,886	30,336	40,129
A joint venture of the Group	(i)	—	—	—	1,195	—	859
Purchases of products and services from related parties							
Associates of the Group	(ii)	45,916	50,283	39,775	22,608	5,484	7,018
A joint venture of the Group	(ii)	—	—	—	—	—	775
One of the Company's shareholders	(iii)	137,740	106,015	106,532	87,723	22,739	35,981
Loan to related parties							
Associates of the Group	(iv)	—	25,600	4,000	37,370	740	—
Companies controlled by key management personnel	(vii)	2,313	500	500	—	—	—
Loan from related parties							
Companies controlled by key management personnel	(v)	—	11,707	1,000	—	—	—
Repayment from related parties							
Associates of the Group	(iv)	—	4,200	17,800	44,234	7,659	531
Companies controlled by key management personnel	(vii)	—	2,313	1,000	—	—	—
Interest from related parties							
Associates of the Group	(iv)	—	480	374	—	—	—
Repayment to related parties							
Key management personnel of the Group	(vi)	—	6,234	26,182	—	—	—
Companies controlled by key management personnel	(v)	—	—	12,707	—	—	—

Notes:

(i) The sales to related parties were made according to the terms and prices agreed in the contracts.

- (ii) The purchases from related parties were made according to the terms and prices agreed in the contracts. The purchases from the associates as well as a joint venture of the Group mainly comprise purchase of auto products and the installation services.
- (iii) One of the Company's shareholders represents Tencent Holdings Limited and its affiliates. The purchase from Tencent Holdings Limited and its affiliates were made according to the terms and prices agreed in the contracts and purchases mainly comprises:
- (a) advertising services amounting to RMB114,928,000, RMB69,897,000, RMB48,570,000 and RMB26,683,000, RMB17,137,000 and RMB6,967,000 for the Relevant Periods and the three months ended 31 March 2022, respectively;
 - (b) payment processing fees amounting to RMB21,064,000, RMB32,046,000, RMB48,602,000 and RMB46,009,000, RMB12,749,000 and RMB12,655,000 for the Relevant Periods and the three months ended 31 March 2022, respectively;
 - (c) cloud services amounting to RMB1,748,000, RMB4,072,000, RMB9,360,000 and RMB15,031,000, RMB6,095,000 and RMB3,117,000 for the Relevant Periods and the three months ended 31 March 2022, respectively.
- (iv) The loans to the associates of the Group were three short-term working capital loans amounting to RMB25,600,000 for the year ended 31 December 2020, one short-term working capital loan amounting to RMB4,000,000 for the year ended 31 December 2021, working capital loans amounting to RMB37,370,000 for the year ended 31 December 2022, and working capital loans amounting to nil and RMB740,000 for the three months ended 31 March 2023 and 2022 at interest rates ranging from nil to 12% per annum. The loans of RMB4,200,000, RMB17,800,000 and RMB44,234,000 and RMB531,000 had been repaid during the year ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, respectively. The remaining balance as at 31 March 2023 was RMB205,000 and was interest-free.
- (v) The loan from companies controlled by key management personnel is working capital advances that have been fully repaid in 2021.
- (vi) The loan from key management personnel is an interest-free working capital loan with a principal amount of RMB32,416,000 amongst which, RMB6,234,000 and RMB26,182,000 was repaid during the years ended 31 December 2020 and 2021, respectively.
- (vii) The loans to the companies controlled by key management personnel have been fully repaid during the year ended 31 December 2021.

