

Shanghai REFIRE Group Limited

Audited Financial Statements

**For the years ended 31 December 2021, 2022 and 2023 and
the five months ended 31 May 2024**



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**Independent auditor's report
To the directors of Shanghai REFIRE Group Limited**

Opinion

We have audited the consolidated financial statements of Shanghai REFIRE Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 119, which comprise the consolidated statement of financial position as at 31 December 2021, 2022, 2023 and 31 May 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for each of the years ended 31 December 2021, 2022, 2023 and the five months ended 31 May 2024 (the "Relevant Periods"), and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 2022, 2023 and 31 May 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report (continued)
To the directors of Shanghai REFIRE Group Limited

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

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

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

Restriction on distribution and use

These consolidated financial statements are prepared for the purpose of preparation of financial statements for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.


Certified Public Accountants
Hong Kong

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 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 2021 RMB'000	2022 RMB'000	2023 RMB'000	Five months ended 31 May 2023 RMB'000 (Unaudited)	2024 RMB'000
REVENUE	5	524,109	604,648	895,278	88,068	12,521
Cost of sales		(462,324)	(554,825)	(715,662)	(92,033)	(36,722)
Cost of sales of goods and services		(414,653)	(472,712)	(683,897)	(75,563)	(28,246)
Impairment losses on inventories	21	(47,671)	(82,113)	(31,765)	(16,470)	(8,476)
Gross profit		<u>61,785</u>	<u>49,823</u>	<u>179,616</u>	<u>(3,965)</u>	<u>(24,201)</u>
Other income and gains	5	53,950	59,792	59,825	15,421	19,532
Selling and marketing expenses		(90,475)	(102,826)	(134,833)	(36,702)	(43,076)
Administrative expenses		(218,227)	(242,695)	(339,670)	(103,914)	(196,575)
Research and development expenses		(230,891)	(198,688)	(220,880)	(99,498)	(90,281)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		436	881	(3,120)	(18)	(2,171)
Fair value loss on a derivative financial instrument		(607)	(19,681)	-	-	-
Impairment losses on financial assets and a financial guarantee obligation, net		(144,636)	(15,459)	(63,965)	(18,881)	(41,455)
Other expenses		(23,363)	(6,156)	(4,960)	(672)	(2,542)
Finance costs	7	(50,058)	(49,019)	(47,926)	(18,345)	(24,906)
Share of losses of:						
A joint venture	16	(5,750)	(18,750)	-	-	-
Associates	17	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
LOSS BEFORE TAX	6	(650,302)	(545,473)	(579,768)	(269,254)	(411,396)
Income tax (expense)/credit	10	(3,990)	(626)	2,237	2,551	1,965
LOSS FOR THE YEAR/PERIOD		<u>(654,292)</u>	<u>(546,099)</u>	<u>(577,531)</u>	<u>(266,703)</u>	<u>(409,431)</u>
Loss attributable to:						
Owners of the parent		(572,802)	(505,966)	(529,472)	(247,137)	(394,115)
Non-controlling interests		(81,490)	(40,133)	(48,059)	(19,566)	(15,316)
		<u>(654,292)</u>	<u>(546,099)</u>	<u>(577,531)</u>	<u>(266,703)</u>	<u>(409,431)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	<u>(8.81)</u>	<u>(6.73)</u>	<u>(6.51)</u>	<u>(3.04)</u>	<u>(4.85)</u>

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
LOSS FOR THE YEAR/PERIOD	(654,292)	(546,099)	(577,531)	(266,703)	(409,431)
OTHER COMPREHENSIVE INCOME					
Other comprehensive income 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	(7)	513	(3,834)	(1,389)	(1,254)
Income tax effect	2	(128)	958	347	-
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(5)	385	(2,876)	(1,042)	(1,254)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	(1,832)	2,491	3,673	390	(4,576)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(1,832)	2,491	3,673	390	(4,576)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	(1,837)	2,876	797	(652)	(5,830)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	(656,129)	(543,223)	(576,734)	(267,355)	(415,261)
Attributable to:					
Owners of the parent	(574,451)	(503,620)	(529,577)	(247,924)	(399,323)
Non-controlling interests	(81,678)	(39,603)	(47,157)	(19,431)	(15,938)
	(656,129)	(543,223)	(576,734)	(267,355)	(415,261)

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	421,484	417,284	452,801	430,649
Right-of-use assets	14	104,690	87,870	69,419	100,356
Other intangible assets	15	33,584	30,201	22,456	23,448
Investment in a joint venture	16	-	-	-	-
Investments in associates	17	51,590	78,689	99,522	131,051
Equity investments designated at fair value through other comprehensive income	19	17,357	19,887	47,656	46,076
Financial assets at fair value through profit or loss	24	6,436	6,521	44,401	52,230
Trade receivables	22	269,685	254,624	403,933	309,212
Contract assets	22	-	-	30,785	17,066
Prepayments, other receivables and other assets	23	19,543	63,172	67,892	50,097
Deferred tax assets	20	9,342	10,669	12,919	14,967
Total non-current assets		933,711	968,917	1,251,784	1,175,152
CURRENT ASSETS					
Inventories	21	259,968	276,934	239,872	336,364
Trade and bills receivables	22	923,550	1,265,529	1,583,395	1,618,631
Prepayments, other receivables and other assets	23	100,794	102,513	296,268	218,691
Financial assets at fair value through profit or loss	24	-	335,797	-	-
Time deposits	25	-	52,086	-	-
Restricted cash	25	-	59,902	746	28
Cash and cash equivalents	25	276,220	1,079,456	664,510	435,710
Total current assets		1,560,532	3,172,217	2,784,791	2,609,424
CURRENT LIABILITIES					
Trade and bills payables	26	561,533	566,255	650,741	626,013
Other payables and accruals	27	78,665	102,416	141,315	174,717
Contract liabilities	28	20,206	15,069	12,740	35,552
Derivative financial instrument	29	-	37,423	-	-
Interest-bearing bank and other borrowings	30	654,317	269,079	470,443	811,044
Lease liabilities	14	15,418	15,523	18,921	19,738
Tax payable		11,138	3,447	1,056	1,104
Deferred income	31	3,029	-	963	932
Provision	32	29,356	18,855	21,080	21,102
Total current liabilities		1,373,662	1,028,067	1,317,259	1,690,202
NET CURRENT ASSETS		186,870	2,144,150	1,467,532	919,222
TOTAL ASSETS					
LESS CURRENT					
LIABILITIES		1,120,581	3,113,067	2,719,316	2,094,374

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
NON-CURRENT LIABILITIES					
Contract liabilities	28	5,023	4,021	13,841	12,466
Derivative financial instrument	29	17,742	-	-	-
Interest-bearing bank and other borrowings	30	403,736	729,091	833,025	512,923
Lease liabilities	14	75,294	60,863	42,483	32,093
Deferred income	31	58,037	60,047	58,284	54,398
Provision	32	24,294	19,913	21,219	21,307
Total non-current liabilities		<u>584,126</u>	<u>873,935</u>	<u>968,852</u>	<u>633,187</u>
Net assets		<u>536,455</u>	<u>2,239,132</u>	<u>1,750,464</u>	<u>1,461,187</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	64,996	81,311	81,311	81,311
Reserves	35	501,028	2,190,237	1,743,089	1,460,034
		<u>566,024</u>	<u>2,271,548</u>	<u>1,824,400</u>	<u>1,541,345</u>
Non-controlling interests		<u>(29,569)</u>	<u>(32,416)</u>	<u>(73,936)</u>	<u>(80,158)</u>
Total equity		<u>536,455</u>	<u>2,239,132</u>	<u>1,750,464</u>	<u>1,461,187</u>

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share - based payment reserve*	Statutory surplus reserve*	Fair value* reserve of financial assets at fair value through other comprehensive income	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	RMB'000	RMB'000
	Note 33	Note 35	Note 35	Note 35		Note 35				
As at 1 January 2021	64,996	1,624,854	46,126	215	472	583	(558,395)	1,178,851	(26,380)	1,152,471
Loss for the year	-	-	-	-	-	-	(572,802)	(572,802)	(81,490)	(654,292)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(5)	-	-	(5)	-	(5)
Exchange differences related to foreign operations	-	-	-	-	-	(1,644)	-	(1,644)	(188)	(1,832)
Total comprehensive income for the year	-	-	-	-	(5)	(1,644)	(572,802)	(574,451)	(81,678)	(656,129)
Share-based payments (note 34)	-	-	29,704	-	-	-	-	29,704	1,622	31,326
Capital injection from non-controlling shareholders	-	2,048	-	-	-	-	-	2,048	15,452	17,500
Acquisition of non-controlling interests	-	(70,128)	-	-	-	-	-	(70,128)	61,415	(8,713)
Appropriation to statutory surplus reserve	-	-	-	795	-	-	(795)	-	-	-
As at 31 December 2021	<u>64,996</u>	<u>1,556,774</u>	<u>75,830</u>	<u>1,010</u>	<u>467</u>	<u>(1,061)</u>	<u>(1,131,992)</u>	<u>566,024</u>	<u>(29,569)</u>	<u>536,455</u>

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share - based payment reserve*	Statutory surplus reserve*	Fair value* reserve of financial assets at fair value through other comprehensive income	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	RMB'000	RMB'000
	Note 33	Note 35	Note 35	Note 35		Note 35				
As at 1 January 2022	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455
Loss for the year	-	-	-	-	-	-	(505,966)	(505,966)	(40,133)	(546,099)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	385	-	-	385	-	385
Exchange differences related to foreign operations	-	-	-	-	-	1,961	-	1,961	530	2,491
Total comprehensive income for the year	-	-	-	-	385	1,961	(505,966)	(503,620)	(39,603)	(543,223)
Share-based payments (note 34)	-	-	26,343	-	-	-	-	26,343	751	27,094
Shareholders' capital injection	16,315	2,166,486	-	-	-	-	-	2,182,801	36,005	2,218,806
Appropriation to statutory surplus reserve	-	-	-	393	-	-	(393)	-	-	-
As at 31 December 2022	<u>81,311</u>	<u>3,723,260</u>	<u>102,173</u>	<u>1,403</u>	<u>852</u>	<u>900</u>	<u>(1,638,351)</u>	<u>2,271,548</u>	<u>(32,416)</u>	<u>2,239,132</u>

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Shanghai REFIRE Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Years ended 31 December 2021, 2022, 2023 and the five months ended 31 May 2024

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital RMB'000 Note 33	Capital and other reserve* RMB'000 Note 35	Share - based payment reserve* RMB'000 Note 35	Statutory surplus reserve* RMB'000 Note 35	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000 Note 35	Accumulated losses* RMB'000	Special reserve* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	-	2,271,548	(32,416)	2,239,132
Loss for the year	-	-	-	-	-	-	(529,472)	-	(529,472)	(48,059)	(577,531)
Other comprehensive income for the year:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(2,876)	-	-	-	(2,876)	-	(2,876)
Exchange differences related to foreign operations	-	-	-	-	-	2,771	-	-	2,771	902	3,673
Total comprehensive income for the year	-	-	-	-	(2,876)	2,771	(529,472)	-	(529,577)	(47,157)	(576,734)
Share-based payments (note 34)	-	-	82,620	-	-	-	-	-	82,620	4,446	87,066
Shareholders' capital injection	-	-	-	-	-	-	-	-	-	1,000	1,000
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	(2,169)	2,169	-	-	-
Deemed disposal of non-controlling interests	-	(191)	-	-	-	-	-	-	(191)	191	-
As at 31 December 2023	<u>81,311</u>	<u>3,723,069</u>	<u>184,793</u>	<u>1,403</u>	<u>(2,024)</u>	<u>3,671</u>	<u>(2,169,992)</u>	<u>2,169</u>	<u>1,824,400</u>	<u>(73,936)</u>	<u>1,750,464</u>

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

For the five months ended 31 May 2023 (unaudited)

	Attributable to owners of the parent										
	Share capital RMB'000 Note 33	Capital and other reserve* RMB'000 Note 35	Share - based payment reserve* RMB'000 Note 35	Statutory surplus reserve* RMB'000 Note 35	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000 Note 35	Accumulated deficits* RMB'000	Special reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	-	2,271,548	(32,416)	2,239,132
Loss for the period	-	-	-	-	-	-	(247,137)	-	(247,137)	(19,566)	(266,703)
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(1,042)	-	-	-	(1,042)	-	(1,042)
Exchange differences related to foreign operations	-	-	-	-	-	255	-	-	255	135	390
Total comprehensive income for the period	-	-	-	-	(1,042)	255	(247,137)	-	(247,924)	(19,431)	(267,355)
Share-based payments (note 34)	-	-	18,575	-	-	-	-	-	18,575	548	19,123
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	(904)	904	-	-	-
Deemed disposal of non-controlling interests	-	(191)	-	-	-	-	-	-	(191)	191	-
As at 31 May 2023	81,311	3,723,069	120,748	1,403	(190)	1,155	(1,886,392)	904	2,042,008	(51,108)	1,990,900

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

For the five months ended 31 May 2024

	Attributable to owners of the parent										
	Share capital RMB'000 Note 33	Capital and other reserve* RMB'000 Note 35	Share - based payment reserve* RMB'000 Note 35	Statutory surplus reserve* RMB'000 Note 35	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000 Note 35	Accumulated deficits* RMB'000	Special reserve* RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024	81,311	3,723,069	184,793	1,403	(2,024)	3,671	(2,169,992)	2,169	1,824,400	(73,936)	1,750,464
Loss for the period	-	-	-	-	-	-	(394,115)	-	(394,115)	(15,316)	(409,431)
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(1,254)	-	-	-	(1,254)	-	(1,254)
Exchange differences related to foreign operations	-	-	-	-	-	(3,954)	-	-	(3,954)	(622)	(4,576)
Total comprehensive income for the period	-	-	-	-	(1,254)	(3,954)	(394,115)	-	(399,323)	(15,938)	(415,261)
Share-based payments (note 34)	-	-	116,268	-	-	-	-	-	116,268	1,216	117,484
Shareholders' capital injection	-	-	-	-	-	-	-	-	-	8,500	8,500
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	114	-	(114)	-	-	-	-
Appropriation and utilisation of special reserve, net	-	-	-	-	-	-	(1,123)	1,123	-	-	-
As at 31 May 2024	<u>81,311</u>	<u>3,723,069</u>	<u>301,061</u>	<u>1,403</u>	<u>(3,164)</u>	<u>(283)</u>	<u>(2,565,344)</u>	<u>3,292</u>	<u>1,541,345</u>	<u>(80,158)</u>	<u>1,461,187</u>

* These reserve accounts represent the total consolidated reserves of RMB501,028,000, RMB2,190,237,000 and RMB1,743,089,000 and RMB1,960,697,000 and RMB1,460,034,000 in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023 and 31 May 2023 and 2024, respectively.

Shanghai REFIRE Group Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
Years ended 31 December 2021, 2022, 2023 and the five months ended 31 May 2024

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(650,302)	(545,473)	(579,768)	(269,254)	(411,396)
Adjustments for:						
Depreciation of property, plant and equipment	6,13	61,370	78,352	92,792	35,160	37,423
Depreciation of right-of-use assets	6,14	18,577	20,138	18,151	8,155	7,718
Amortisation of other intangible assets	6,15	6,519	7,880	9,677	4,298	4,238
Share-based payment expenses	6,34	31,326	27,094	87,066	19,123	117,484
Share of losses of:						
A joint venture		5,750	18,750	-	-	-
Associates		2,466	2,695	3,855	2,680	5,721
Impairment losses on financial assets and a financial guarantee obligation, net	6	144,636	15,459	63,965	18,881	41,455
Impairment losses on intangible assets	6,15	2,446	-	-	-	-
Impairment losses on property, plant and equipment	6,13	10,418	-	-	-	-
Write-down of inventories to net realisable value	6,21	47,671	82,113	31,765	16,470	8,476
Finance costs	7	50,058	49,019	47,926	18,345	24,906
Interest income	5	(7,472)	(18,021)	(16,166)	(6,673)	(2,500)
Investment income from structured deposits	5	-	(920)	(1,269)	(495)	-
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(436)	(881)	3,120	18	2,171
Fair value loss on a derivative financial instrument	6	607	19,681	-	-	-
Gain on deemed disposal of equity of associates	5	(6,234)	(3,594)	-	-	-
Gains on disposal of associates	5	(6,937)	-	(2,010)	-	(950)
Government grants and subsidies credited to the statement of profit or loss		(8,229)	(11,790)	(11,400)	(3,849)	(4,259)
Warranty provision	6	11,937	11,108	18,461	2,358	1,221
Losses on disposal of items of property, plant and equipment	6	-	1,137	512	-	910
Loss on disposal of a derivative financial instrument	6	-	-	719	719	-
Loss/(gain) on a lease term termination	6,14	25	-	(40)	(40)	-
Anti-dilution compensation to investors	6	-	3,869	-	-	-
		<u>(285,804)</u>	<u>(243,384)</u>	<u>(232,644)</u>	<u>(154,104)</u>	<u>(167,382)</u>
(Increase)/decrease in inventories		(109,563)	(99,079)	5,297	(105,743)	(104,964)
Increase in deferred income		24,904	10,771	10,600	3,575	342
(Increase)/decrease in restricted cash		-	(59,902)	59,156	7,293	718
Decrease/(increase) in trade and bills receivables		(476,725)	(353,828)	(527,533)	(55,531)	17,845
Decrease/(increase) in contract assets		-	-	(31,380)	(28,153)	13,998
Decrease/(increase) in prepayments, other receivables and other assets		51,693	(2,782)	(128,823)	80,625	74,235
Increase in other payables and accruals		29,902	23,751	37,324	(33,487)	24,362
(Decrease)/increase in trade and bills payables		(15,495)	4,722	84,486	(142,928)	(25,999)
Increase/(decrease) in contract liabilities		5,611	(6,139)	7,491	(7,628)	21,437
Increase/(decrease) in provision		2,786	(8,482)	(14,930)	(2,813)	(1,111)
Cash used in operations		<u>(772,691)</u>	<u>(734,352)</u>	<u>(730,956)</u>	<u>(438,894)</u>	<u>(146,519)</u>
Interest received		7,472	15,935	14,955	6,275	2,500
Income tax paid		<u>(2,992)</u>	<u>(9,644)</u>	<u>(2,404)</u>	<u>(1,524)</u>	<u>(35)</u>
Net cash flows from operating activities		<u>(768,211)</u>	<u>(728,061)</u>	<u>(718,405)</u>	<u>(434,143)</u>	<u>(144,054)</u>

continued/...

