



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF BEIJING SAIMO TECHNOLOGY CO., LTD. AND CEB
INTERNATIONAL CAPITAL CORPORATION LIMITED**

Introduction

We report on the historical financial information of Beijing Saimo Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-81, which comprises the consolidated balance sheets as at December 31, 2021, 2022, 2023 and June 30, 2024, the company balance sheets as at December 31, 2021, 2022, 2023 and June 30, 2024, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 31, 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2021, 2022, 2023 and June 30, 2024 and the consolidated financial position of the Group as at December 31, 2021, 2022, 2023 and June 30, 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information. Our

responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to Note 33 to the Historical Financial Information which states that no dividends have been paid by Beijing Saimo Technology Co., Ltd. in respect of the Track Record Period.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, December 31, 2024

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("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 COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended	
	Note	2021	2022	2023	June 30,	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	6	106,906	145,385	175,703	21,627	55,560
Cost of sales	9	(42,862)	(50,009)	(51,139)	(8,443)	(16,496)
Gross profit		64,044	95,376	124,564	13,184	39,064
Other income	7	14,506	12,585	40,871	20,815	13,482
Other gains/(losses), net	8	5,395	5,450	1,192	1,174	(449)
Selling and marketing expenses	9	(2,458)	(6,508)	(7,731)	(2,693)	(5,179)
General and administrative expenses	9	(15,816)	(26,167)	(31,472)	(12,097)	(14,850)
Research and development expenses	9	(27,127)	(30,903)	(71,331)	(32,898)	(41,106)
Credit loss allowance (recognized)/reversed, net	9	(170)	(1,955)	(7,024)	(2,317)	1,931
Operating profit/(loss)		38,374	47,878	49,069	(14,832)	(7,107)
Share of profit/(loss) of investments accounted for using the equity method	17	–	356	33	1,411	(662)
Finance income	11	1,045	2,132	3,123	2,147	1,707
Finance costs	11	(288)	(1,680)	(1,470)	(704)	(684)
Profit/(loss) before income tax		39,131	48,686	50,755	(11,978)	(6,746)
Income tax (expenses)/credit	12	(1,560)	–	2,676	913	2,147
Profit/(loss) and total comprehensive income/(losses) for the year/period		37,571	48,686	53,431	(11,065)	(4,599)
Profit/(loss) and total comprehensive income/(losses) attributable to:						
Owners of the Company		37,747	50,330	55,479	(9,898)	(4,743)
Non-controlling interests		(176)	(1,644)	(2,048)	(1,167)	144
		37,571	48,686	53,431	(11,065)	(4,599)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company (expressed in RMB per share)	13					
Basic		0.45	0.52	0.56	(0.10)	(0.05)
Diluted		0.45	0.51	0.56	(0.10)	(0.05)

CONSOLIDATED BALANCE SHEETS

		As at December 31,			As at
	Note	2021	2022	2023	June 30,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Assets					
Non-current assets					
Right-of-use assets	14(a)	5,438	22,557	26,346	18,603
Equipment	15	7,294	37,510	62,321	48,703
Intangible assets	16	7,409	15,980	31,742	35,999
Financial assets at fair value through profit or loss	19	19,449	24,622	25,882	25,434
Investments in an associate	17	–	846	879	217
Contract assets	6(a)	–	–	–	2,428
Deferred income tax assets	30	–	–	2,676	4,823
Other non-current assets		584	603	1,635	1,635
Total non-current assets		<u>40,174</u>	<u>102,118</u>	<u>151,481</u>	<u>137,842</u>
Current assets					
Contract fulfilment costs	20	3,138	7,695	1,742	16,963
Contract assets	6(a)	6,906	7,414	8,133	6,685
Trade and notes receivables	21	49,422	139,995	165,695	150,043
Prepayments and other receivables	22	14,225	32,235	39,462	48,669
Financial assets at fair value through profit or loss	19	100,259	100,596	112,201	107,168
Restricted cash	23(c)	20,003	3,660	3,669	3,669
Term deposits with initial term of over three months	23(b)	–	–	–	60,000
Cash and cash equivalents	23(a)	81,837	151,046	118,431	34,090
Total current assets		<u>275,790</u>	<u>442,641</u>	<u>449,333</u>	<u>427,287</u>
Total assets		<u><u>315,964</u></u>	<u><u>544,759</u></u>	<u><u>600,814</u></u>	<u><u>565,129</u></u>