(2) Outstanding balances with related parties**Amounts due from related parties:**

	Notes	As at 31 December				As at 31 March
		2019	2020	2021	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related:						
Associates of the Group . . .		2,149	3,431	13,732	4,206	6,820
A joint venture of the Group		—	—	—	113	1,342
One of the Company's shareholders		<u>29,698</u>	<u>10,474</u>	<u>13,692</u>	<u>2,361</u>	<u>3,158</u>
		<u>31,847</u>	<u>13,905</u>	<u>27,424</u>	<u>6,680</u>	<u>11,320</u>
Non-trade related:						
Associates of the Group . . .	(i)	—	21,400	7,600	736	205
Companies controlled by key management personnel		<u>2,505</u>	<u>759</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>2,505</u>	<u>22,159</u>	<u>7,600</u>	<u>736</u>	<u>205</u>

Amounts due to related parties:

	Notes	As at 31 December				As at 31 March
		2019	2020	2021	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related:						
Associates of the Group . . .		13,351	20,262	15,193	11,735	13,180
A joint venture of the Group		—	—	—	—	1,730
One of the Company's shareholders		<u>—</u>	<u>—</u>	<u>—</u>	<u>3,422</u>	<u>—</u>
		<u>13,351</u>	<u>20,262</u>	<u>15,193</u>	<u>15,157</u>	<u>14,910</u>
Non-trade related:						
Companies controlled by key management personnel		—	11,707	—	—	—
Key management personnel of the Group		<u>32,416</u>	<u>26,182</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>32,416</u>	<u>37,889</u>	<u>—</u>	<u>—</u>	<u>—</u>

Notes:

- (i) The non-trade balance due from associates of the Group as at 31 March 2023 represented working capital loans to an associate and it was interest-free. As at 31 May 2023, the non-trade balance due from associates of the Group had been fully repaid.

(3) Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, which comprises the directors' and chief executive's remuneration that disclosed in note 11 to the Historical Financial Information, are as follows:

	Year ended 31 December				Three months ended 31 March	
	2019	2020	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Salaries, allowances and benefits in kind	6,669	9,133	11,102	12,699	4,223	1,734
Share-based payment expense	29,759	416	26,278	80,253	20,116	21,273
Pension scheme contributions	397	426	670	714	192	130
	<u>36,825</u>	<u>9,975</u>	<u>38,050</u>	<u>93,666</u>	<u>24,531</u>	<u>23,137</u>

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2019

Financial assets

	Financial assets	Financial assets at	Total
	at amortised cost	fair value through profit or loss	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss . . .	—	31,943	31,943
Financial assets included in other non-current assets	24,256	—	24,256
Trade receivables	155,614	—	155,614
Financial assets included in other receivables and other assets	80,710	—	80,710
Financial assets at fair value through profit or loss	—	1,748,715	1,748,715
Cash and bank balances	<u>2,321,033</u>	—	<u>2,321,033</u>
	<u>2,581,613</u>	<u>1,780,658</u>	<u>4,362,271</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	1,683,398	—	1,683,398
Financial liabilities included in other payables and accruals . . .	265,379	—	265,379
Convertible redeemable preferred shares	—	9,499,531	9,499,531
Other non-current liabilities	184,216	—	184,216
	<u>2,132,993</u>	<u>9,499,531</u>	<u>11,632,524</u>

As at 31 December 2020

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss . . .	—	145,963	145,963
Financial assets included in other non-current assets	30,500	—	30,500
Trade receivables	280,510	—	280,510
Financial assets included in other receivables and other assets	181,205	—	181,205
Financial assets at fair value through profit or loss	—	692,368	692,368
Cash and bank balances	4,865,846	—	4,865,846
	<u>5,358,061</u>	<u>838,331</u>	<u>6,196,392</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	2,808,434	—	2,808,434
Financial liabilities included in other payables and accruals	368,430	—	368,430
Interest-bearing borrowings	2,016,915	—	2,016,915
Convertible redeemable preferred shares	—	11,900,562	11,900,562
Other non-current liabilities	329,780	—	329,780
	<u>5,523,559</u>	<u>11,900,562</u>	<u>17,424,121</u>

As at 31 December 2021

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss . . .	—	201,038	201,038
Financial assets included in other non-current assets	57,024	—	57,024
Trade receivables	202,990	—	202,990
Financial assets included in other receivables and other assets	182,448	—	182,448
Financial assets at fair value through profit or loss	—	320,362	320,362
Cash and bank balances	5,449,954	—	5,449,954
	<u>5,892,416</u>	<u>521,400</u>	<u>6,413,816</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	3,240,321	—	3,240,321
Financial liabilities included in other payables and accruals	626,460	—	626,460
Interest-bearing borrowings	264,000	—	264,000
Convertible redeemable preferred shares	—	18,609,227	18,609,227
Other non-current liabilities	436,046	—	436,046
	<u>4,566,827</u>	<u>18,609,227</u>	<u>23,176,054</u>