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		-	3,087	4,530	11	1,825
Purchases of items of property, plant and equipment and leasehold land		(154,765)	(122,003)	(142,120)	(47,646)	(23,703)
Purchase of other intangible assets		(11,810)	(4,497)	(1,932)	(191)	(564)
Acquisition of a subsidiary	37	-	-	-	-	(4,186)
Settlement of a derivative financial instrument		-	-	(38,142)	-	-
Maturity of financial assets at fair value through profit or loss		-	840,920	337,066	155,495	-
Investment in a joint venture		-	(24,500)	-	-	-
Investments in associates		(12,000)	(26,200)	(35,250)	(10,050)	(39,000)
Disposal of an associate		10,000	-	8,250	-	-
Disposal of a financial assets at fair value through other comprehensive income		-	-	-	-	686
Investments in financial assets at fair value through profit or loss		(6,000)	(1,175,000)	(41,000)	-	(10,000)
Investments in financial assets at fair value through other comprehensive income		(10,890)	(2,147)	(27,895)	(17,895)	(360)
Disposal of time deposits		-	-	53,297	-	-
Placement in time deposits		-	(50,000)	-	-	-
Net cash flows from investing activities		<u>(185,465)</u>	<u>(560,340)</u>	<u>116,804</u>	<u>79,724</u>	<u>(75,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Acquisition of non-controlling interests		(8,713)	-	-	-	-
Capital injection from non-controlling shareholders		17,500	36,005	1,000	-	8,500
Capital injection from the Company's shareholders		-	2,182,801	-	-	-
Anti-dilution compensation payments to investors		-	(3,869)	-	-	-
Lease payments		(18,316)	(21,801)	(19,195)	(9,797)	(10,739)
New interest-bearing bank and other borrowings		636,128	624,000	561,059	304,800	113,000
Repayment of interest-bearing bank and other borrowings		(236,667)	(693,626)	(265,383)	(153,156)	(103,233)
Payments on listing expenditures		-	-	(2,318)	-	(43)
Deposit paid for supplier chain financing		-	-	(60,000)	-	-
Interest paid		<u>(21,578)</u>	<u>(35,119)</u>	<u>(33,751)</u>	<u>(9,295)</u>	<u>(13,008)</u>
Net cash flows from financing activities		<u>368,354</u>	<u>2,088,391</u>	<u>181,412</u>	<u>132,552</u>	<u>(5,523)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS						
		(585,322)	799,990	(420,189)	(221,867)	(224,879)
Cash and cash equivalents at beginning of year/period		862,206	276,220	1,079,456	1,079,456	664,510
Effect of foreign exchange rate changes, net		<u>(664)</u>	<u>3,246</u>	<u>5,243</u>	<u>980</u>	<u>(3,921)</u>
Cash and cash equivalents at end of year/period		<u>276,220</u>	<u>1,079,456</u>	<u>664,510</u>	<u>858,569</u>	<u>435,710</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	25	276,220	1,191,444	665,256	963,662	435,738
Less: Time deposits	25	-	52,086	-	52,484	-
Restricted cash	25	-	<u>59,902</u>	<u>746</u>	<u>52,609</u>	<u>28</u>
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		<u>276,220</u>	<u>1,079,456</u>	<u>664,510</u>	<u>858,569</u>	<u>435,710</u>

I HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,179	5,221	9,100	8,127
Right-of-use assets	14	1,151	70,299	52,855	45,712
Other intangible assets	15	283	1,240	1,045	945
Equity investments designated at fair value through other comprehensive income	19	13,239	13,859	42,106	40,808
Financial assets at fair value through profit or loss	24	6,436	6,521	24,079	22,116
Investments in subsidiaries	18	1,578,313	2,596,725	3,211,747	3,291,427
Investments in associates	17	40,158	63,321	91,232	104,817
Total non-current assets		1,640,759	2,757,186	3,432,164	3,513,952
CURRENT ASSETS					
Trade and bills receivables	22	70,036	221,974	412,315	389,126
Prepayments, other receivables and other assets	23	2,891	11,751	35,375	31,636
Due from subsidiaries	41	91,240	863,659	488,943	475,046
Financial assets at fair value through profit or loss	24	-	280,689	-	-
Cash and cash equivalents	25	31,145	67,464	27,060	10,702
Total current assets		195,312	1,445,537	963,693	906,510
CURRENT LIABILITIES					
Trade and bills payables	26	17,442	138,865	311,465	297,947
Other payables and accruals	27	5,188	20,783	23,549	25,285
Due to subsidiaries	41	177	97,179	273,361	348,934
Lease liabilities	14	201	13,568	17,859	18,295
Derivative financial instrument	29	-	37,423	-	-
Provision	32	11,760	-	-	-
Total current liabilities		34,768	307,818	626,234	690,461
NET CURRENT ASSETS		160,544	1,137,719	337,459	216,049
TOTAL ASSETS LESS CURRENT LIABILITIES		1,801,303	3,894,905	3,769,623	3,730,001
NON-CURRENT LIABILITIES					
Lease liabilities	14	994	58,925	41,067	31,589
Deferred income	31	-	-	2,400	2,400
Provision	32	5,750	-	-	-
Derivative financial instrument	29	17,742	-	-	-
Total non-current liabilities		24,486	58,925	43,467	33,989
Net assets		1,776,817	3,835,980	3,726,156	3,696,012
EQUITY					
Share capital	33	64,996	81,311	81,311	81,311
Reserves	35	1,711,821	3,754,669	3,644,845	3,614,701
Total equity		1,776,817	3,835,980	3,726,156	3,696,012

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai REFIRE Group Limited, formerly known as Hangzhou Refire Technology Co., Ltd. (the "Company"), was incorporated as a limited liability company on 18 September 2015. The registered office of the Company is located at Room 1004, 1/F, Unit 1, 1555 Jingyuan Road, Jiading District, Shanghai, the People's Republic of China (the "PRC"). On 11 September 2020, the Company was converted into a joint stock company with limited liability.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- research and development, production and sale of hydrogen fuel cell systems, components and hydrogen production systems and related components
- provision of hydrogen fuel cell engineering and technical services

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the major subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital ('000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Shanghai REFIRE Technology Co., Ltd. 上海重塑能源科技有限公司	(1),(3)	PRC/Chinese Mainland/ 17 December 2014	RMB3,000,000	100	-	Research and development ("R&D"), manufacture and sale of fuel cell systems
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. 上海重塑斑澜氢能科技有限公司	(4),(5)	PRC/Chinese Mainland/ 26 June 2023	RMB10,000	80	-	Technology development and sale of components
Beijing XCELL Technology Co., Ltd. 北京重理能源科技有限公司	(4),(5)	PRC/Chinese Mainland/ 26 October 2016	RMB9,700	72.16	-	Technology development and sale of new energy technology
Changde REFIRE Surge New Materials Technology Co., Ltd. 常德重塑澎湃新材料科技有限公司	(4),(5)	PRC/Chinese Mainland/ 1 April 2023	RMB10,000	70	-	Technology development and sale of components
Shanghai PANDO Electric Technology Co., Ltd. 上海磐動電氣科技有限公司	(4),(5)	PRC/Chinese Mainland/ 22 January 2018	RMB50,000	51	-	R&D and sale of fuel cell components
PANDO (Zhejiang) Electric Technology Co., Ltd. 磐動(浙江)電氣科技有限公司	(4),(5)	PRC/Chinese Mainland/ 13 September 2021	RMB50,000	51	-	Manufacture and sale of fuel cell parts
Jiangsu REFIRE Technology Co., Ltd. 江蘇重塑能源科技有限公司	(1),(3)	PRC/Chinese Mainland/ 23 November 2018	RMB350,000	-	100	Manufacture and sale of fuel cell systems
Xiangyang REFIRE Technology Co., Ltd. 襄陽重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 27 November 2020	RMB10,000	-	100	Technology development and sale of fuel cell systems
Tianjin Bohai REFIRE Technology Co., Ltd. 天津渤海重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 23 July 2021	RMB10,000	-	100	Technology development and sale of fuel cell systems

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE AND GROUP INFORMATION (continued)

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the major subsidiaries are set out below: (continued)

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital ('000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Zhejiang REFIRE Technology Co., Ltd. 浙江重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 2 September 2021	RMB30,000	-	100	Manufacture and sale of fuel cell systems
Guangdong REFIRE Technology Co., Ltd. 廣東重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 24 April 2018	RMB69,000	-	100	Manufacture and sale of fuel cell parts
Shaanxi Daqin REFIRE Technology Co., Ltd. 陝西大秦重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 27 December 2021	RMB10,000	-	100	Technology development and sale of fuel cell systems
Zhengzhou REFIRE Technology Co., Ltd. 鄭州重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 24 December 2021	RMB10,000	-	100	Manufacture and sale of fuel cell systems
Shanghai Ruisu Technology Co., Ltd. 上海芮塑科技有限公司	(4)	PRC/Chinese Mainland/ 12 July 2018	RMB100,000	-	100	Investment holding
Guangzhou Hydrogen Technology Co., Ltd. 廣州氫馳科技有限公司	(4),(5)	PRC/Chinese Mainland/ 17 July 2019	RMB10,000	-	60	Sale of fuel cell system
Foshan Nanhai Cunjie Equity Investment Co., Ltd. 佛山市南海區存秋股權投資有限公司	(4),(6)	PRC/Chinese Mainland/ 16 March 2020	RMB1,260,000	-	100	Investment holding
Guangdong Discovery Motors Co., Ltd. 廣東探索汽車有限公司	(4)	PRC/Chinese Mainland/ 31 December 2018	RMB441,500	-	100	Sale of fuel cell system
Unilia (Guangdong) Fuel Cells Inc. 韻量燃料電池（廣東）有限公司	(4),(5)	PRC/Chinese Mainland/ 27 August 2020	RMB14,178	-	80.9	R&D, manufacture and sale of fuel cell stacks
Unilia (Shanghai) Fuel Cells Inc. 上海韻量新能源科技有限公司	(2),(3),(5)	PRC/Chinese Mainland/ 23 May 2017	RMB100,000	-	80.9	R&D, manufacture and sale of fuel cell stacks
Shanghai Unilia Hydrogen Technology Ltd. 上海韻量氫能科技有限公司	(4),(5)	PRC/Chinese Mainland/ 23 December 2021	RMB10,000	-	80.9	Technology development and manufacture of fuel cell stacks and core components
Shanghai Unilia Technologies Inc. 上海量韻科技有限公司	(4),(5)	PRC/Chinese Mainland/ 16 November 2018	RMB60,000	-	80.9	Investment holding
Zhejiang Unilia Hydrogen Technology Ltd. 浙江韻量氫能科技有限公司	(4),(5)	PRC/Chinese Mainland/ 31 March 2022	RMB40,000	-	80.9	Technology development and manufacture of bipolar plates, the core components of fuel cells
Foshan Diyi Element New Energy Technology Co., Ltd. 佛山迪壹元素新能源科技有限公司	(4),(5)	PRC/Chinese Mainland/ 5 December 2022	RMB120,000	45	10	Manufacture and sale of fuel cell systems

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE AND GROUP INFORMATION (continued)

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the major subsidiaries are set out below: (continued)

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital (‘000)	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Unilia (Hong Kong) Fuel Cells Ltd.	(4),(5)	Hong Kong/ 4 January 2019	RMB2,722	-	80.9	Investment holding
Unilia (Canada) Fuel Cell Inc.	(4),(5)	Canada/ 8 September 2017	CAD9,759.3	-	80.9	R&D of fuel cell stack technology
REFIRE Europe GmbH	(4)	Germany/ 23 June 2023	EUR25	100	-	R&D and sale of products and the provision of services in the field of fuel cells and hydrogen technology in Europe
Jia Hydrogen (Shanghai) Industrial Co., LTD. 嘉氢（上海）实业有限公司	(4)	PRC/Chinese Mainland/ 20 October 2017	RMB50,000	100	-	Operating hydrogenation station
Jia Hydrogen One (Shanghai) Energy Technology Co., LTD 嘉氢一（上海）能源科技有限公司	(4)	PRC/Chinese Mainland/ 27 November 2017	RMB10,000	100	-	Operating hydrogenation station

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

- (1) The statutory financial statements for the years ended 31 December 2021 and 2022 prepared in accordance with China Accounting Standards for Business Enterprises and regulations have been audited by Baker Tilly China Certified Public Accountants(天職國際會計師事務所(特殊普通合伙)), which is a certified public accounting firm registered in the PRC.
- (2) The statutory financial statements for the year ended 31 December 2022 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants(天職國際會計師事務所(特殊普通合伙)), which is a certified public accounting firm registered in the PRC.
- (3) The statutory financial statements for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Beijing Sino-West Global Accountants (北京中西環球會計師事務所), which is a certified public accounting firm registered in the PRC.
- (4) No audited financial statements have been prepared for these entities since their dates of incorporation.
- (5) These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over them.
- (6) The Group legally transferred 48.97% equity interests in Foshan Nanhai Cunqiu Equity Investment Co., Ltd. as collateral to trust financing companies on 15 March 2020. Under arrangements, the Group was obliged to purchase the related equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.1 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 2024, 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. They have been prepared under the historical cost convention, except for a derivative financial instrument, structured deposits, private equity funds and equity investments which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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 statements of the subsidiaries are prepared for the same reporting period 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instrument²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group has already commenced an assessment of the impact of the new and revised IFRSs, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when the new and revised IFRSs become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and a joint venture

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 has 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 ventures. 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 a joint venture 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. The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture 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 a 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 a joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

If an investment in an associate becomes an investment in joint ventures 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 ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

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 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.

Fair value measurement

The Group measures its derivative financial instrument, structured deposits, equity investments and private equity funds at fair value at the end of each reporting period. 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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 financial statements 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 statements 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 and financial assets), 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 unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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; and the sponsoring employers of the post-employment benefit plan;
 - (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:

Buildings	3% to 5%
Leasehold improvements	Over the shorter of the lease terms and 16%
Vehicles	19% to 25%
Machinery	9% to 33%
Office equipment and electronic devices	9% to 33%

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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 is stated at cost less any impairment losses, and is not depreciated. It 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 the end of each of the reporting periods.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 8 years, which is mainly determined by reference to the period during which such assets are expected to bring economic benefits to the Group.

Research and development costs

All research costs are charged to the statement of profit or loss as 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 and leases of low-value assets. 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 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 as follows:

Leasehold land	50 years
Plant and properties	1.5 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(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 and leases of low-value assets

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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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.

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

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 at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

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, 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 equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

At the end of each of the reporting periods, 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 360 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.

Debt investments at fair value through other comprehensive income and 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 and contract assets 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.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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, or 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 payables, other payables and accruals, a derivative financial instrument, lease liabilities and interest-bearing bank and other borrowings.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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 held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in 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.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

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.

Derivative financial instruments

Initial recognition and subsequent measurement

The derivative financial instrument is initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Change in fair value of the derivative financial instrument is recognised in the statement of profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 reporting period 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.

The Group provides for warranties in relation to the sale of hydrogen fuel cell systems, components and hydrogen production systems for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

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 reporting period, taking into consideration interpretations and practices 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 reporting period 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward 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 carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, 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 reporting period 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 asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period 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 asset 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 reporting period.

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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no interest for the industrial support, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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, 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 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.

(a) Sale of hydrogen fuel cell systems, components and hydrogen production systems

The Group manufactures and sells hydrogen fuel cell systems, components and hydrogen production systems in the market. Revenue from sales of hydrogen fuel cell systems, components and hydrogen production systems is recognised at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Certain sales contracts have back-to-back terms that the settlement of trade receivables from the customer associated with the customer's receipt of subsidies from the government, which give rise to variable consideration.

(b) Provision of hydrogen fuel cell engineering and technical services and others

The Group recognises revenue from the hydrogen fuel cell engineering and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of hydrogen fuel cell engineering and technical services are recognised as contract fulfilment costs, which is recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses.

Revenue from provision of separate after-sales services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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).

Share-based payments

Several employee incentive schemes and a Pre-IPO share option scheme are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair values for the employee incentive schemes are determined by a third party valuer based on investors' recent transaction price and independent valuation. The fair value for the Pre-IPO share option scheme is determined by an external valuer using a binomial model. Further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, 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 reporting period 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage 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.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of 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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, a joint venture and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve 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 overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB the weighted at average exchange rates for the year.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Measurement of variable consideration in sales contracts

Certain sales contracts have back-to-back terms that the settlement of trade receivables from certain customer is associated with the customer's receipt of subsidies from the government, which gives rise to variable consideration. Based on the assessment of credit risk of the customer and collectability of government subsidies by the customer, the Group considered it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur for current sales contracts. However, this judgement may be reviewed and revised if the industry market environment or conditions change in the future.