As at 31 December 2022

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss	—	227,120	—	227,120
Equity investments designated at fair value through other comprehensive income	—	—	289,312	289,312
Financial assets included in other non-current assets	31,646	—	—	31,646
Trade receivables	173,731	—	—	173,731
Financial assets included in other receivables and other assets	150,463	—	—	150,463
Financial assets at fair value through profit or loss	—	25,921	—	25,921
Cash and bank balances	4,707,793	—	—	4,707,793
	<u>5,063,633</u>	<u>253,041</u>	<u>289,312</u>	<u>5,605,986</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	3,119,324	—	3,119,324
Financial liabilities included in other payables and accruals	719,330	—	719,330
Convertible redeemable preferred shares	—	21,726,488	21,726,488
Other non-current liabilities	397,657	—	397,657
	<u>4,236,311</u>	<u>21,726,488</u>	<u>25,962,799</u>

As at 31 March 2023

Financial assets

	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss	—	236,413	—	236,413
Equity investments designated at fair value through other comprehensive income	—	—	322,892	322,892
Financial assets included in other non-current assets	34,277	—	—	34,277
Trade receivables	195,827	—	—	195,827
Financial assets included in other receivables and other assets	137,330	—	—	137,330
Financial assets at fair value through profit or loss	—	48,013	—	48,013
Cash and bank balances	4,670,285	—	—	4,670,285
.....	<u>5,037,719</u>	<u>284,426</u>	<u>322,892</u>	<u>5,645,037</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	3,231,297	—	3,231,297
Financial liabilities included in other payables and accruals	690,329	—	690,329
Convertible redeemable preferred shares	-	21,732,634	21,732,634
Other non-current liabilities	404,797	—	404,797
	<u>4,326,423</u>	<u>21,732,634</u>	<u>26,059,057</u>

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts					Fair values				
						31 March				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets										
Financial investments at fair value through profit or loss	31,943	145,963	201,038	227,120	236,413	31,943	145,963	201,038	227,120	236,413
Equity investments designated at fair value through other comprehensive income	—	—	—	289,312	322,892	—	—	—	289,312	322,892
Financial assets at fair value through profit or loss	1,748,715	692,368	320,362	25,921	48,013	1,748,715	692,368	320,362	25,921	48,013
Financial liabilities										
Convertible redeemable preferred shares	9,499,531	11,900,562	18,609,227	21,726,488	21,732,634	9,499,531	11,900,562	18,609,227	21,726,488	21,732,634

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in other receivables and other assets, financial assets included in other non-current assets, trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing borrowings and other non-current liabilities approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance 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.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of other non-current liabilities has 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 the long-term interest-bearing borrowings as at the end of each of the Relevant Periods was assessed to be insignificant.

The Group, with the assistance of an external appraiser, measures financial instruments such as financial investments and convertible redeemable preferred shares at the end of each of the Relevant Periods.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments :

As at 31 December 2019:

	<u>Fair value measurement categorised into</u>			<u>Total</u>
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss	—	—	31,943	31,943
Financial assets at fair value through profit or loss	—	1,748,715	—	1,748,715
Convertible redeemable preferred shares	—	—	9,499,531	9,499,531
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2020:

	<u>Fair value measurement categorised into</u>			<u>Total</u>
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial investments at fair value through profit or loss	—	—	145,963	145,963
Financial assets at fair value through profit or loss . . .	—	692,368	—	692,368
Convertible redeemable preferred shares	—	—	11,900,562	11,900,562
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2021:

	<u>Fair value measurement categorised into</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Financial investments at fair value through profit or loss	—	—	201,038	201,038
Financial assets at fair value through profit or loss ...	—	320,362	—	320,362
Convertible redeemable preferred shares	—	—	18,609,227	18,609,227
	<u>—</u>	<u>—</u>	<u>18,609,227</u>	<u>18,609,227</u>

As at 31 December 2022:

	<u>Fair value measurement categorized into</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Financial investments at fair value through profit or loss	—	—	227,120	227,120
Equity investments designated at fair value through other comprehensive income	289,312	—	—	289,312
Financial assets at fair value through profit or loss ...	—	25,921	—	25,921
Convertible redeemable preferred shares	—	—	21,726,488	21,726,488
	<u>—</u>	<u>—</u>	<u>21,726,488</u>	<u>21,726,488</u>

As at 31 March 2023:

	<u>Fair value measurement categorized into</u>			<u>Total</u>
	<u>Quoted prices</u>	<u>Significant</u>	<u>Significant</u>	
	<u>in active</u>	<u>observable</u>	<u>unobservable</u>	
	<u>markets</u>	<u>inputs</u>	<u>inputs</u>	
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Financial investments at fair value through profit or loss	—	—	236,413	236,413
Equity investments designated at fair value through other comprehensive income	322,892	—	—	322,892
Financial assets at fair value through profit or loss ...	—	48,013	—	48,013
Convertible redeemable preferred shares	—	—	21,732,634	21,732,634
	<u>—</u>	<u>—</u>	<u>21,732,634</u>	<u>21,732,634</u>

The following table is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019, 2020, 2021 and 2022 and 31 March 2023:

Description	Unobservable inputs	Range of inputs					Relationship of unobservable inputs to fair values
		31 December 2019	31 December 2020	31 December 2021	31 December 2022	31 March 2023	
Financial investments at fair value through profit or loss	Expected Volatility	38.30%	41.19%	35.39%	37.34%	41.00%	The higher the expected volatility, the lower the fair value
		-53.50%	-52.15%	-58.11%	-50.00%	-42.89%	
	DLOM	21.31%	21.86%	19.16%	13.23%	12.16%	
	-30.07%	-30.00%	-30.00%	-30.00%	-18.49%		
	Risk free rate	2.89%	2.88%	2.54%	2.35%	2.35%	The higher the risk-free rate, the higher the fair value
		-3.09%	-3.17%	-2.80%	-2.64%	-2.66%	
Convertible redeemable preferred shares	Expected Volatility	31.34%	44.12%	32.93%	37.05%	36.26%	The higher the expected volatility, the lower the fair value
				-40.70%	-38.03%	-37.01%	
	DLOM	13.39%	16.12%	8.58%	7.68%	5.89%	
	Risk free rate	1.65%	0.17%	0.19%	4.57%	4.00%	The higher the risk-free rate, the lower the fair value
				-1.04%	-4.60%	-4.79%	

If the fair values of the financial investment at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the years ended 31 December 2019, 2020, 2021 and 2022 and the three months ended 31 March 2023 would have been approximately RMB3,194,000 lower/higher, RMB14,596,000 lower/higher, RMB20,104,000 lower/higher, and RMB15,771,000 lower/higher and RMB10,145,000 lower/higher, respectively.

Fair value of convertible redeemable preferred shares is affected by changes in Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the loss before income tax for the years ended 31 December 2019, 2020, 2021 and 2022 and the three months ended 31 March 2023 would have been approximately RMB844 million higher/ RMB853 million lower, RMB1,100 million higher/ RMB1,105 million lower, RMB1,788 million higher/ RMB1,792 million lower, and RMB2,088 million higher/ RMB2,089 million lower, and RMB2,084 million higher/ RMB2,086 million lower, respectively. During the period/year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing borrowings, convertible redeemable preferred shares, financial assets at fair value through profit or loss and cash and bank balances. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Foreign currency risk