Identifying whether a significant financing component exists in sales contracts

According to the current market practice, as China's hydrogen fuel cell vehicle industry is still in the early stage of development and is highly affected by the government subsidy policies, therefore the Group's customers, i.e., hydrogen fuel cell commercial vehicle manufacturers, typically sell and charge prices to their customers after deducting applicable subsidies at the time of sale before receiving government subsidies. The Group's customers, i.e. commercial vehicle manufacturers, can collect the relevant subsidies from the government, but this usually takes a lengthy period of time, typically more than two years. Therefore, the Group granted similar credit terms to major customers explicitly or implicitly to align with current market practice.

The management of the Group determined that such contracts currently do not contain a significant financing component based on the industry market environment and conditions. However, this judgement may be reviewed and revised if the industry market environment or conditions change in the future.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Share-based payments

Several employee incentive schemes and a Pre-IPO share option scheme are operated for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair values of the shares of the employee incentive schemes are determined based on investors' recent capital injection price and independent valuation. The fair value for the Pre-IPO share option scheme is determined by an external valuer using a binomial model. The cumulative expense recognised for equity-settled transactions at the end of each reporting period 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. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 34 to the Historical Financial Information.

Provision for expected credit losses on trade receivables, commercial acceptance bills receivables and contract assets, other receivables and a financial guarantee obligation

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the Historical Financial Information.

Provision was mainly made for the Group's financial guarantee obligation in respect of borrowings of the Group's joint venture, namely Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). The amount represented management's best estimate of loss that a default of the associated enterprise will cause to the Group. The loss provision was measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Estimation of provision for warranty claims

The warranty period is generally the shorter of 5 years and the period when the vehicle that carries the Group's product travels for 200,000 kilometres after the control of goods is transferred to the customers. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trend that might suggest that past cost information may differ from future claims. The assumptions made in respect of the Track Record Period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses at 31 December 2021, 2022 and 2023 and 31 May 2024 were RMB1,238,064,000, RMB1,814,906,000 and RMB2,429,235,000 and RMB2,775,909,000, respectively. Further details are contained in note 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in Chinese Mainland. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group for the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2023 and 2024 was as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Zhengzhou Yutong Group Co., Ltd. and its subsidiaries	117,394	112,563	261,789	5,880	4,864
FAW Jiefang Automotive Co., Ltd.	54,248	134,226	165,938	*	*
Customer B	*	73,461	*	8,364	*
Customer Group C	*	69,438	*	*	*
Customer Group D	112,934	*	*	*	*
Customer E	75,737	*	*	*	*

* Less than 10% of the Group's revenue

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Seasonality of operations

The Group is a supplier of fuel cell system in fuel cell vehicle industry. Higher revenues and operating profits are usually expected in the second half of the year, especially in the fourth quarter of the year. Higher sales during the fourth quarter are mainly attributed to the fact that policies and awards for fuel cell vehicles are typically announced or updated during the first half of each year by relevant local governments, as China's hydrogen fuel cell vehicle industry is still in the early stage of development and is highly affected by the government subsidy policies and customers will determine their purchase plan under the updated government subsidy policies, resulting in the concentration of customers' stocking demand in the second half of the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue from contracts with customers	524,109	604,648	895,278	88,068	12,521

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Types of goods or services					
Hydrogen fuel cell systems	452,725	423,265	637,176	52,492	7,091
Components	61,017	150,297	220,082	32,700	1,897
Hydrogen production systems and related components	-	-	7,681	-	-
Fuel cell engineering and technical services	7,251	26,473	23,444	-	966
Others	3,116	4,613	6,895	2,876	2,567
Total revenue from contracts with customers	524,109	604,648	895,278	88,068	12,521

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

(a) Disaggregated revenue information (continued)

Geographical markets

Since almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods, revenue from the overseas markets of the Group is assessed as not material.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Timing of revenue recognition					
Goods or services transferred at a point in time	521,139	600,389	888,936	85,696	10,636
Services transferred over time	<u>2,970</u>	<u>4,259</u>	<u>6,342</u>	<u>2,372</u>	<u>1,885</u>
Total revenue from contracts with customers	<u>524,109</u>	<u>604,648</u>	<u>895,278</u>	<u>88,068</u>	<u>12,521</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	<u>3,570</u>	<u>20,206</u>	<u>15,069</u>	<u>12,614</u>	<u>3,106</u>

(b) Performance obligations

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

Sales of hydrogen fuel cell systems, components and hydrogen production systems

The performance obligation is satisfied upon acceptance and payment generally varies from 20 days to 36 months, except for Faw Jiefang Automotive Co., Ltd. ("FAW Jiefang") that the payment is settled according to back to back terms.

Provision of fuel cell engineering and technical services

The performance obligation is satisfied upon acknowledgement of receipt by the customers and payment generally varies from 20 days to 150 days. Partial upfront payment is made in advance.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

(b) Performance obligations (continued)

Others

Others mainly represent after-sales services. The performance obligation is satisfied over the scheduled period on a straight-line basis and payment is periodical according to the service schedule.

As the original expected duration of the contracts from customers of the Group are within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation. The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year are relate to after-sales services, of which the performance obligations are to be satisfied within eight years. The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021, 2022 and 2023 and 31 May 2024 are RMB5,023,000, RMB4,021,000, RMB13,841,000 and RMB12,466,000, respectively.

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Other income					
Government grants and subsidies	32,178	34,286	39,446	7,866	14,494
Interest income	7,472	18,021	16,166	6,673	2,500
Investment income from structured deposits	-	920	1,269	495	-
Others	1,105	1,054	229	51	1,050
Subtotal	40,755	54,281	57,110	15,085	18,044
Gains					
Gain on deemed disposal of equity of associates	6,234	3,594	-	-	-
Gain on disposal of scrap materials	24	1,917	665	296	538
Gain on disposal of associates	6,937	-	2,010	-	950
Gain on a lease term termination	-	-	40	40	-
Subtotal	13,195	5,511	2,715	336	1,488
Total	53,950	59,792	59,825	15,421	19,532

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. LOSS BEFORE TAX

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

		Year ended 31 December			Five months ended 31 May	
	Notes	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Cost of goods sold*		361,332	436,029	598,727	56,892	5,007
Cost of hydrogen fuel cell engineering and technical services provided*		4,207	12,742	7,255	-	326
Depreciation of property, plant and equipment	13	61,370	78,352	92,792	35,160	37,423
Depreciation of right-of-use assets	14	18,577	20,138	18,151	8,155	7,718
Amortisation of other intangible assets	15	6,519	7,880	9,677	4,298	4,238
Research and development costs*		110,009	80,846	104,418	34,446	12,322
Lease payments not included in the measurement of lease liabilities		4,241	3,620	2,097	793	757
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):						
Wages and salaries		211,151	232,321	250,554	89,948	71,817
Share-based payment	34	31,326	27,094	87,066	19,123	117,484
Pension scheme contributions and social welfare		50,082	59,267	65,093	24,449	21,384
Impairment losses on property, plant and equipment, net		10,418	-	-	-	-
Impairment losses on other intangible assets, net		2,446	-	-	-	-
Impairment losses on financial assets and a financial guarantee obligation, net		144,636	15,459	63,965	18,881	41,455
Write-down of inventories to net realisable value	21	47,671	82,113	31,765	16,470	8,476
Loss/(gain) on a lease term termination	25	-	-	(40)	(40)	-
Warranty provision		11,937	11,108	18,461	2,358	1,221
Losses on disposal of items of property, plant and equipment		-	1,137	512	-	910
Loss on disposal of a derivative financial instrument		-	-	719	719	-
Anti-dilution compensation to investors		-	3,869	-	-	-
Gains on disposal of associates	5	(6,937)	-	(2,010)	-	(950)
Fair value (gains)/losses on financial assets at fair value through profit or loss		(436)	(881)	3,120	18	2,171
Fair value loss on a derivative financial instrument		607	19,681	-	-	-
Listing expenses		-	-	19,084	-	9,003

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour costs related to manufacturing and research and development for the Relevant Periods are included in "Employee benefit expense".

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on interest-bearing bank and other borrowings	45,280	44,862	43,373	16,841	23,740
Interest on lease liabilities	<u>4,778</u>	<u>4,157</u>	<u>4,553</u>	<u>1,504</u>	<u>1,166</u>
Total	<u>50,058</u>	<u>49,019</u>	<u>47,926</u>	<u>18,345</u>	<u>24,906</u>

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Fees	<u>360</u>	<u>360</u>	<u>361</u>	<u>150</u>	<u>150</u>
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	6,551	6,871	6,373	2,779	2,207
Performance related bonuses*	2,112	2,610	1,090	455	528
Share-based payment expenses	15,120	15,995	43,069	13,692	41,583
Pension scheme contributions	<u>962</u>	<u>1,205</u>	<u>1,126</u>	<u>472</u>	<u>413</u>
Subtotal	<u>24,745</u>	<u>26,681</u>	<u>51,658</u>	<u>17,398</u>	<u>44,731</u>
Total	<u>25,105</u>	<u>27,041</u>	<u>52,019</u>	<u>17,548</u>	<u>44,881</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares and options, in respect of their services to the Group, under the Share Incentive Schemes and the Pre-IPO share option scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The difference between the fair value of the shares and options granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows: (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Ms. Qian, Meifen (i)	120	120	120	50	50
Mr. Li, Wei (i)	120	120	120	50	50
Mr. Xie, Penghong (i)	120	120	120	50	-
Mr. Chen, Fei (ii)	-	-	1	-	50
Total	360	360	361	150	150

(i) On 8 September 2020, Ms. Qian, Meifen, Mr. Li, Wei and Mr. Xie, Penghong were appointed as independent non-executive directors of the Company. Mr. Xie, Penghong resigned on 27 December 2023.

(ii) On 27 December 2023, Mr. Chen, Fei was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

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

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021					
Executive directors:					
Mr. Lin, Qi (i)	841	139	404	121	1,505
Mr. Hu, Zhe (ii)	759	226	3,296	121	4,402
Ms. Ma Audrey Jing Nan (iii)	859	236	1,129	-	2,224
Mr. Zhai, Shuang (ii)	665	297	231	121	1,314
Mr. Zhao, Yong Sheng (iv)	530	183	452	121	1,286
Mr. Gong, Xiaohui (v)	1,058	253	2,258	121	3,690
Mr. Chen, Weishan (v)	729	217	135	121	1,202
Subtotal	5,441	1,551	7,905	726	15,623
A non-executive director:					
Mr. Liu, Hui You (vi)	-	-	-	-	-
Supervisors:					
Mr. Wu, Yang (vii)	-	-	-	-	-
Mr. Zhou, Wei (viii)	-	-	-	-	-
Mr. Ji, Yizhi (vii)	-	-	-	-	-
Mr. Wang, Chuqi (viii)	451	144	6,781	115	7,491
Mr. Sun, Bei (ix)	659	417	434	121	1,631
Subtotal	1,110	561	7,215	236	9,122
Total	6,551	2,112	15,120	962	24,745

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows: (continued)

(b) Executive directors, a non-executive director, the chief executive and supervisors (continued)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share- based payment expense RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2022					
Executive directors:					
Mr. Lin, Qi (i)	848	267	1,278	134	2,527
Mr. Hu, Zhe (ii)	841	267	3,295	134	4,537
Ms. Ma Audrey Jing Nan (iii)	859	195	1,129	-	2,183
Mr. Zhai, Shuang (ii)	704	241	231	134	1,310
Mr. Zhao, Yong Sheng (iv)	547	167	450	134	1,298
Mr. Gong, Xiaohui (v)	1,038	324	2,257	202	3,821
Mr. Chen, Weishan (v)	729	234	139	202	1,304
Subtotal	5,566	1,695	8,779	940	16,980
A non-executive director:					
Mr. Liu, Hui You (vi)	-	-	-	-	-
Supervisors:					
Mr. Wu, Yang (vii)	-	-	-	-	-
Mr. Zhou, Wei (viii)	-	-	-	-	-
Mr. Ji, Yizhi (vii)	-	-	-	-	-
Mr. Wang, Chuqi (viii)	492	198	6,781	132	7,603
Mr. Sun, Bei (ix)	813	717	435	133	2,098
Subtotal	1,305	915	7,216	265	9,701
Total	6,871	2,610	15,995	1,205	26,681

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows: (continued)

(b) Executive directors, a non-executive director, the chief executive and supervisors (continued)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share- based payment expense RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Mr. Lin, Qi (i)	874	100	27,996	143	29,113
Mr. Hu, Zhe (ii)	902	100	3,295	143	4,440
Ms. Ma Audrey Jing Nan (iii)	861	100	1,129	114	2,204
Mr. Zhai, Shuang (ii)	765	97	231	143	1,236
Mr. Zhao, Yong Sheng (iv)	636	91	451	143	1,321
Mr. Gong, Xiaohui (v)	966	-	2,257	131	3,354
Mr. Chen, Weishan (v)	142	-	-	23	165
Subtotal	5,146	488	35,359	840	41,833
A non-executive director:					
Mr. Liu, Hui You (vi)	-	-	-	-	-
Supervisors:					
Mr. Wu, Yang (vii)	-	-	-	-	-
Mr. Zhou, Wei (viii)	-	-	-	-	-
Mr. Ji, Yizhi (vii)	-	-	-	-	-
Mr. Wang, Chuqi (viii)	505	76	6,957	143	7,681
Mr. Sun, Bei (ix)	722	526	753	143	2,144
Subtotal	1,227	602	7,710	286	9,825
Total	6,373	1,090	43,069	1,126	51,658

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows: (continued)

(b) Executive directors, a non-executive director, the chief executive and supervisors (continued)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share- based payment expense RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
31 May 2023 (Unaudited)					
Executive directors:					
Mr. Lin, Qi (i)	370	42	7,412	58	7,882
Mr. Hu, Zhe (ii)	381	42	1,373	58	1,854
Ms. Ma Audrey Jing Nan (iii)	358	42	470	46	916
Mr. Zhai, Shuang (ii)	334	41	96	58	529
Mr. Zhao, Yong Sheng (iv)	250	39	188	58	535
Mr. Gong, Xiaohui (v)	435	-	940	58	1,433
Mr. Chen, Weishan (v)	142	-	-	20	162
Subtotal	2,270	206	10,479	356	13,311
A non-executive director:					
Mr. Liu, Hui You (vi)	-	-	-	-	-
Supervisors:					
Mr. Wu, Yang (vii)	-	-	-	-	-
Mr. Zhou, Wei (viii)	-	-	-	-	-
Mr. Ji, Yizhi (vii)	-	-	-	-	-
Mr. Wang, Chuqi (viii)	208	32	2,899	58	3,197
Mr. Sun, Bei (ix)	301	217	314	58	890
Subtotal	509	249	3,213	116	4,087
Total	2,779	455	13,692	472	17,398

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows: (continued)

(b) Executive directors, a non-executive director, the chief executive and supervisors (continued)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expense RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
31 May 2024					
Executive directors:					
Mr. Lin, Qi (i)	358	87	17,483	61	17,989
Mr. Hu, Zhe (ii)	369	90	11,460	61	11,980
Mrs. Ma Audrey Jing Nan (iii)	356	86	6,332	48	6,822
Mr. Zhai, Shuang (ii)	305	74	2,185	60	2,624
Mr. Zhao, Yong Sheng (iv)	273	65	2,240	61	2,639
Subtotal	1,661	402	39,700	291	42,054
A non-executive director:					
Mr. Liu, Hui You (vi)	-	-	-	-	-
Supervisors:					
Mr. Wu, Yang (vii)	-	-	-	-	-
Mr. Zhou, Wei (viii)	-	-	-	-	-
Mr. Ji, Yizhi (vii)	-	-	-	-	-
Mr. Wang, Chuqi (viii)	227	54	1,695	61	2,037
Mr. Sun, Bei (ix)	319	72	188	61	640
Subtotal	546	126	1,883	122	2,677
Total	2,207	528	41,583	413	44,731

- (i) On 8 September 2020, Mr. Lin, Qi was appointed as the chief executive director and the chairman of the board of directors of the Group.
- (ii) On 8 September 2020, Mr. Hu, Zhe and Mr. Zhai, Shuang were appointed as executive directors of the Group.
- (iii) On 27 December 2023, Ms. Ma Audrey Jing Nan was appointed as an executive director of the Group.
- (iv) On 3 April 2023, Mr. Zhao, Yong Sheng was appointed as an executive director of the Group.
- (v) On 8 September 2020, Mr. Gong, Xiaohui and Mr. Chen, Weishan were appointed as executive directors of the Group, Mr. Gong, Xiaohui resigned on 27 December 2023 and, Mr. Chen, Weishan resigned on 28 February 2023.
- (vi) On 27 December 2023, Mr. Liu, Hui You was appointed as a non-executive director of the Group.
- (vii) On 19 January 2023, Mr. Wu, Yang and Mr. Ji, Yizhi were appointed as supervisors of the Group.
- (viii) On 18 May 2022, Mr. Zhou, Wei and Mr. Wang, Chuqi were appointed as supervisors of the Group.
- (ix) On 8 September 2020, Mr. Sun, Bei was appointed as a supervisor of the Group.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three directors and one supervisor at 31 December 2021, four directors and one supervisor at 31 December 2022, two directors and one supervisor at 31 December 2023, three directors and one supervisor at 31 May 2023, and three directors at 31 May 2024, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees who are neither a director nor supervisor of the Company are as follows:

	As at 31 December			As at 31 May	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Salaries, allowances and benefits in kind	2,152	-	2,460	725	786
Performance related bonuses	120	-	600	42	191
Share-based payment expense	-	-	6,280	428	7,484
Pension scheme contributions	-	-	286	58	121
Total	2,273	-	9,626	1,253	8,582