The Group operates the businesses in Mainland China and nearly all operational transactions are conducted in RMB. The foreign currency exposures of the Group mainly arise from the bank balances denominated in US\$ held by the subsidiaries of the Company incorporated in Mainland China.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the RMB and US\$ exchange rate, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
Year ended 31 December 2019			
If RMB weakens against US\$	5	(14,043)	14,043
If RMB strengthens against US\$	(5)	14,043	(14,043)
Year ended 31 December 2020			
If RMB weakens against US\$	5	(13,352)	13,352
If RMB strengthens against US\$	(5)	13,352	(13,352)
Year ended 31 December 2021			
If RMB weakens against US\$	5	(21,027)	21,027
If RMB strengthens against US\$	(5)	21,027	(21,027)
Year ended 31 December 2022			
If RMB weakens against US\$	5	(7,692)	7,692
If RMB strengthens against US\$	(5)	7,692	(7,692)
Three months ended 31 March 2023			
If RMB weakens against US\$	5	(21,448)	21,448
If RMB strengthens against US\$	(5)	21,448	(21,448)

Credit risk

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

31 December 2019

	12 months ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Financial assets included in other non-current assets — normal**	24,256	—	—	—	24,256
Trade receivables*	—	—	—	174,155	174,155
Financial assets included in other receivables and other assets — normal**	80,710	—	—	—	80,710
Financial assets included in other receivables and other assets — doubtful**	—	—	329	—	329
Cash and bank balances	<u>2,321,033</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,321,033</u>
Total	<u><u>2,425,999</u></u>	<u><u>—</u></u>	<u><u>329</u></u>	<u><u>174,155</u></u>	<u><u>2,600,483</u></u>

31 December 2020

	12 months	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in other non-current assets — normal**	30,500	—	—	—	30,500
Trade receivables*	—	—	—	291,972	291,972
Financial assets included in other receivables and other assets — normal**	181,205	—	—	—	181,205
Financial assets included in other receivables and other assets — doubtful**	—	—	525	—	525
Cash and bank balances	4,865,846	—	—	—	4,865,846
Total	5,077,551	—	525	291,972	5,370,048

31 December 2021

	12 months	Lifetime ECLs			Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in other non-current assets — normal**	57,024	—	—	—	57,024
Trade receivables*	—	—	—	215,607	215,607
Financial assets included in other receivables and other assets — normal**	182,448	—	—	—	182,448
Financial assets included in other receivables and other assets — doubtful**	—	—	344	—	344
Cash and bank balances	5,449,954	—	—	—	5,449,954
Total	5,689,426	—	344	215,607	5,905,377

31 December 2022

	12 months		Lifetime ECLs		Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in other non-current assets — normal**	31,646	—	—	—	31,646
Trade receivables*	—	—	—	188,976	188,976
Financial assets included in other receivables and other assets — normal**	150,463	—	—	—	150,463
Financial assets included in other receivables and other assets — doubtful**	—	—	2,944	—	2,944
Cash and bank balances	4,707,793	—	—	—	4,707,793
Total	<u>4,889,902</u>	<u>—</u>	<u>2,944</u>	<u>188,976</u>	<u>5,081,822</u>

31 March 2023

	12 months		Lifetime ECLs		Total
	ECLs				
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in other non-current assets — normal**	52,238	—	—	—	52,238
Trade receivables*	—	—	—	211,795	211,795
Financial assets included in other receivables and other assets — normal**	137,330	—	—	—	137,330
Financial assets included in other receivables and other assets — doubtful**	—	—	4,327	—	4,327
Cash and bank balances	4,670,285	—	—	—	4,670,285
Total	<u>4,859,853</u>	<u>—</u>	<u>4,327</u>	<u>211,795</u>	<u>5,075,975</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 26 to the Historical Financial Information.

** The credit quality of the financial assets included in other receivables and other assets and financial assets included in other non-current assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2019

	<u>On</u> <u>demand</u>	<u>Within 1</u> <u>year</u>	<u>1 to 2</u> <u>years</u>	<u>2 to 5</u> <u>years</u>	<u>More than</u> <u>5 years</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	1,670,181	13,217	—	—	1,683,398
Financial liabilities included in						
other payables and accruals	—	265,379	—	—	—	265,379
Lease liabilities	—	127,729	95,690	89,644	9,474	322,537
Convertible redeemable preferred						
shares (note)	—	—	—	12,318,066	827	12,318,893
Other non-current liabilities	—	—	31,400	122,200	30,616	184,216
Total	<u>—</u>	<u>2,063,289</u>	<u>140,307</u>	<u>12,529,910</u>	<u>40,917</u>	<u>14,774,423</u>

31 December 2020

	<u>On</u> <u>demand</u>	<u>Within 1</u> <u>year</u>	<u>1 to 2</u> <u>years</u>	<u>2 to 5</u> <u>years</u>	<u>More than</u> <u>5 years</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	2,792,712	15,722	—	—	2,808,434
Financial liabilities included in						
other payables and accruals	—	368,430	—	—	—	368,430
Lease liabilities	—	152,465	131,828	124,279	20,844	429,416
Interest-bearing borrowings	—	2,016,915	—	—	—	2,016,915
Convertible redeemable preferred						
shares (note)	—	—	—	11,985,116	827	11,985,943
Other non-current liabilities	—	—	109,041	165,797	54,942	329,780
Total	<u>—</u>	<u>5,330,522</u>	<u>256,591</u>	<u>12,275,192</u>	<u>76,613</u>	<u>17,938,918</u>

31 December 2021

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	3,233,180	7,141	—	—	3,240,321
Financial liabilities included in other payables and accruals	—	626,460	—	—	—	626,460
Lease liabilities	—	170,779	128,194	150,100	35,894	484,967
Interest-bearing borrowings	—	264,000	—	—	—	264,000
Convertible redeemable preferred shares (note)	—	—	—	17,672,632	827	17,673,459
Other non-current liabilities	—	—	103,240	332,806	—	436,046
Total	—	4,294,419	238,575	18,155,538	36,721	22,725,253

31 December 2022

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	3,111,433	7,891	—	—	3,119,324
Financial liabilities included in other payables and accruals	—	719,330	—	—	—	719,330
Lease liabilities	—	146,024	93,373	110,852	18,503	368,752
Convertible redeemable preferred shares (note)	—	—	—	18,557,609	827	18,558,436
Other non-current liabilities	—	—	172,348	225,309	—	397,657
Total	—	3,976,787	273,612	18,893,770	19,330	23,163,499

31 March 2023

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	—	3,223,392	7,905	—	—	3,231,297
Financial liabilities included in other payables and accruals	—	690,329	—	—	—	690,329
Lease liabilities	—	154,081	89,937	104,902	12,905	361,825
Convertible redeemable preferred shares (note)	—	—	—	18,418,002	827	18,418,829
Other non-current liabilities	—	—	182,203	222,594	—	404,797
Total	—	4,067,802	280,045	18,745,498	13,732	23,107,077

Note: The liquidity risk of convertible redeemable preferred shares other than Series Seed is calculated based on the redemption price, which equals to the original issue price or deemed issue price as applicable plus the respective predetermined interest, assuming that no consummation of Qualified IPO before the respective date of the redemption event at the end of each of the Relevant Periods and the holder of those preferred shares request the Company to redeem all of the preferred shares. The liquidity risk of Series Seed preferred shares is calculated based on the liquidation price. Details of the descriptions of convertible redeemable preferred shares are presented in note 34.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares or return capital to shareholders. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using gearing ratio, which is total liabilities minus convertible redeemable preferred shares, divided by total assets. The gearing ratio as at the end of each of the Relevant Periods are as follows:

	As at 31 December				As at 31 March
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	<u>6,164,425</u>	<u>9,034,317</u>	<u>9,832,154</u>	<u>9,014,116</u>	<u>9,137,238</u>
Total liabilities minus the convertible redeemable preferred shares	<u>3,160,177</u>	<u>7,039,298</u>	<u>6,587,301</u>	<u>6,244,192</u>	<u>6,276,037</u>
Gearing ratio	<u>51%</u>	<u>78%</u>	<u>67%</u>	<u>69%</u>	<u>69%</u>

47. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated subsequent events through the date of the Accountants' Report, and noted no significant subsequent events.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2023.