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	As at 31 December			As at 31 May	
	2021	2022	2023	2023 (Unaudited)	2024
RMB1,000,000 to RMB2,000,000	-	-	-	1	-
RMB2,000,000 to RMB3,000,000	1	-	-	-	1
RMB4,000,000 to RMB5,000,000	-	-	1	-	-
More than RMB5,000,000	-	-	1	-	1
Total	1	-	2	1	2

During the Relevant Periods, certain employees were granted restricted shares and options, in respect of their services to the Group, under the Share Incentive Schemes and the Pre-IPO share option scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The difference between the fair value of the shares and options granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The subsidiaries incorporated in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai Refire Technology Co., Ltd., Shanghai Pando Electric Technology Co., Ltd. and Unilia (Shanghai) Fuel Cells Inc. were granted with the qualification of High and New Technology Enterprises ("HNTE"). Accordingly, the subsidiaries were entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy, during the period from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 50% as taxable income amount, and shall be levied at a reduced tax rate of 20%. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the period from 1 January, 2022 to 31 December, 2024, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Canada

The subsidiary incorporated in Canada is subject to Canada profits tax at the statutory rate of 15% on any estimated assessable profits arising in Canada during the Relevant Periods. No provision for Canada profits tax has been made as the Group had no assessable profits derived from or earned in Canada during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	9,428	1,953	13	27	83
Deferred tax credit (note 20)	(5,438)	(1,327)	(2,250)	(2,578)	(2,048)
Total tax expense/(credit) for the year/period	<u>3,990</u>	<u>626</u>	<u>(2,237)</u>	<u>(2,551)</u>	<u>(1,965)</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loss before tax	<u>(650,302)</u>	<u>(545,473)</u>	<u>(579,768)</u>	<u>(269,254)</u>	<u>(411,396)</u>
Tax at the statutory tax rate	(162,576)	(136,368)	(144,942)	(67,314)	(102,849)
Effect of preferential tax rates	52,167	32,939	24,957	18,683	24,630
Losses attributable to a joint venture and associates (a)	2,054	5,361	964	670	1,430
Expenses not deductible for tax (b)	11,241	11,227	21,921	6,398	24,241
Super deduction on research and development expenses (c)	(29,791)	(26,528)	(25,256)	(14,842)	(13,600)
Deductible temporary differences not recognised	41,308	16,957	9,449	3,949	4,199
Tax losses not recognised	<u>89,587</u>	<u>97,038</u>	<u>110,670</u>	<u>49,905</u>	<u>59,984</u>
Tax expense/(credit) at the Group's effective tax rate	<u>3,990</u>	<u>626</u>	<u>(2,237)</u>	<u>(2,551)</u>	<u>(1,965)</u>

(a) The losses attributable to a joint venture and associates comprise the tax effect of share of "Share of losses of a joint venture" amounting to RMB5,750,000, RMB18,750,000, nil, nil and nil and "Share of losses of associates" amounting to RMB2,466,000, RMB2,695,000, RMB3,855,000 and RMB2,680,000, RMB5,721,000 for the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2023 and 2024, respectively.

(b) Expenses not deductible for tax mainly include the tax effect of share-based payments, fair value losses on a derivative financial instrument and non-deductible business entertainment expenses.

(c) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the year ended 31 December 2021 and the nine months ended 30 September 2022. According to the relevant laws and regulations, the aforementioned deduction rate increased to 200% since 1 October 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

12. 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 for the year/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 64,996,051, 75,169,925, 81,311,371, 81,311,371 and 81,311,371 during the Relevant Periods in issue, as adjusted to reflect the rights issue during the Relevant Periods.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
Loss					
Loss attributable to ordinary equity holders of the parent	<u>(572,802)</u>	<u>(505,966)</u>	<u>(529,472)</u>	<u>(247,137)</u>	<u>(394,115)</u>
Shares					
Weighted average number ('000) of ordinary shares in issue during the year/period	<u>64,996</u>	<u>75,170</u>	<u>81,311</u>	<u>81,311</u>	<u>81,311</u>
Loss per share					
Basic and diluted (RMB)	(8.81)	(6.73)	(6.51)	(3.04)	(4.85)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic loss per share amount presented for five months ended 31 May 2024 in respect of a dilution as the impact of the option outstanding adopted in 2024 had an anti-dilutive effect on the basic loss per share amount presented.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2021							
At 1 January 2021:							
Cost	47,554	159,281	17,059	2,114	125,845	44,752	396,605
Accumulated depreciation and impairment	(617)	(28,124)	(7,693)	(1,039)	(27,509)	-	(64,982)
Net carrying amount	<u>46,937</u>	<u>131,157</u>	<u>9,366</u>	<u>1,075</u>	<u>98,336</u>	<u>44,752</u>	<u>331,623</u>
At 1 January 2021, net of accumulated depreciation and impairment	46,937	131,157	9,366	1,075	98,336	44,752	331,623
Additions	6,402	95,978	3,587	737	22,394	33,581	162,679
Depreciation provided during the year	(2,030)	(32,588)	(3,418)	(1,069)	(22,265)	-	(61,370)
Exchange realignment	-	(611)	(2)	-	(417)	-	(1,030)
Transfers	5,175	39,697	1,720	81	13,113	(59,786)	-
Impairment	-	(10,418)	-	-	-	-	(10,418)
At 31 December 2021, net of accumulated depreciation and impairment	<u>56,484</u>	<u>223,215</u>	<u>11,253</u>	<u>824</u>	<u>111,161</u>	<u>18,547</u>	<u>421,484</u>
At 31 December 2021:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	-	(136,553)
Net carrying amount	<u>56,484</u>	<u>223,215</u>	<u>11,253</u>	<u>824</u>	<u>111,161</u>	<u>18,547</u>	<u>421,484</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022							
At 1 January 2022:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	-	(136,553)
Net carrying amount	<u>56,484</u>	<u>223,215</u>	<u>11,253</u>	<u>824</u>	<u>111,161</u>	<u>18,547</u>	<u>421,484</u>
At 1 January 2022, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
Additions	129	35,407	3,079	237	7,616	30,751	77,219
Disposals	(81)	(3,577)	(566)	-	-	-	(4,224)
Depreciation provided during the year	(2,481)	(43,750)	(4,640)	(315)	(27,166)	-	(78,352)
Exchange realignment	-	741	3	-	413	-	1,157
Transfers	<u>6,330</u>	<u>25,879</u>	<u>57</u>	<u>-</u>	<u>5,523</u>	<u>(37,789)</u>	<u>-</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>60,381</u>	<u>237,915</u>	<u>9,186</u>	<u>746</u>	<u>97,547</u>	<u>11,509</u>	<u>417,284</u>
At 31 December 2022:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	-	(214,905)
Net carrying amount	<u>60,381</u>	<u>237,915</u>	<u>9,186</u>	<u>746</u>	<u>97,547</u>	<u>11,509</u>	<u>417,284</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	-	(214,905)
Net carrying amount	<u>60,381</u>	<u>237,915</u>	<u>9,186</u>	<u>746</u>	<u>97,547</u>	<u>11,509</u>	<u>417,284</u>
At 1 January 2023, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
Additions	264	49,849	3,083	1,757	4,450	72,232	131,635
Disposals	(258)	(4,633)	(108)	(43)	-	-	(5,042)
Depreciation provided during the year	(2,524)	(52,702)	(4,628)	(575)	(32,363)	-	(92,792)
Exchange realignment	-	1,160	22	13	521	-	1,716
Transfers	<u>3,785</u>	<u>31,584</u>	<u>300</u>	<u>-</u>	<u>9,937</u>	<u>(45,606)</u>	<u>-</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>61,648</u>	<u>263,173</u>	<u>7,855</u>	<u>1,898</u>	<u>80,092</u>	<u>38,135</u>	<u>452,801</u>
At 31 December 2023:							
Cost	69,300	430,603	28,225	4,895	189,340	38,135	760,498
Accumulated depreciation and impairment	(7,652)	(167,430)	(20,370)	(2,997)	(109,248)	-	(307,697)
Net carrying amount	<u>61,648</u>	<u>263,173</u>	<u>7,855</u>	<u>1,898</u>	<u>80,092</u>	<u>38,135</u>	<u>452,801</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improve- ments RMB'000	Construction in progress RMB'000	Total RMB'000
31 May 2024							
At 1 January 2024:							
Cost	69,300	430,603	28,225	4,895	189,340	38,135	760,498
Accumulated depreciation and impairment	(7,652)	(167,430)	(20,370)	(2,997)	(109,248)	-	(307,697)
Net carrying amount	<u>61,648</u>	<u>263,173</u>	<u>7,855</u>	<u>1,898</u>	<u>80,092</u>	<u>38,135</u>	<u>452,801</u>
At 1 January 2024 net of accumulated depreciation and impairment	61,648	263,173	7,855	1,898	80,092	38,135	452,801
Additions	-	1,586	55	4	96	9,231	10,972
Acquisition of a subsidiary	-	7,833	-	-	-	-	7,833
Disposals	-	(1,802)	(260)	-	(673)	-	(2,735)
Depreciation provided during the period	(1,095)	(22,338)	(1,597)	(293)	(12,100)	-	(37,423)
Exchange realignment	-	(571)	(28)	(6)	(194)	-	(799)
Transfers	-	16,639	-	-	1,757	(18,396)	-
At 31 May 2024, net of accumulated depreciation and impairment	<u>60,553</u>	<u>264,520</u>	<u>6,025</u>	<u>1,603</u>	<u>68,978</u>	<u>28,970</u>	<u>430,649</u>
At 31 May 2024:							
Cost	69,300	461,237	27,992	4,893	190,326	28,970	782,718
Accumulated depreciation and impairment	(8,747)	(196,717)	(21,967)	(3,290)	(121,348)	-	(352,069)
Net carrying amount	<u>60,553</u>	<u>264,520</u>	<u>6,025</u>	<u>1,603</u>	<u>68,978</u>	<u>28,970</u>	<u>430,649</u>

As at 31 December 2021, the carrying amount of certain machinery has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB10,418,000 mainly due to the adjustment of the business of hydrogen refueling stations.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's buildings, with aggregate carrying amounts of approximately RMB56,484,000, RMB60,381,000, RMB61,648,000 and RMB60,553,000 respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

As at 31 December 2023 and 31 May 2024 the Group's certain machinery with aggregate carrying amounts of approximately RMB138,522,000 and RMB129,988,000 was subject to the sale and leaseback business with Taiping & Sinopec Financial Leasing Co., Ltd. (note 30).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2021				
At 1 January 2021:				
Cost	-	13,838	-	13,838
Accumulated depreciation	-	(10,630)	-	(10,630)
Net carrying amount	-	3,208	-	3,208
At 1 January 2021, net of accumulated depreciation	-	3,208	-	3,208
Additions	704	-	8	712
Depreciation provided during the year	(19)	(2,722)	-	(2,741)
At 31 December 2021, net of accumulated depreciation	685	486	8	1,179
At 31 December 2021:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	-	(13,371)
Net carrying amount	685	486	8	1,179
	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022				
At 1 January 2022:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	-	(13,371)
Net carrying amount	685	486	8	1,179
At 1 January 2022, net of accumulated depreciation	685	486	8	1,179
Additions	884	3,505	624	5,013
Depreciation provided during the year	(235)	(736)	-	(971)
At 31 December 2022, net of accumulated depreciation	1,334	3,255	632	5,221
At 31 December 2022:				
Cost	1,588	17,342	632	19,562
Accumulated depreciation	(254)	(14,087)	-	(14,341)
Net carrying amount	1,334	3,255	632	5,221

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	1,588	-	17,342	632	19,562
Accumulated depreciation	(254)	-	(14,087)	-	(14,341)
Net carrying amount	1,334	-	3,255	632	5,221
At 1 January 2023, net of accumulated depreciation	1,334	-	3,255	632	5,221
Additions	1,009	1,715	3,957	(632)	6,049
Depreciation provided during the year	(514)	(252)	(1,404)	-	(2,170)
At 31 December 2023, net of accumulated depreciation	1,829	1,463	5,808	-	9,100
At 31 December 2023:					
Cost	2,597	1,715	22,237	-	26,549
Accumulated depreciation	(768)	(252)	(16,429)	-	(17,449)
Net carrying amount	1,829	1,463	5,808	-	9,100
	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 May 2024					
At 1 January 2024:					
Cost	2,597	1,715	22,237	-	26,549
Accumulated depreciation	(768)	(252)	(16,429)	-	(17,449)
Net carrying amount	1,829	1,463	5,808	-	9,100
At 1 January 2024, net of accumulated depreciation	1,829	1,463	5,808	-	9,100
Additions	-	-	262	26	288
Depreciation provided during the period	(271)	(180)	(810)	-	(1,261)
At 31 May 2024, net of accumulated depreciation	1,558	1,283	5,260	26	8,127
At 31 May 2024:					
Cost	2,597	1,715	22,499	26	26,837
Accumulated depreciation	(1,039)	(432)	(17,239)	-	(18,710)
Net carrying amount	1,558	1,283	5,260	26	8,127

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties used in its operations. Leases of plant and properties generally have lease terms between 1.5 and 8 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land RMB'000	Plant and properties RMB'000	Total RMB'000
As at 1 January 2021	22,589	99,645	122,234
Additions	-	1,585	1,585
Depreciation charge	(465)	(18,112)	(18,577)
Decrease arising from lease term termination	-	(552)	(552)
As at 31 December 2021 and 1 January 2022	22,124	82,566	104,690
Additions	-	3,318	3,318
Depreciation charge	(465)	(19,673)	(20,138)
As at 31 December 2022 and 1 January 2023	21,659	66,211	87,870
Depreciation charge	(465)	(17,686)	(18,151)
Decrease arising from lease term termination	-	(300)	(300)
As at 31 December 2023 and 1 January 2024	21,194	48,225	69,419
Additions	38,655	-	38,655
Depreciation charge	(730)	(6,988)	(7,718)
As at 31 May 2024	59,119	41,237	100,356

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's leasehold land with aggregate carrying amounts of approximately RMB22,124,000, RMB21,659,000 and RMB21,194,000 and RMB21,000,000, respectively, was pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

The Company

	Plant and properties RMB'000
As at 1 January 2021	-
Additions	1,377
Depreciation charge	(226)
As at 31 December 2021 and 1 January 2022	1,151
Additions	86,492
Depreciation charge	(16,212)
Decrease arising from lease term termination	(1,132)
As at 31 December 2022 and 1 January 2023	70,299
Depreciation charge	(17,444)
As at 31 December 2023 and 1 January 2024	52,855
Depreciation charge	(7,143)
As at 31 May 2024	45,712

The Company leased the properties from its subsidiary pursuant to the agreement signed on 26 January 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning	103,192	90,712	76,386	61,404
New leases	1,585	3,318	-	-
Accretion of interest recognised during the year/period	4,778	4,157	4,553	1,166
Decrease arising from lease term termination	(527)	-	(340)	-
Payments	(18,316)	(21,801)	(19,195)	(10,739)
Carrying amount at the end	<u>90,712</u>	<u>76,386</u>	<u>61,404</u>	<u>51,831</u>
Analysed into:				
Current portion	15,418	15,523	18,921	19,738
Non-current portion	<u>75,294</u>	<u>60,863</u>	<u>42,483</u>	<u>32,093</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning	-	1,195	72,493	58,926
New leases	1,377	86,492	-	-
Accretion of interest recognised during the year/period	60	3,429	3,854	1,364
Decrease arising from lease term termination	-	(1,179)	-	-
Payments	(242)	(17,444)	(17,421)	(10,406)
Carrying amount at the end	<u>1,195</u>	<u>72,493</u>	<u>58,926</u>	<u>49,884</u>
Analysed into:				
Current portion	201	13,568	17,859	18,295
Non-current portion	<u>994</u>	<u>58,925</u>	<u>41,067</u>	<u>31,589</u>

The maturity analysis of lease liabilities is disclosed in note 45.

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

The Group

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on lease liabilities	4,778	4,157	4,553	1,504	1,166
Depreciation charge of right-of-use assets	18,577	20,138	18,151	8,155	7,718
Expenses relating to short-term leases	4,223	3,526	1,868	696	693
Expenses relating to leases of low-value assets	18	94	229	97	64
Loss/(gain) on a lease term termination	<u>25</u>	<u>-</u>	<u>(40)</u>	<u>(40)</u>	<u>-</u>
Total amount recognised in profit or loss	<u>27,621</u>	<u>27,915</u>	<u>24,761</u>	<u>10,412</u>	<u>9,641</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows: (continued)

The Company

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on lease liabilities	60	3,429	3,854	1,708	1,364
Depreciation charge of right-of-use assets	226	16,212	17,444	7,143	7,143
Expenses relating to short-term leases	229	703	78	32	64
Gain on a lease term termination	-	(47)	-	-	-
Total amount recognised in profit or loss	515	20,297	21,376	8,883	8,571

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS

The Group

	Software RMB'000	Patents and licences RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2021				
Cost at 1 January 2021, net of accumulated amortisation	14,608	8,433	7,698	30,739
Additions	6,415	-	5,395	11,810
Transfers	3,261	-	(3,261)	-
Amortisation provided during the year	(4,686)	(1,833)	-	(6,519)
Impairment during the year	-	(2,446)	-	(2,446)
At 31 December 2021	19,598	4,154	9,832	33,584
At 31 December 2021 and at 1 January 2022:				
Cost	29,889	11,000	9,832	50,721
Accumulated amortisation and impairment	(10,291)	(6,846)	-	(17,137)
Net carrying amount	19,598	4,154	9,832	33,584
31 December 2022				
Cost at 1 January 2022, net of accumulated amortisation and impairment	19,598	4,154	9,832	33,584
Additions	3,026	-	1,471	4,497
Transfers	10,825	-	(10,825)	-
Amortisation provided during the year	(6,414)	(1,466)	-	(7,880)
At 31 December 2022	27,035	2,688	478	30,201
At 31 December 2022 and at 1 January 2023:				
Cost	43,740	11,000	478	55,218
Accumulated amortisation and impairment	(16,705)	(8,312)	-	(25,017)
Net carrying amount	27,035	2,688	478	30,201
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	27,035	2,688	478	30,201
Additions	1,266	-	666	1,932
Transfers	973	-	(973)	-
Amortisation provided during the year	(8,211)	(1,466)	-	(9,677)
At 31 December 2023	21,063	1,222	171	22,456
At 31 December 2023 and at 1 January 2024:				
Cost	29,274	2,688	171	32,133
Accumulated amortisation and impairment	(8,211)	(1,466)	-	(9,677)
Net carrying amount	21,063	1,222	171	22,456
31 May 2024				
Cost at 1 January 2023, net of accumulated amortisation	21,063	1,222	171	22,456
Additions	136	-	428	564
Acquisition of a subsidiary	-	4,666	-	4,666
Transfers	599	-	(599)	-
Amortisation provided during the period	(3,391)	(847)	-	(4,238)
At 31 May 2024	18,407	5,041	-	23,448

As at 31 December 2021, the carrying amount of certain patent has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB2,446,000 as a fuel cell battery case had ceased production during 2021.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

The Company

Patents and licences
RMB'000

31 December 2021

Cost at 1 January 2021, net of accumulated amortisation	-
Additions	288
Amortisation provided during the year	(5)

At 31 December 2021 283

At 31 December 2021 and at 1 January 2022:

Cost	288
Accumulated amortisation	(5)

Net carrying amount 283

31 December 2022

Cost at 1 January 2022, net of accumulated amortisation	283
Additions	1,123
Amortisation provided during the year	(166)

At 31 December 2022 1,240

At 31 December 2022 and at 1 January 2023:

Cost	1,411
Accumulated amortisation	(171)

Net carrying amount 1,240

31 December 2023

Cost at 1 January 2023, net of accumulated amortisation	1,240
Additions	101
Amortisation provided during the year	(296)

At 31 December 2023 1,045

At 31 December 2023 and at 1 January 2024:

Cost	1,512
Accumulated amortisation	(467)

Net carrying amount 1,045

31 May 2024

Cost at 1 January 2024, net of accumulated amortisation	1,045
Additions	28
Amortisation provided during the period	(128)

At 31 May 2024 945

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. INVESTMENT IN A JOINT VENTURE

The Group and the Company

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share of net assets Guohong Refire	-	-	-	-	-

The Group's and the Company's outstanding balances with the joint venture are disclosed in note 41.

The joint venture of the Group is considered not individually material for the Relevant Periods and the following table illustrates the financial information of the Group's joint venture:

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share of the joint venture's loss for the year/period	(5,750)	(18,750)	-	-	-
Aggregate carrying amount of the Group's investment in the joint venture	-	-	-	-	-

17. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	51,590	78,689	99,522	131,051	

The associates of the Group are considered not individually material for the Relevant Periods and the following table illustrates the aggregate financial information of the Group's associates:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share of the associates' losses for the year/period	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
Share of the associates' total comprehensive income	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
Aggregate carrying amount of the Group's investments in the associates	51,590	78,689	99,522	86,059	131,051

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	<u>40,158</u>	<u>63,321</u>	<u>91,232</u>	<u>104,817</u>

The Group's and the Company's outstanding balances with the associates are disclosed in note 41.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Investments, at cost	1,580,313	2,598,725	3,213,747	3,293,427
Impairment loss on investment in a subsidiary	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>
Investments in subsidiaries	<u>1,578,313</u>	<u>2,596,725</u>	<u>3,211,747</u>	<u>3,291,427</u>

Due to discontinuing of operation, the investment in the subsidiary, Beijing XCELL Technology Co., Ltd., was fully impaired as at 31 December 2021. The directors assessed the other subsidiaries' forecast and were of the opinion that no impairment was needed for the investments in the other subsidiaries as at the end of each of the Relevant Periods.

The Company's outstanding balances with the subsidiaries are disclosed in note 41.

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

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments	<u>17,357</u>	<u>19,887</u>	<u>47,656</u>	<u>46,076</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments	<u>13,239</u>	<u>13,859</u>	<u>42,106</u>	<u>40,808</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.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment of inventories RMB'000	Lease liabilities RMB'000	Deferred income RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2021	1,388	16,094	5,628	-	23,110
Deferred tax (charged)/credited to profit or loss during the year	<u>(717)</u>	<u>(1,874)</u>	<u>4,799</u>	<u>-</u>	<u>2,208</u>
Gross deferred tax assets at 31 December 2021	671	14,220	10,427	-	25,318
Deferred tax credited/(charged) to profit or loss during the year	<u>958</u>	<u>(2,204)</u>	<u>(541)</u>	<u>-</u>	<u>(1,787)</u>
Gross deferred tax assets at 31 December 2022	1,629	12,016	9,886	-	23,531
Deferred tax credited/(charged) to profit or loss during the year	<u>675</u>	<u>(2,654)</u>	<u>(164)</u>	<u>609</u>	<u>(1,534)</u>
Gross deferred tax assets at 31 December 2023	2,304	9,362	9,722	609	21,997
Acquisition of a subsidiary	-	-	-	1,914	1,914
Deferred tax credited/(charged) to profit or loss during the period	<u>255</u>	<u>(1,349)</u>	<u>290</u>	<u>1,498</u>	<u>694</u>
Gross deferred tax assets at 31 May 2024	<u>2,559</u>	<u>8,013</u>	<u>10,012</u>	<u>4,021</u>	<u>24,605</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. DEFERRED TAX (continued)

The Group (continued)

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

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Right-of-use assets RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2021	3,661	15,545	-	19,206
Deferred tax credited to profit or loss during the year	(685)	(2,545)	-	(3,230)
Gross deferred tax liabilities at 31 December 2021	2,976	13,000	-	15,976
Deferred tax credited to profit or loss during the year	(616)	(2,498)	-	(3,114)
Gross deferred tax liabilities at 31 December 2022	2,360	10,502	-	12,862
Deferred tax credited to profit or loss during the year	(646)	(3,138)	-	(3,784)
Gross deferred tax liabilities at 31 December 2023	1,714	7,364	-	9,078
Acquisition of a subsidiary	-	-	1,914	1,914
Deferred tax credited to profit or loss during the period	(127)	(835)	(392)	(1,354)
Gross deferred tax liabilities at 31 May 2024	<u>1,587</u>	<u>6,529</u>	<u>1,522</u>	<u>9,638</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<u>9,342</u>	<u>10,669</u>	<u>12,919</u>	<u>14,967</u>
Total	<u>9,342</u>	<u>10,669</u>	<u>12,919</u>	<u>14,967</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. DEFERRED TAX (continued)

The Group (continued)

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows: (continued)

Deferred tax liabilities (continued)

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

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Tax losses	1,238,064	1,814,906	2,429,235	2,775,909
Deductible temporary differences	<u>540,128</u>	<u>620,685</u>	<u>661,798</u>	<u>681,897</u>
Total	<u>1,778,192</u>	<u>2,435,591</u>	<u>3,091,033</u>	<u>3,457,806</u>

The Group has tax losses arising in Chinese Mainland of RMB1,238,064,000, RMB1,814,906,000 and RMB2,429,235,000 and RMB2,775,909,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, that will expire in one to ten 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 taxable profits will be available against which the tax losses can be utilised.

The Company

The Company has tax losses arising in Chinese Mainland of RMB27,803,000, RMB116,216,000 and RMB253,190,000 and RMB307,647,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, that 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 taxable profits will be available against which the tax losses can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. INVENTORIES

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Raw materials	175,630	212,380	175,710	218,847
Work in progress	12,267	4,639	12,993	24,744
Finished goods	145,716	185,357	166,784	195,192
	<u>333,613</u>	<u>402,376</u>	<u>355,487</u>	<u>438,783</u>
Less: provision for impairment losses on inventories	<u>(73,645)</u>	<u>(125,442)</u>	<u>(115,615)</u>	<u>(102,419)</u>
Total	<u>259,968</u>	<u>276,934</u>	<u>239,872</u>	<u>336,364</u>

As at 31 December 2021, 2022 and 2023 and 31 May 2024, inventories were stated at the lower of cost and net realisable value.

The movements in provision

	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	Five months ended 31 May 2024 RMB'000
Carrying amount at the beginning	38,593	73,645	125,442	115,615
Impairment losses recognised (note 6)	47,671	82,113	31,765	8,476
Amounts written off	<u>(12,619)</u>	<u>(30,316)</u>	<u>(41,592)</u>	<u>(21,672)</u>
Carrying amount at the end	<u>73,645</u>	<u>125,442</u>	<u>115,615</u>	<u>102,419</u>

As at 31 December 2021, 2022 and 2023 and 31 May 2024, inventories are stated at the lower of cost and net realisable value.

The Group has written off impairment losses amounting to RMB12,619,000, RMB30,316,000, RMB41,592,000 and RMB21,672,000 during the years ended 2021, 2022 and 2023 and the five months ended 2024, mainly due that certain hydrogen fuel cell systems with limited market presence were scrapped or sold.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Non-current:				
Trade receivables (a)	284,724	264,897	417,537	314,940
Contract assets	-	-	31,380	17,382
	<u>284,724</u>	<u>264,897</u>	<u>448,917</u>	<u>332,322</u>
Less: Impairment losses	(15,039)	(10,273)	(14,199)	(6,044)
Subtotal	<u>269,685</u>	<u>254,624</u>	<u>434,718</u>	<u>326,278</u>
Current:				
Trade receivables	1,270,484	1,590,683	1,974,948	2,018,777
Commercial acceptance bills	4,077	62,102	25,258	70,034
Bank acceptance notes	<u>7,323</u>	<u>2,611</u>	<u>30,083</u>	<u>26,788</u>
	<u>1,281,884</u>	<u>1,655,396</u>	<u>2,030,289</u>	<u>2,115,599</u>
Less: Impairment losses	(358,334)	(389,867)	(446,894)	(496,968)
Subtotal	<u>923,550</u>	<u>1,265,529</u>	<u>1,583,395</u>	<u>1,618,631</u>
Total	<u><u>1,193,235</u></u>	<u><u>1,520,153</u></u>	<u><u>2,018,113</u></u>	<u><u>1,944,909</u></u>

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (continued)

The Group (continued)

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

- (a) Non-current trade receivables represented receivables from customers who signed contracts with a credit period of more than 1 year.

An aging analysis of the Group's trade receivables, commercial acceptance bills and contract assets, based on the past due information 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 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current	650,086	893,979	1,137,834	684,272
Within 1 year	239,938	316,959	519,188	751,905
1 to 2 years	102,659	135,392	128,430	322,340
2 to 3 years	190,345	19,952	72,735	23,516
3 to 4 years	2,884	151,260	4,168	28,088
4 to 5 years	-	-	125,675	108,000
Total	<u>1,185,912</u>	<u>1,517,542</u>	<u>1,988,030</u>	<u>1,918,121</u>

The movements in the impairment losses on trade receivables, commercial acceptance bills and contract assets are as follows:

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	237,857	373,373	400,140	461,093
Impairment losses recognised, net	<u>135,516</u>	<u>26,767</u>	<u>60,953</u>	<u>41,919</u>
At end of year/period	<u>373,373</u>	<u>400,140</u>	<u>461,093</u>	<u>503,012</u>

The Group's bills receivables aged within six months were not past due. Bank acceptance bills that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal.

The Group applies the simplified approach in calculating ECLs for trade receivables, commercial acceptance bills and contract assets. Trade receivables, commercial acceptance bills and contract assets relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables, commercial acceptance bills and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for grouping of customers that have similar loss patterns. 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. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. During 2021, the increase in impairment losses was mainly due to certain customers encountering with financial difficulties where the trade receivables are assessed to be uncollectable. During 2023 and five months ended 31 May 2024., the increase in impairment losses were mainly due to the rise in the expected loss provision matrix along with the ageing migration.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (continued)

The Group (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables, commercial acceptance bills and contract assets using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2021								
<i>On a collective basis:</i>								
Expected credit loss rate	2.92%	9.66%	24.55%	40.57%	85.43%	100.00%	100.00%	16.12%
Gross carrying amount (RMB'000)	669,639	265,593	136,060	320,309	19,789	2,513	-	1,413,903
Expected credit losses (RMB'000)	19,553	25,655	33,401	129,964	16,905	2,513	-	227,991
<i>On an individual basis:</i>								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								145,382
Expected credit losses (RMB'000)								145,382
	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2022								
<i>On a collective basis:</i>								
Expected credit loss rate	2.01%	6.95%	18.40%	41.82%	51.90%	100.00%	100.00%	14.30%
Gross carrying amount (RMB'000)	912,331	340,638	165,926	34,292	314,500	575	2,513	1,770,775
Expected credit losses (RMB'000)	18,352	23,679	30,534	14,340	163,240	575	2,513	253,233
<i>On an individual basis:</i>								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907
	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023								
<i>On collective basis:</i>								
Expected credit loss rate	2.06%	6.59%	13.56%	35.46%	56.99%	59.81%	100.00%	13.65%
Gross carrying amount (RMB'000)	1,161,778	555,826	148,573	112,699	9,690	312,700	950	2,302,216
Expected credit losses (RMB'000)	23,944	36,638	20,143	39,964	5,522	187,025	950	314,186
<i>On individual basis:</i>								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (continued)

The Group (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables, commercial acceptance bills and contract assets using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 May 2024								
On collective basis:								
Expected credit loss rate	1.64%	7.25%	14.50%	37.82%	55.53%	62.62%	100.00%	15.66%
Gross carrying amount (RMB'000)	695,675	810,685	376,986	37,817	63,160	288,953	950	2,274,226
Expected credit losses(RMB'000)	11,403	58,780	54,646	14,301	35,072	180,953	950	356,105
On individual basis:								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses(RMB'000)								146,907

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Trade receivables	67,205	229,658	442,784	451,346
Commercial acceptance bills receivables	1,701	376	28	-
Bank acceptance notes	3,443	1,475	-	-
Subtotal	72,349	231,509	442,812	451,346
Less: Impairment losses	(2,313)	(9,535)	(30,497)	(62,220)
Total	70,036	221,974	412,315	389,126

An ageing analysis of the Company's trade receivables and commercial acceptance bills, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Current	64,929	165,940	224,189	88,772
Within 1 year	938	54,515	139,354	163,834
1 to 2 years	726	44	48,772	106,425
2 to 3 years	-	-	-	30,095
Total	66,593	220,499	412,315	389,126

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (continued)

The Company (continued)

The movements in the loss allowance for impairment of trade receivables and commercial acceptance bills are as follows:

	Year ended 31 December		Five months ended 31 May	
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	939	2,313	9,535	30,497
Impairment losses recognised, net	<u>1,374</u>	<u>7,222</u>	<u>20,962</u>	<u>31,723</u>
At end of year/period	<u>2,313</u>	<u>9,535</u>	<u>30,497</u>	<u>62,220</u>

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

	Current	Within 1 year	1 to 2 years	2 to 3 years	Total
As at 31 December 2021					
On a collective basis:					
Expected credit loss rate	2.90%	12.60%	24.55%	-	3.36%
Gross carrying amount (RMB'000)	66,871	1,073	962	-	68,906
Expected credit losses (RMB'000)	1,942	135	236	-	2,313
As at 31 December 2022					
On a collective basis:					
Expected credit loss rate	2.09%	9.89%	20.55%	-	4.15%
Gross carrying amount (RMB'000)	169,478	60,500	56	-	230,034
Expected credit losses (RMB'000)	3,538	5,985	12	-	9,535
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	2.11%	8.90%	19.85%	-	6.89%
Gross carrying amount (RMB'000)	229,020	153,236	60,556	-	442,812
Expected credit losses (RMB'000)	4,831	13,643	12,023	-	30,497
As at 31 May 2024					
On a collective basis:					
Expected credit loss rate	1.82%	8.92%	19.78%	37.82%	13.79%
Gross carrying amount (RMB'000)	90,418	179,873	132,659	48,396	451,346
Expected credit losses (RMB'000)	1,646	16,039	26,234	18,301	62,220

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Note	As at 31 December			As at 31 May
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Current:					
Prepayment of government subsidies	(a)	-	-	113,100	-
Deposits		6,725	9,722	88,657	93,343
Prepayments to suppliers		28,362	54,992	60,444	77,402
Other tax recoverable		26,498	17,139	17,812	31,581
Prepaid expenses		39,803	21,942	16,346	15,538
Listing expenditures		-	-	3,893	4,938
Due from related parties		522	500	642	-
Advances to employees		386	174	301	351
		<u>102,296</u>	<u>104,469</u>	<u>301,195</u>	<u>223,153</u>
Impairment allowance		<u>(1,502)</u>	<u>(1,956)</u>	<u>(4,927)</u>	<u>(4,462)</u>
Subtotal		<u>100,794</u>	<u>102,513</u>	<u>296,268</u>	<u>218,691</u>
Non-current:					
Other tax recoverable		7,506	8,262	13,285	18,146
Prepayments for long-term assets		<u>12,037</u>	<u>54,910</u>	<u>54,607</u>	<u>31,951</u>
Subtotal		<u>19,543</u>	<u>63,172</u>	<u>67,892</u>	<u>50,097</u>
Total		<u><u>120,337</u></u>	<u><u>165,685</u></u>	<u><u>364,160</u></u>	<u><u>268,788</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

The Group (continued)

- (a) Entitled by the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, the Group has applied for certain subsidies on the customers' behalf with local government. As at 31 December 2023, the Group obtained approval from local government but only received a portion of the amounts on the customers' behalf. Considering the friendly cooperation relationship with these customers, the Group paid the entire subsidies of RMB 113,100,00 to its customers in December 2023, and the Group received the remaining amount in February 2024.

An impairment analysis is performed at the end of each of the reporting periods. Impairment allowance for deposits and amounts due from related parties was mainly due to the uncollectability of these receivables as at 31 December 2021, 2022 and 2023 and 31 May 2024.

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Current:				
Prepayments to suppliers	836	4,954	13,511	7,633
Prepaid expenses	609	1,670	1,932	421
Deposits	168	1,218	10,953	10,811
Listing expenditures	-	-	3,893	4,938
Due from related parties	-	-	142	-
Advances to employees	-	63	34	100
Other tax recoverable	1,286	3,865	5,454	8,272
	2,899	11,770	35,919	32,175
Impairment allowance	(8)	(19)	(544)	(539)
Total	2,891	11,751	35,375	31,636

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Current:				
Structured deposits, at fair value (a)	-	335,797	-	-
Non-current:				
Private equity funds	6,436	6,521	44,401	52,230
Total	6,436	342,318	44,401	52,230

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Current:				
Structured deposits, at fair value (a)	-	280,689	-	-
Non-current:				
Private equity funds	6,436	6,521	24,079	22,116
Total	6,436	287,210	24,079	22,116

(a) The structured deposits were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The interest rates fluctuate within the range of 1.25% to 3.40%, hooked onto the BFIX EURUSD exchange rate.

25. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Cash and cash equivalents	276,220	1,079,456	664,510	435,710
Time deposits	-	52,086	-	-
Restricted cash	-	59,902	746	28
Total	276,220	1,191,444	665,256	435,738

As at 31 December 2022, time deposits amounting to RMB52,086,000 would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

As at 31 December 2022 and 2023, restricted cash represented bank deposits amounting to RMB59,902,000 and RMB746,000, respectively, were pledged to banks as collateral for issuance of bank acceptance notes. As at 31 May 2024, restricted cash represented letter of guarantee amounting to RMB28,000.

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Cash and cash equivalents				
Denominated in RMB	266,342	1,057,651	634,632	403,886
Denominated in CAD	8,552	18,173	16,522	14,201
Denominated in USD	1,313	3,632	11,656	-
Denominated in EUR	-	-	1,700	16,031
Denominated in HKD	13	-	-	1,592
Total	276,220	1,079,456	664,510	435,710
Time deposits and restricted cash denominated in RMB	-	111,988	746	28

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH (continued)

The Company

	2021	As at 31 December 2022	2023	As at 31 May 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents Denominated in RMB	<u>31,145</u>	<u>67,464</u>	<u>27,060</u>	<u>10,702</u>

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.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group and the Company have assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

26. TRADE AND BILLS PAYABLES

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

The Group

	2021	As at 31 December 2022	2023	As at 31 May 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	386,201	390,707	447,319	445,871
1 to 2 years	58,024	69,947	113,317	75,577
2 to 3 years	81,813	16,653	25,801	27,766
Over 3 years	<u>35,495</u>	<u>88,948</u>	<u>64,304</u>	<u>76,799</u>
Total	<u>561,533</u>	<u>566,255</u>	<u>650,741</u>	<u>626,013</u>

The trade payables are non-interest-bearing and are normally settled within 30 to 180 days upon receipt of the VAT invoice. Certain suppliers made part of the final payment within 24 months.

In 2023, the Group entered into supplier finance arrangements with Xi'an Jingchan Commercial Factoring Co., Ltd. ("Xi'an Jingchan") and Cloudchain Group Co., Ltd. ("Cloudchain"), together as the "factoring companies". Pursuant to the agreements, Xi'an Jingchan provided a total credit limit up to RMB200 million for factoring the accounts receivable of the Group's suppliers. To secure the Group's payment obligations, the Group provided a deposit of RMB60 million to Xi'an Jingchan. Cloudchain provided a total credit limit up to RMB10,000,000 from Bank of Communications Co., Ltd. for factoring the accounts receivable of the Group's suppliers with deposits request.

Under these supplier finance arrangements, the Group's suppliers can elect to have their undue accounts receivables from the Group factored by the factoring companies. Upon the Group's approval, the suppliers will sign an accounts receivables transfer agreements with the factoring companies, whereby their corresponding accounts receivables transfer from the Group to the factoring companies. The factoring companies will pay the suppliers directly for the factored receivables. The Group will subsequently make payments to the factoring companies to settle the factored accounts receivables.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement of the reclassification from payables to suppliers to payables to the factoring companies. As at 31 May 2024, Xi'an Jingchan and Cloudchain had paid factoring financing funds amounting to RMB47,260,000 and RMB26,358,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. TRADE AND BILLS PAYABLES (continued)

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Within 1 year	17,442	138,865	248,465	201,856
1 to 2 years	-	-	63,000	96,091
Total	<u>17,442</u>	<u>138,865</u>	<u>311,465</u>	<u>297,947</u>

27. OTHER PAYABLES AND ACCRUALS

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Payroll and welfare payable	49,027	68,448	40,295	21,817
Other tax payables	26,110	29,858	27,839	5,380
Government grants	2,910	2,910	26,360	64,272
Collection on behalf of others (a)	-	-	28,628	56,056
Listing expenditures payable	-	-	11,624	15,634
Others	<u>618</u>	<u>1,200</u>	<u>6,569</u>	<u>11,558</u>
Total	<u>78,665</u>	<u>102,416</u>	<u>141,315</u>	<u>174,717</u>

- (a) Entitled by the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, the Group has applied for certain subsidies on the customers' behalf with local government. As at 31 December 2023, the Group obtained approval from local government but only received a portion of the amounts on the customers' behalf, accumulated to RMB28,028,000 and RMB56,056,000 as at 31 December 2023 and 31 May 2024, respectively. The Group has paid the subsidies to its customers in June 2024 subsequently.

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Payroll and welfare payable	4,590	17,939	10,000	8,014
Other tax payables	287	2,729	982	784
Listing expenditures payable	-	-	11,624	15,634
Others	<u>311</u>	<u>115</u>	<u>943</u>	<u>853</u>
Total	<u>5,188</u>	<u>20,783</u>	<u>23,549</u>	<u>25,285</u>

Other payables are non-interest-bearing, unsecured and repayable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Others	<u>5,023</u>	<u>4,021</u>	<u>13,841</u>	<u>12,466</u>
Current:				
Hydrogen fuel cell systems	3,828	1,940	7,707	12,562
Components	333	399	1,762	1,061
Hydrogen fuel cell engineering and technical services	13,324	5,463	263	10,713
Others	<u>2,721</u>	<u>7,267</u>	<u>3,008</u>	<u>11,216</u>
	<u>20,206</u>	<u>15,069</u>	<u>12,740</u>	<u>35,552</u>
Total	<u>25,229</u>	<u>19,090</u>	<u>26,581</u>	<u>48,018</u>

Contract liabilities represented advances received to deliver products and services.

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

The Group has an agreement with the obligation to buy back the shares of the joint venture as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Put option on interests in a joint venture held by a third party	<u>17,742</u>	-	-	-
Current				
Put option on interests in a joint venture held by a third party	-	<u>37,423</u>	-	-
Total	<u>17,742</u>	<u>37,423</u>	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Group and the Company (continued)

In December 2018, the Company entered into an agreement with Yunfu Rongda Asset Management Co., Ltd., ("Yunfu Rongda"), Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire") and a third party namely Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. ("Sino-Synergy"). Pursuant to the agreement, Yunfu Rongda had the right to withdraw its investment in Guohong Refire of approximately RMB77,840,000 with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Sino-Synergy are required to agree on such capital withdrawal in proportion to the shareholdings of 49% and 51%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses capital reduction, Guohong Refire shall return Yunfu Rongda's investment fund at the amount of RMB77,840,000, and the Company and Sino-Synergy shall assume a joint and several liability guarantee. If Yunfu Rongda chooses to transfer shares to exit from the investment, the Company and Sino-Synergy shall jointly undertake the transferred shares and Guohong Refire should provide a joint-liability guarantee. On 8 January 2019, the Company, Yunfu Rongda, Sino-Synergy and Guohong Refire signed a supplementary agreement, pursuant to which Yunfu Rongda could exercise its right of capital withdrawal on or after 30 June 2023. Accordingly, the Group recognised fair value changes of RMB607,000 and RMB19,681,000 for the derivative financial instrument and the value of the put option that Yunfu Rongda held amounting to RMB17,742,000 and RMB37,423,000, respectively, as at 31 December 2021, and 2022, which were measured using the option model based on the expected cash flows determined under the contract terms and market discount rate. In April 2023, Yunfu Rongda chose to withdraw its investment, Sino-Synergy and the Company agreed to acquire from Yunfu Rongda the registered capital of Guohong Refire of RMB39,699,000 and RMB38,142,000, respectively, at respective considerations of RMB39,699,000 and RMB38,142,000.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

		2021	
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans - unsecured	3.8 - 4.8	2022	452,434
Current portion of long-term bank loans - unsecured	4.5	2022	13,379
Current portion of long-term other borrowings - secured	4.5 - 5.8	2022	188,504
Subtotal - current			654,317
Non-current			
Bank loans - unsecured	4.5	2024	20,000
Other borrowings - secured	4.65 - 4.75	2024-2025	383,736
Subtotal - non-current			403,736
Total			<u>1,058,053</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group (continued)

	2022		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans - unsecured	3.5 - 4.35	2023	180,150
Current portion of long-term bank loans - unsecured	3.65 - 4.6	2023	73,800
Current portion of long-term bank loans - secured	5	2023	15,129
Subtotal - current			269,079
Non-current			
Bank loans - unsecured	3.85 - 4.85	2024-2025	258,066
Bank loans - secured	4.35 - 4.5	2025-2029	77,500
Other borrowings - secured	4.3 - 4.65	2024-2025	393,525
Subtotal - non-current			729,091
Total			998,170
	2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans - unsecured	3.1 - 3.45	2024	36,840
Current portion of long-term bank loans - unsecured	2.9 - 4.55	2024	192,032
Current portion of long-term bank loans - secured	4.35	2024	20,095
Current portion of long-term other borrowings - sale leaseback - secured	4	2024	41,476
Current portion of long-term other borrowings - secured	4.2	2024	180,000
Subtotal - current			470,443
Non-current			
Bank loans - unsecured	2.9 - 4.55	2025-2026	469,900
Bank loans - secured	4.5	2025-2029	57,500
Other borrowings - sale leaseback - secured	4	2026	82,840
Other borrowings - secured	4.2	2025	222,785
Subtotal - non-current			833,025
Total			1,303,468

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group (continued)

	31 May 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans - unsecured	3-4.15	2024-2025	138,756
Current portion of long-term bank loans - unsecured	2.7-4.2	2024-2025	215,540
Current portion of long-term bank loans - secured	4.25	2024-2025	20,818
Current portion of long-term other borrowings - sale leaseback - secured	4	2024-2025	42,397
Current portion of long-term other borrowings - secured	4-4.2	2024-2025	393,533
Subtotal - current			811,044
Non-current			
Bank loans - unsecured	2.7-4.2	2025-2027	384,000
Bank loans - secured	4.3	2025-2029	57,500
Other borrowings - sale leaseback - secured	4	2025-2026	71,423
Subtotal - non-current			512,923
Total			1,323,967

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	465,813	269,079	248,967	375,114
In the second year	13,333	130,266	321,400	403,700
In the third to fifth years, inclusive	6,667	195,300	203,500	35,300
Beyond five years	-	10,000	2,500	2,500
Subtotal	485,813	604,645	776,367	816,614
Other borrowings repayable:				
Within one year	188,504	-	221,476	435,930
In the second year	-	180,000	264,205	41,420
In the third to fifth years, inclusive	383,736	213,525	41,420	30,003
Subtotal	572,240	393,525	527,101	507,353
Total	1,058,053	998,170	1,303,468	1,323,967

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's right-of-use assets with aggregate carrying amounts of approximately RMB22,124,000, RMB21,659,000, RMB21,194,000 and RMB21,000,000 and property, plant and equipment with aggregate carrying amounts of approximately RMB56,484,000, RMB60,381,000, RMB61,648,000 and RMB60,553,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (notes 13 and 14).

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group pledged the equity interests in a subsidiary as collateral to trust financing companies, as disclosed in note 1.

As at 31 December 2023 and 31 May 2024, the Group's certain machinery with aggregate carrying amounts of approximately RMB138,522,000 and RMB129,988,000 was subject to sale and leaseback business with Taiping & Sinopec Financial Leasing Co., Ltd. (note13).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. DEFERRED INCOME

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Non-current:				
Government grants				
Asset-related grants (a)	56,122	58,247	54,084	50,198
Reimbursement of future expenses (b)	1,915	1,800	4,200	4,200
Subtotal	58,037	60,047	58,284	54,398
Current:				
Government grants				
Reimbursement of future expenses (b)	3,029	-	963	932
Total	61,066	60,047	59,247	55,330

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Non-current:				
Reimbursement of future expenses (b)	-	-	2,400	2,400

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group's future research and development activities.

32. PROVISION

The Group

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Non-current				
Product warranties (a)	18,544	19,913	21,219	21,307
Excess deficit (b)	5,750	-	-	-
Subtotal	24,294	19,913	21,219	21,307
Current				
Product warranties (a)	17,596	18,855	21,080	21,102
Financial guarantee obligation (c)	11,760	-	-	-
Subtotal	29,356	18,855	21,080	21,102
Total	53,650	38,768	42,299	42,409

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. PROVISION (continued)

The Company

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Non-current:				
Excess deficit (b)	5,750	-	-	-
Current:				
Financial guarantee obligation (c)	11,760	-	-	-
Total	17,510	-	-	-

(a) Product warranties

Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Relevant Periods. These claims are normally expected to be settled according to the terms of sales contract.

(b) Excess deficit

The Company and the other shareholders shall subscribe shares of RMB89,090,000 and RMB170,570,000 as capital contributions in a joint venture, Guohong Refire, pursuant to the articles of association of Guohong Refire, and the Company has subscribed shares of RMB4,900,000 and RMB29,400,000 as at 31 December 2021 and 31 December 2022, respectively. As at 31 December 2021, the Group's investment in Guohong Refire amounted to zero due to accumulated losses incurred by Guohong Refire, and due to the legal obligation as stipulated in the articles of association of Guohong Refire that shareholders shall bear limited losses by subscription of shares as capital contribution, so the residual liabilities of Guohong Refire to be borne by the Group to the limit of the remaining unsubscribed capital contribution were recorded as provision for excess deficit accordingly. As at 31 December 2021, the share of loss from Guohong Refire was recognised as a provision for excess deficit, amounting to RMB5,750,000. The Group made a capital injection of RMB24,500,000 into Guohong Refire in December 2022. As Guohong Refire has been gradually ceasing major operations since 2020, the maximum exposure in relation to the excess deficit for 2021 was RMB5,750,000, which could be covered by the capital contribution by the Company. As at 31 December 2022, all of liabilities of Guohong Refire could covered by its realizable assets, except for the liability to the Group and its obligation to buy back shares from Yunfu Rongda as disclosed in note 29.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. PROVISION (continued)

(c) Financial guarantee obligation

On 15 September 2017, Guohong Refire (a joint venture of the Company) signed an agreement (the "Main Contract") with its subsidiary, Yunfu Hongsu Hydrogen Dynamic Power Technology Co., Ltd. ("Yunfu Hongsu") and a third party, namely Yunfu Yunneng, pursuant to which Yunfu Hongsu obtained a borrowing of RMB250,000,000 from Yunfu Yunneng with a fixed interest rate of 6.8% per annum and a term of maturity of three years (the "Main Contract") to support the development of Yunfu Hongsu. On the same day, the Company and Sino-Synergy signed a guarantee contract with Yunfu Yunneng, pursuant to which the Company and Sino-Synergy provided a guarantee according to the shareholding ratio for all debts arising from the obligation of the Main Contract until 18 September 2020. Pursuant to the resolution of the general meeting of shareholders of Yunfu Yunneng on 4 February 2021, Yunfu Yunneng agreed to extend the maturity date of the remaining borrowing balance of RMB50,000,000 to 31 December 2022 and the Group's guarantee was extended as well. Accordingly, for the year ended 31 December 2021, the Group recognised a financial guarantee obligation allowance of RMB11,760,000 for the gross amount of the financial guarantee obligation of RMB24,500,000, which was measured against lifetime expected credit losses for the year ended 31 December 2021. The provision reflected the directors' best estimate of the most likely outcome. As Guohong Refire did not have enough surplus cash in 2022 when a debt became due, the Group and Sino-Synergy made capital injections in the proportion of shareholdings of 49% and 51%, respectively, into Guohong Refire in December 2022. Accordingly, the Group made a capital injection of RMB24,500,000. As such, Guohong Refire repaid RMB50,000,000 to Yunfu Yunneng in December 2022.

33. SHARE CAPITAL

The Group and the Company

Shares

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Issued and fully paid:				
Share capital	64,996	81,311	81,311	81,311

Pursuant to the shareholders' resolution dated 8 September 2020, shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB56,063,300 (56,063,300 shares with a nominal value of RMB1.00 each). Upon completion of the registration with the Shanghai Municipal Administration for Market Regulation on 11 September 2020, the Company was renamed as Shanghai REFIRE Group Limited.

Pursuant to the shareholders' resolution dated 22 September 2020, shareholders of the Company agreed to increase the registered capital from RMB56,063,300 to RMB64,996,051 (64,996,051 shares with a nominal value of RMB1.00 each).

Pursuant to the shareholders' resolution dated 25 January 2022, shareholders of the Company agreed to increase the registered capital from RMB64,996,051 to RMB81,311,371 (81,311,371 shares with a nominal value of RMB1.00 each).

A summary of movements in the Company's share capital is as follows:

	Year ended 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	Five months ended 31 May 2024 RMB'000
At 1 January	64,996	64,996	81,311	81,311
Shareholders' capital injection	-	16,315	-	-
At 31 December	64,996	81,311	81,311	81,311

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Share Incentive Schemes (a)	31,326	27,094	87,066	19,123	51,558
Pre-IPO Share Option Scheme (b)	-	-	-	-	65,926
Total	<u>31,326</u>	<u>27,094</u>	<u>87,066</u>	<u>19,123</u>	<u>117,484</u>

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Administrative expenses	22,025	21,667	61,483	11,865	79,931
Research and development expenses	7,687	3,394	20,085	6,215	27,723
Selling expenses	1,557	1,976	3,565	603	8,658
Cost of sales	<u>57</u>	<u>57</u>	<u>1,933</u>	<u>440</u>	<u>1,172</u>
Total	<u>31,326</u>	<u>27,094</u>	<u>87,066</u>	<u>19,123</u>	<u>117,484</u>

(a) Share Incentive Schemes

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the actual controller of the Company, Mr. Lin, Qi, designed and established several employee shareholding platforms for the Company to operate a series of employee incentive schemes (the "Share Incentive Schemes"). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by the actual controller and approved by the Company through board resolutions. The Actual Controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants, vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at subscription prices and then reallocate these shares to other eligible participants.

On 17 March 2017, 30 May 2019, 24 December 2020, 27 April 2023 and 21 January 2024, 1,200,000 shares, 1,673,797 shares, 296,000 shares, 1,087,285 shares and 1,035,206 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at subscription prices of RMB1.00 per share, RMB9.13 per share, RMB2.65 per share, RMB33.64 per share and RMB33.64 per share, respectively. The grant date fair values of the shares of the Share Incentive Schemes were RMB16.67 per share, RMB41.06 per share, RMB80.27 per share, RMB133.55 per share, which were determined based on investors' recent capital injection price, and RMB140.36 per share, which was determined based on independent valuation, respectively. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

The shares held by the employee shareholding platforms of the Share Incentive Schemes will be vested at the date of successful listing of the shares of the Company. Therefore service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period, which is from the date of grant to the expected listing date.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. SHARE-BASED PAYMENTS (continued)

(a) Share Incentive Schemes (continued)

Movements in the number of equity interests shares granted and the respective weighted average grant date fair value were as follows:

	Year ended 31 December 2021		Year ended 31 December 2022		Year ended 31 December 2023		Five months ended 31 May 2023		Five months ended 31 May 2024	
	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares
At the beginning of the year/period	39.38	4,852,697	39.38	4,848,078	39.35	4,769,195	39.35	4,769,195	56.96	5,824,553
Granted during the year/period	-	-	-	-	133.55	1,087,285	133.55	1,087,285	140.36	1,035,206
Forfeited during the year/period	41.06	(4,619)	41.06	(78,883)	34.03	(31,928)	41.06	(12,059)	129.76	(841,331)
At the end of the year/period	<u>39.38</u>	<u>4,848,078</u>	<u>39.35</u>	<u>4,769,195</u>	<u>56.96</u>	<u>5,824,552</u>	<u>56.91</u>	<u>5,844,421</u>	<u>61.07</u>	<u>6,018,428</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. SHARE-BASED PAYMENTS (continued)

(b) Pre-IPO Share Option Scheme

The Group adopted the Pre-IPO Share Option Scheme, the purpose of which is to recognise employees' contribution to the Group. As at 21 January, 2024, the Group granted options under the Pre-IPO Share Option Scheme to 154 grantees, including directors, senior management of the Company and other employees of the Group, to subscribe 5,267,800 shares. The Pre-IPO Share Option Scheme is valid and effective for 6 years from the grant date.

The exercise price of all the granted options is RMB33.64 per ordinary share. 50% and 50% of the shares subject to the options shall vest at the last trading day of H share within 12 months and the last trading day of H share within 24 months of the vesting commencement date upon the fulfilment of the targets, being the revenue increasing by 20% in 2023 and 2024, respectively. The vesting commencement date shall be the later of 12 months after the grant and the listing date of the public offering. The options may not be exercised until they vest.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year/period:

	From 1 January 2024 to 31 May 2024	
	Weighted average exercise price	Number of share options
	RMB per share	
At the beginning of the period	-	-
Granted	33.64	5,267,800
Forfeited	33.64	(364,050)
At the end of the period	33.64	4,903,750

The fair value of the share options granted on 21 January 2024 was RMB531,152,000 (RMB107.80 each), of which the Group recognised a share option expense of RMB65,926,000 during the period from 1 January 2024 to 31 May 2024 based on the Group's best estimate of the number of equity instruments that will ultimately vest.

The fair value of share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Period ended 31 May 2024
Dividend yield (%)	0.00
Expected volatility (%)	42.63-50.87
Risk-free interest rate (%)	2.08-2.28
Expected life of options (year)	2-3
Weighted average share price (RMB per share)	140.36

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RESERVES

The Group

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

- (i) Share premium and other reserve
 The share premium and other reserve of the Group mainly represents the premium in issuing shares and the premium in acquisition of non-controlling interest.
- (ii) Statutory surplus reserve
 In accordance with the Company Law of the PRC, 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 Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.
- (iii) Exchange fluctuation reserve
 The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.
- (iv) Share-based payment reserve
 The share-based payment reserve represents the equity-settled share awards as set out in note 34 to the Historical Financial Information.
- (v) Special reserve
 According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RESERVES (continued)

The Company

	Capital and other reserve RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at air value through other comprehensive income RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
As at 31 December 2020 and 1 January 2021	1,583,391	48,505	(236))	111,680	1,743,340
Loss for the year	-	-	-	(63,230)	(63,230)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	-	-	385	-	385
Total comprehensive income for the year	-	-	385	(63,230)	(62,845)
Share-based payments	-	31,326	-	-	31,326
As at 31 December 2021 and 1 January 2022	1,583,391	79,831	149	48,450	1,711,821
Loss for the year	-	-	-	(151,352)	(151,352)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	-	-	620	-	620
Total comprehensive income for the year	-	-	620	(151,352)	(150,732)
Share-based payments	-	27,094	-	-	27,094
Shareholders' capital injection	2,166,486	-	-	-	2,166,486
As at 31 December 2022 and 1 January 2023	3,749,877	106,925	769	(102,902)	3,754,669
Loss for the year	-	-	-	(194,492)	(194,492)
Other comprehensive income for the year:	-	-	-	-	-
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(2,398)	-	(2,398)
Total comprehensive income for the year	-	-	(2,398)	(194,492)	(196,890)
Share-based payments	-	87,066	-	-	87,066

continued/...

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RESERVES (continued)

The Company (continued)

	Capital and other reserve RMB'000	Share-based Payment reserve RMB'000	Fair value reserve of financial assets at air value through other comprehensive income RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
As at 31 December 2023 and 1 January 2024	3,749,877	193,991	(1,629)	(297,394)	3,644,845
Loss for the period	-	-	-	(145,969)	(145,969)
Other comprehensive income for the period:					
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(1,659)	-	(1,659)
Total comprehensive income for the period	-	-	(1,659)	(145,969)	(147,628)
Share-based payments	-	117,484	-	-	117,484
As at 31 May 2024	<u>3,749,877</u>	<u>311,475</u>	<u>(3,288)</u>	<u>(443,363)</u>	<u>3,614,701</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2021

	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non- controlling interests RMB'000	Accumulated balances of non- controlling interests RMB'000
Unilia (Shanghai) Fuel Cells Inc. ("Shanghai Unilia")*	19.10	(70,435)	(52,568)

As at 31 December 2022

	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non- controlling interests RMB'000	Accumulated balances of non- controlling interests RMB'000
Shanghai Unilia	19.10	(26,077)	(78,440)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	-	36,000

As at 31 December 2023

	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non- controlling interests RMB'000	Accumulated balances of non- controlling interests RMB'000
Shanghai Unilia	19.10	(26,107)	(99,488)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	(3,461)	32,540

As at 31 May 2024

	Percentage of equity interest held by non- controlling interests %	Loss for the period allocated to non-controlling interests RMB'000	Accumulated balances of non- controlling interests RMB'000
Shanghai Unilia	19.10	(10,619)	(109,783)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	(1,062)	31,260

* On 27 December 2021, the Group acquired an additional 29.8778% equity interest in Shanghai Unilia.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Shanghai Unilia				Foshan Diyi		
	31 December 2021 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	31 May 2024 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	31 May 2024 RMB'000
Revenue	261,725	208,798	289,646	8,557	-	-	-
Total cost and expenses	(405,528)	(345,325)	(426,330)	(64,154)	(1)	(7,691)	2,359
Income tax expense	-	-	-	-	-	-	-
Total comprehensive income	(143,803)	(136,527)	(136,684)	(55,597)	(1)	(7,691)	2,359
Current assets	106,491	160,189	250,621	185,114	36,001	74,838	69,456
Non-current assets	77,349	101,748	113,631	113,283	-	480	435
Current liabilities	(352,136)	(565,688)	(778,202)	(754,401)	-	(3,008)	(424)
Non-current liabilities	(6,930)	(6,930)	(6,930)	(18,778)	-	-	-
	(175,226)	(310,681)	(420,880)	(474,782)	36,001	72,310	69,467
Net cash flows (used in)/from operating activities	(160,009)	34,652	(374,219)	65,108	1	(6,028)	(5,172)
Net cash flows used in investing activities	(3,386)	(27,156)	(45,711)	(13,006)	-	(231)	-
Net cash flows from/(used in) financing activities	166,247	(4,555)	426,571	(53,862)	36,000	44,000	-
Net increase in cash and cash equivalents	2,852	2,941	6,641	(1,760)	36,001	37,741	(5,172)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. BUSINESS COMBINATION

On 31 January 2024, the Group acquired 70% equity interest in Jiaqing (Shanghai) Industrial Co., Ltd. an unlisted company from two independent third parties. Jiaqing (Shanghai) Industrial Co., Ltd. is engaged in operating hydrogenation station. The acquisition was made as part of the Group's strategy to expand business in operating hydrogenation station. The purchase consideration for the acquisition was in the form of cash, with RMB6,300,000 paid at 31 January 2024.

The fair values of the identifiable assets and liabilities of Jiaqing (Shanghai) Industrial Co., Ltd. as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	7,833
Other intangible assets	15	4,666
Cash and bank balances		2,114
Trade receivables		558
Inventories		4
Prepayments and other receivables		10
Trade payables		(1,271)
Accruals and other payables		(4,914)
Total identifiable net assets at fair value		9,000
Fair value of investments in the associate held before business combinations		2,700
Satisfied by cash		6,300

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB558,000 and RMB10,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB560,000 and RMB10,000.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(6,300)
Cash and bank balances acquired	2,114
Net outflow of cash and cash equivalents included in cash flows from investing activities	(4,186)

Since the acquisition, Jiaqing (Shanghai) Industrial Co., Ltd. contributed RMB2,000 to the Group's revenue and RMB1,905,000 to the consolidated losses for the five months ended 31 May 2024.

Had the combination taken place at the beginning of the period, the revenue of the Group and the losses of the Group for the five months ended 31 May 2024 would have been RMB12,530,000 and RMB410,043,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,585,000, RMB3,318,000, nil and nil, respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2021	634,889	103,192	738,081
Changes from financing cash flows	377,884	(18,316)	359,568
New leases	-	1,585	1,585
Interest expense	45,280	4,778	50,058
Lease term termination	-	(527)	(527)
At 31 December 2021	1,058,053	90,712	1,148,765
Changes from financing cash flows	(104,745)	(21,801)	(126,546)
New leases	-	3,318	3,318
Interest expense	44,862	4,157	49,019
At 31 December 2022	998,170	76,386	1,074,556
Changes from financing cash flows	261,925	(19,195)	242,730
Gain arising from a lease term termination	-	(340)	(340)
Interest expense	43,373	4,553	47,926
At 31 December 2023	1,303,468	61,404	1,364,872
Changes from financing cash flows	(3,241)	(10,739)	(13,980)
Interest expense	23,740	1,166	24,906
At 31 May 2024	1,323,967	51,831	1,375,798

(c) Total cash outflow for leases

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

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating activities	4,241	3,620	2,097	793	757
Within financing activities	18,316	21,801	19,195	9,797	10,739
Total	22,557	25,421	21,292	10,590	11,496

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. CONTINGENT LIABILITIES

Pursuant to the supplemental arrangement signed with a major customer, FAW Jiefang, who is also one of the Group's shareholders in December 2023, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB206,360,000 before 31 December 2025. Pursuant to the supplemental arrangement signed with FAW Jiefang in February 2024, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB180,880,000 before 31 December 2024. According to the subsidies policy, such subsidies can be applied and received once the criteria are fulfilled. The management of the Group considers that it is highly probable for the customer to collect such subsidies. In addition, for the amount for which the criteria have been fulfilled, the application process has already been taken with the government, and for the remaining amount, management considered it would be highly probable for the customer to fulfil the criteria in forthcoming periods. Accordingly, the guarantee provision was assessed to be minimal as at December 2023 and May 2024.

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Contracted, but not provided for: Properties, plant and equipment	<u>35,391</u>	<u>63,429</u>	<u>51,827</u>	<u>37,763</u>

In addition, the Group had the following commitments provided to a joint venture, associates and other unlisted investments:

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Contracted, but not provided for: Capital injection obligation	<u>103,190</u>	<u>80,744</u>	<u>99,052</u>	<u>97,884</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions disclosed in note 14 to the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

The Group

The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Associates:					
Sales of goods or services					
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	-	15,330	24,482	-	-
Shanghai Taihydrochen Energy Technology Co., Ltd.	-	-	1,567	-	-
Total	-	15,330	26,049	-	-
Provide rental service					
Jiaqing (Shanghai) Industrial Co., Ltd.	187	162	190	162	-
Shanghai Pegasus Hydrogen Technology Co., Ltd.	850	706	12	12	-
Total	1,037	868	202	174	-
Purchase of goods or services					
Jiaqing (Shanghai) Industrial Co., Ltd.	7,164	5,698	9,031	-	-
Plastic Cloud Technology (Shenzhen) Co., Ltd.	12,219	5,358	5,263	3,753	141
Shanghai Taihydrochen Energy Technology Co., Ltd.	-	-	852	852	-
Total	19,383	11,056	15,146	4,605	141

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties: (continued)

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Associates:					
Purchase of property, plant and equipment					
Plastic Cloud Technology(Shenzhen) Co., Ltd.	-	3,860	-	-	-
Disposal of property, plant and equipment					
Shanghai Pegasus HydrogenTechnology Co., Ltd.	-	10	937	-	-
A joint venture:					
Purchase of goods or services					
Guohong REFIRE Technology Co., Ltd.	2,575	280	10,615	593	-
Entity controlled by an entity with significant influence over the Group:					
Interest expense					
Sinopec Finance Co., Ltd.	8,233	3,561	-	-	-
Dongli Machinery Engineering Co., Ltd.	2	-	-	-	-
Total	8,235	3,561	-	-	-
Repayment of borrowings and interest					
Sinopec Finance Co., Ltd.	28,233	123,760	-	-	-
Dongli Machinery Engineering Co., Ltd.	1,220	-	-	-	-
Total	29,453	123,760	-	-	-
Key management personnel:					
Repayment of borrowings and interest					
Ma Dongsheng	2,106	-	-	-	-
Lin Qi	389	-	-	-	-
Zhai Shuang	-	123	-	-	-
Total	2,495	123	-	-	-
Advances of borrowings and interest					
Ma Audrey Jing Nan	-	-	142	-	-
Interest expense					
Ma Dongsheng	5	-	-	-	-
Lin Qi	1	-	-	-	-
Total	6	-	-	-	-

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

The Group

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Associates:				
Trade related:				
Trade receivables:				
Non-current				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	-	3,502	-	-
Less: Impairment allowance	-	(1,471)	-	-
	-	2,031	-	-
Current				
Guangdong Hanhe Automobile Co., Ltd.	1,325	1,325	1,325	1,325
Jiaqing (Shanghai) Industrial Co., Ltd.	415	597	804	-
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	-	19,909	50,426	49,404
Shanghai Pegasus Hydrogen Technology Co., Ltd.	724	735	1,800	1,736
Shanghai Taihydrochen Energy Technology Co., Ltd.	-	-	1,609	1,141
	2,464	22,566	55,964	53,606
Less: Impairment allowance	(504)	(6,869)	(4,971)	(5,206)
Total	1,960	15,697	50,993	48,400
Prepayments, other receivables and other assets				
Jiaqing (Shanghai) Industrial Co., Ltd.	500	500	500	-
Plastic Cloud Technology (Shenzhen) Co., Ltd.	22	22	-	-
Less: Impairment allowance	(25)	(50)	(50)	-
Total	497	472	450	-
Trade payables				
Jiaqing (Shanghai) Industrial Co., Ltd.	2,102	-	79	-
Shanghai Pegasus Hydrogen Technology Co., Ltd.	1,870	1,870	100	100
Plastic Cloud Technology (Shenzhen) Co., Ltd.	4,851	7,137	1,421	754
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	-	2,404	1,429	-
Total	8,823	11,411	3,029	854
Other payables and accruals				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	43	-	-	-
Contract liabilities				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	564	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: (continued)

The Group (continued)

	Year ended 31 December		2023	Five months ended 31 May 2024
	2021	2022		
	RMB'000	RMB'000	RMB'000	RMB'000
A joint venture:				
Trade related:				
Trade receivables:				
Current				
Guohong REFIRE Technology Co., Ltd.	85,832	20,696	-	-
Less: Impairment allowance	(21,693)	(4,253)	-	-
Total	<u>64,139</u>	<u>16,443</u>	<u>-</u>	<u>-</u>
Trade payables				
Guohong REFIRE Technology Co., Ltd.	<u>60,943</u>	<u>191</u>	<u>755</u>	<u>-</u>
Entity controlled by an entity with significant influence over the Group:				
Non-trade related:				
Current portion of long-term borrowings				
Sinopec Finance Co., Ltd.	40,211	-	-	-
Long-term borrowings				
Sinopec Finance Co., Ltd.	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>120,211</u>	<u>-</u>	<u>-</u>	<u>-</u>
Key management personnel:				
Non-trade related:				
Prepayments, other receivables and other assets				
Zhai Shuang	123	-	-	-
Ma Audrey Jing Nan	<u>-</u>	<u>-</u>	<u>142</u>	<u>-</u>
Total	<u>123</u>	<u>-</u>	<u>142</u>	<u>-</u>

Trade receivables due from a joint venture and associates are repayable on credit terms similar to those offered to the major customers of the Group.

Trade payables due to a joint venture and associates are repayable within 90 days, which represents credit terms similar to those offered by the joint venture and associates to their major customers.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: (continued)

The Group (continued)

As at 31 December 2021, 2022 and 2023 and 31 May 2024, except for the long-term borrowings from the entity controlled by an entity with significant influence over the Group that bore interest at a rate of 5.80% per annum, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

The Company

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Associates:				
Trade related:				
Trade receivables				
Jiaqing (Shanghai) Industrial Co., Ltd.	-	159	366	-
Trade payable				
Plastic Cloud Technology (Shenzhen) Co., Ltd.	-	-	638	-
Key management personnel:				
Prepayments, other receivables and other assets				
Zhai Shuang	123	-	-	-
Ma Audrey Jing Nan	-	-	142	-
Total	123	-	142	-
Subsidiaries:				
Trade related:				
Trade receivables	5,059	17,026	40,322	49,221
Less: Impairment allowance	-	(2,939)	(851)	(807)
Total	5,059	14,087	39,471	48,414
Due from subsidiaries	94,000	882,118	499,173	485,279
Less: Impairment allowance	(2,760)	(18,459)	(10,230)	(10,233)
Total	91,240	863,659	488,943	475,046
Trade payable	12,488	126,855	284,501	286,283
Due to subsidiaries	177	97,179	273,361	348,934

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

41. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties: (continued)

The Company (continued)

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	360	360	361	150	150
Salaries, bonuses, allowances and benefits in kind	6,551	6,871	6,373	2,779	2,207
Performance related bonuses	2,112	2,610	1,090	455	528
Share-based payments	15,120	15,995	43,069	13,692	41,583
Pension scheme contributions	962	1,205	1,126	472	413
Total compensation paid to key management personnel	25,105	27,041	52,019	17,548	44,881

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to Historical Financial Information.

(d) Other transactions with related parties

The Group provided a joint-liability guarantee for Guohong Refire as disclosed in note 29.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. 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:

The Group

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	Equity investments RMB'000	Debt investments RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	17,357	-	17,357
Financial assets at fair value through profit or loss	6,436	-	-	6,436
Trade and bills receivables	-	-	7,323	1,185,912
Financial assets included in prepayments, other receivables and other assets	-	-	-	6,131
Cash and cash equivalents	-	-	-	276,220
Total	6,436	17,357	7,323	1,468,263

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities	-	90,712	90,712
Trade and bills payables	-	561,533	561,533
Financial liabilities included in other payables and accruals	-	3,528	3,528
Interest-bearing bank and other borrowings	-	1,058,053	1,058,053
Derivative financial instrument	17,742	-	17,742
Total	17,742	1,713,826	1,731,568

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Group (continued)

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	
		Equity investments	Debt investments		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	19,887	-	-	19,887
Financial assets at fair value through profit or loss	342,318	-	-	-	342,318
Trade and bills receivables	-	-	2,611	1,517,542	1,520,153
Financial assets included in prepayments, other receivables and other assets	-	-	-	8,440	8,440
Time deposits	-	-	-	52,086	52,086
Restricted cash	-	-	-	59,902	59,902
Cash and cash equivalents	-	-	-	1,079,456	1,079,456
Total	342,318	19,887	2,611	2,717,426	3,082,242

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Lease liabilities	-	76,386	76,386
Trade and bills payables	-	566,255	566,255
Financial liabilities included in other payables and accruals	-	4,110	4,110
Interest-bearing bank and other borrowings	-	998,170	998,170
Derivative financial instrument	37,423	-	37,423
Total	37,423	1,644,921	1,682,344

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Group (continued)

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	47,656	-	-	47,656
Financial assets at fair value through profit or loss	44,401	-	-	-	44,401
Trade and bills receivables	-	-	30,083	1,957,245	1,987,328
Financial assets included in prepayments, other receivables and other assets	-	-	-	197,773	197,773
Restricted cash	-	-	-	746	746
Cash and cash equivalents	-	-	-	664,510	664,510
Total	<u>44,401</u>	<u>47,656</u>	<u>30,083</u>	<u>2,820,274</u>	<u>2,942,414</u>

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000
Lease liabilities	61,404	61,404
Trade and bills payables	650,741	650,741
Financial liabilities included in other payables and accruals	73,181	73,181
Interest-bearing bank and other borrowings	<u>1,303,468</u>	<u>1,303,468</u>
Total	<u>2,088,794</u>	<u>2,088,794</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Group (continued)

As at 31 May 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	RMB'000	Equity investments RMB'000	Debt investments RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	46,076	-	-	46,076
Financial assets at fair value through profit or loss	52,230	-	-	-	52,230
Trade and bills receivables	-	-	26,788	1,901,055	1,927,843
Financial assets included in prepayments, other receivables and other assets	-	-	-	89,232	89,232
Restricted cash	-	-	-	28	28
Cash and cash equivalents	-	-	-	435,710	435,710
Total	52,230	46,076	26,788	2,426,025	2,551,119

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities	51,831	51,831
Trade and bills payables	626,013	626,013
Financial liabilities included in other payables and accruals	147,520	147,520
Interest-bearing bank and other borrowings	1,323,967	1,323,967
Total	2,149,331	2,149,331

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Company

As at 31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	13,239	-	-	13,239
Trade and bills receivables	-	3,443	66,593	70,036
Financial assets included in prepayments, other receivables and other assets	-	-	160	160
Due from subsidiaries	-	-	91,240	91,240
Cash and cash equivalents	-	-	31,145	31,145
Total	<u>13,239</u>	<u>3,443</u>	<u>189,138</u>	<u>205,820</u>

Financial liabilities

	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Lease liabilities	-	1,195	1,195
Trade and bills payables	-	17,442	17,442
Financial liabilities included in other payables and accruals	-	311	311
Due to subsidiaries	-	177	177
Derivative financial instrument	<u>17,742</u>	-	<u>17,742</u>
Total	<u>17,742</u>	<u>19,125</u>	<u>36,867</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Company (continued)

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	13,859	-	-	13,859
Trade and bills receivables	-	-	1,475	220,499	221,974
Financial assets included in prepayments, other receivables and other assets	-	-	-	1,262	1,262
Financial assets at fair value through profit or loss	287,210	-	-	-	287,210
Due from subsidiaries	-	-	-	863,659	863,659
Cash and cash equivalents	-	-	-	67,464	67,464
Total	287,210	13,859	1,475	1,152,884	1,455,428

Financial liabilities

	Financial assets at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities	-	72,493	72,493
Trade and bills payables	-	138,865	138,865
Financial liabilities included in other payables and accruals	-	115	115
Due to subsidiaries	-	97,179	97,179
Derivative financial instrument	37,423	-	37,423
Total	37,423	308,652	346,075

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Company (continued)

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	Equity investments RMB'000	Debt investments RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	42,106	-	42,106
Trade and bills receivables	-	-	-	412,315
Financial assets included in prepayments, other receivables and other assets	-	-	-	11,129
Financial assets at fair value through profit or loss	24,079	-	-	24,079
Due from subsidiaries	-	-	-	488,943
Cash and cash equivalents	-	-	-	27,060
Total	24,079	42,106	-	1,005,632

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities	58,926	58,926
Trade and bills payables	311,465	311,465
Financial liabilities included in other payables and accruals	12,567	12,567
Due to subsidiaries	273,361	273,361
Total	656,319	656,319

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

The Company (continued)

As at 31 May 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	-	40,808	-	-	40,808
Trade and bills receivables	-	-	-	389,126	389,126
Financial assets included in prepayments, other receivables and other assets	-	-	-	10,911	10,911
Financial assets at fair value through profit or loss	22,116	-	-	-	22,116
Due from subsidiaries	-	-	-	475,046	475,046
Cash and cash equivalents	-	-	-	10,702	10,702
Total	<u>22,116</u>	<u>40,808</u>	<u>-</u>	<u>885,785</u>	<u>948,709</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities	49,884	49,884
Trade and bills payables	297,947	297,947
Financial liabilities included in other payables and accruals	16,487	16,487
Due to subsidiaries	<u>348,934</u>	<u>348,934</u>
Total	<u>713,252</u>	<u>713,252</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

43. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

During the Relevant Periods, certain subsidiaries of the Group, endorsed certain bills receivable accepted by banks (the “Derecognised Bills”) to certain of their suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of nil, RMB24,810,892, nil and RMB24,943,286 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively. The Derecognised Bills had a maturity of 1 to 12 months at the end of each reporting period. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the “Continuing Involvement”). In the opinion of management, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of management, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts mainly due to the floating interest rate.

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. The finance manager reports directly to the chief financial officer. At each reporting date, 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 valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese Mainland. The Group has estimated the fair value of these structured deposits based on the net value announced by the bank at the end of each of the Relevant Periods.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted investments measured at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book (“P/B”) multiple and price to sales (“P/S”) multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group has bank acceptance notes issued by banks in Chinese Mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bank acceptance notes by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into a derivative financial instrument, which represents an obligation to buy back the share of a joint venture, the derivative financial instrument is measured under an option model. The valuation method is based on expected net cash outflows.

For the fair value of the unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021, 2022 and 2023 and 31 May 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB174,000
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB199,000
			31 December 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB675,000
			31 May 2024: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB461,000
Financial assets at fair value through profit or loss				
Private equity funds	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB64,000
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB65,000
			31 December 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB45,000
			31 May 2024: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB52,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities:

Derivative financial instrument:

The Group used the option model based on expected cash flows to measure the exercise price of derivative financial instrument of the obligation to buy back the shares of a joint venture. As at 31 December 2021, the range of expected cash flows of Guohong Refire was assessed to be from nil to RMB76,933,00. If cash flows of Guohong Refire had increased/decreased by 1%, the fair value of the derivative financial instrument would have increased/decreased by RMB377,000. As Guohong Refire has been gradually ceasing its operations, the expected cash flows was assessed to be nil as at 31 December 2022.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Financial assets at fair value through other comprehensive income	-	7,323	17,357	24,680
Financial assets at fair value through profit or loss	-	-	6,436	6,436
Total	-	7,323	23,793	31,116

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Financial assets at fair value through other comprehensive income	-	2,611	19,887	22,498
Financial assets at fair value through profit or loss	-	335,797	6,521	342,318
Total	-	338,408	26,408	364,816

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Financial assets at fair value through other comprehensive income	-	30,083	47,656	77,739
Financial assets at fair value through profit or loss	-	-	44,401	44,401
Total	-	30,083	92,057	122,140

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 May 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Financial assets at fair value through other comprehensive income	-	26,788	46,076	72,864
Financial assets at fair value through profit or loss	-	-	52,230	52,230
Total	-	26,788	98,306	125,094

Liabilities measured at fair value:

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Derivative financial instrument	-	-	17,742	17,742

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level 3 RMB'000	
Derivative financial instrument	-	-	37,423	37,423

During the Relevant Periods, 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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50 basis points and all other variables were held constant, the loss before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,079,000, RMB1,806,000 and RMB3,067,000 and RMB1,573,000 for the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As the Group's major businesses are in Chinese Mainland, the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group was not exposed to material foreign currency risk during the Relevant Periods.

Credit risk

The Group trades only with recognised and creditworthy third 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. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

As at the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 33.97%, 41.58%, 42.20% and 26.03% of the Group's trade receivables were due from the Group's five largest customers, respectively.

Maximum exposure and year-end staging

The tables below show 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.

The amounts presented are gross carrying amounts for financial assets. The loss provision for a financial guarantee obligation was measured as lifetime expected credit loss as disclosed in note 32.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	-	-	-	1,559,285	1,559,285
Financial assets included in prepayments, other receivables and other assets					
- Normal**	6,433	-	-	-	6,433
- Doubtful**	-	-	1,200	-	1,200
Cash and cash equivalents					
- Not yet past due	276,220	-	-	-	276,220
Total	282,653	-	1,200	1,559,285	1,843,138

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	-	-	-	1,917,682	1,917,682
Financial assets included in prepayments, other receivables and other assets					
- Normal**	10,077	-	-	-	10,077
- Doubtful**	-	-	319	-	319
Time deposits					
- Not yet past due	52,086	-	-	-	52,086
Restricted cash					
- Not yet past due	59,902	-	-	-	59,902
Cash and cash equivalents					
- Not yet past due	1,079,456	-	-	-	1,079,456
Total	1,201,521	-	319	1,917,682	3,119,522

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	-	-	-	2,447,826	2,447,826
Financial assets included in prepayments, other receivables and other assets					
- Normal**	199,369	-	-	-	199,369
- Doubtful**	-	-	3,331	-	3,331
Restricted cash					
- Not yet past due	746	-	-	-	746
Cash and cash equivalents					
- Not yet past due	664,510	-	-	-	664,510
Total	864,625	-	3,331	2,447,826	3,315,782

As at 31 May 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables*	-	-	-	2,430,539	2,430,539
Financial assets included in prepayments, other receivables and other assets					
- Normal**	90,828	-	-	-	90,828
- Doubtful**	-	-	2,866	-	2,866
Restricted cash					
- Not yet past due	28	-	-	-	28
Cash and cash equivalents					
- Not yet past due	435,710	-	-	-	435,710
Total	526,566	-	2,866	2,430,539	2,959,971

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22.

** The credit quality of the financial assets included in prepayments, other receivables and other 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".

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2021						
Interest-bearing bank and other borrowings	693,965	24,226	166,796	230,482	-	1,115,469
Lease liabilities	21,910	19,657	35,846	44,921	-	122,334
Trade and bills payables	561,533	-	-	-	-	561,533
Financial liabilities included in other payables	3,528	-	-	-	-	3,528
Derivative financial instrument	-	17,742	-	-	-	17,742
Total	1,280,936	61,625	202,642	275,403	-	1,820,606

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
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31 December 2022

Interest-bearing bank and other borrowings	300,388	334,540	399,892	28,182	10,684	1,073,686
Lease liabilities	19,657	35,846	21,850	23,071	-	100,424
Trade and bills payables	566,255	-	-	-	-	566,255
Financial liabilities included in other payables	4,110	-	-	-	-	4,110
Derivative financial instrument	37,423	-	-	-	-	37,423
Total	927,833	370,386	421,742	51,253	10,684	1,781,898

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
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31 December 2023

Interest-bearing bank and other borrowings	512,617	605,918	232,595	19,258	2,555	1,372,943
Lease liabilities	21,867	21,683	23,238	-	-	66,788
Trade and bills payables	650,741	-	-	-	-	650,741
Financial liabilities included in other payables	73,181	-	-	-	-	73,181
Total	1,258,406	627,601	255,833	19,258	2,555	2,163,653

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: (continued)

	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 May 2024						
Interest-bearing bank and other borrowings	852,350	458,012	50,080	18,327	2,509	1,381,278
Lease liabilities	21,867	22,534	11,649	-	-	56,050
Trade and bills payables	626,013	-	-	-	-	626,013
Financial liabilities included in other payables	147,520	-	-	-	-	147,520
Total	1,647,750	480,546	61,729	18,327	2,509	2,210,861

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. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, a derivative financial instrument, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	2021 RMB'000	As at 31 December 2022 RMB'000	2023 RMB'000	As at 31 May 2024 RMB'000
Trade and bills payables	561,533	566,255	650,741	626,013
Other payables and accruals	78,665	102,416	141,315	174,717
Derivative financial instrument	17,742	37,423	-	-
Interest-bearing bank and other borrowings	1,058,053	998,170	1,303,468	1,323,967
Lease liabilities	90,712	76,386	61,404	51,831
Less: Cash and cash equivalents	(276,220)	(1,079,456)	(664,510)	(435,710)
Net debt	1,530,485	701,194	1,492,418	1,740,818
Equity attributable to owners of the parent	566,024	2,271,548	1,824,400	1,541,345
Capital and net debt	2,096,509	2,972,742	3,316,818	3,282,163
Gearing ratio	73%	24%	45%	53%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

46. EVENTS AFTER THE RELEVANT PERIODS

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

47. 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 May 2024.