		As at December 31,			As at
	Note	2021	2022	2023	June 30,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Equity					
Equity attributable to owners of the Company					
Paid-in capital/Share capital	24	1,714	100,000	100,000	100,000
Reserves	25	164,554	264,678	271,130	271,734
Retained earnings		92,560	77,615	127,580	122,837
		<u>258,828</u>	<u>442,293</u>	<u>498,710</u>	<u>494,571</u>
Non-controlling interests		<u>6,194</u>	<u>4,550</u>	<u>2,702</u>	<u>2,846</u>
Total equity		<u>265,022</u>	<u>446,843</u>	<u>501,412</u>	<u>497,417</u>
Liabilities					
Non-current liabilities					
Lease liabilities	14(b)	2,470	14,156	22,242	5,637
Deferred income	31	6,699	10,905	19,907	11,675
Total non-current liabilities		<u>9,169</u>	<u>25,061</u>	<u>42,149</u>	<u>17,312</u>
Current liabilities					
Trade payables	27	25,829	17,549	7,162	2,248
Current income tax payables		1,533	–	–	–
Other payables and accruals	28	8,183	27,230	21,050	18,068
Contract liabilities	6(b)	836	2,380	7,078	6,076
Lease liabilities	14(b)	3,162	23,374	18,278	21,647
Deferred income	31	2,230	2,322	3,685	2,361
Total current liabilities		<u>41,773</u>	<u>72,855</u>	<u>57,253</u>	<u>50,400</u>
Total liabilities		<u>50,942</u>	<u>97,916</u>	<u>99,402</u>	<u>67,712</u>
Total equity and liabilities		<u>315,964</u>	<u>544,759</u>	<u>600,814</u>	<u>565,129</u>

COMPANY BALANCE SHEETS

		As at December 31,			As at
	Note	2021	2022	2023	June 30,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Assets					
Non-current assets					
Right-of-use assets	14(a)	5,438	22,557	26,346	18,603
Equipment	15	6,763	37,106	61,177	47,823
Intangible assets	16	7,400	15,973	31,735	35,994
Investment in subsidiaries	17	10,000	10,000	10,800	10,800
Financial assets at fair value through profit or loss	19	19,449	24,622	25,882	25,434
Investments in an associate	17	–	490	490	490
Contract assets	6(a)	–	–	–	2,428
Deferred income tax assets	30	–	–	2,624	4,776
Other non-current assets		584	603	1,635	1,635
Total non-current assets		49,634	111,351	160,689	147,983
Current assets					
Contract fulfilment costs	20	3,133	7,129	1,054	16,672
Contract assets	6(a)	6,906	7,414	8,133	6,499
Trade and notes receivables	21	44,428	131,338	158,577	143,521
Prepayments and other receivables	22	13,232	31,100	38,140	47,197
Financial assets at fair value through profit or loss	19	100,259	100,596	100,184	100,164
Restricted cash	23(c)	20,003	3,660	3,660	3,660
Term deposits with initial term of over three months	23(b)	–	–	–	60,000
Cash and cash equivalents	23(a)	51,509	134,918	113,054	25,290
Total current assets		239,470	416,155	422,802	403,003
Total assets		289,104	527,506	583,491	550,986
Equity					
Equity attributable to owners of the Company					
Paid-in capital/Share capital	24	1,714	100,000	100,000	100,000
Reserves	25	164,554	264,678	271,130	271,734
Retained earnings		81,126	69,012	118,640	115,501
Total equity		247,394	433,690	489,770	487,235

		As at December 31,			As at
	Note	2021	2022	2023	June 30,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Liabilities					
Non-current liabilities					
Lease liabilities	14(b)	2,470	14,156	22,242	5,637
Deferred income	31	6,699	10,905	19,907	11,675
Total non-current liabilities		<u>9,169</u>	<u>25,061</u>	<u>42,149</u>	<u>17,312</u>
Current liabilities					
Trade payables	27	19,829	14,786	6,217	1,303
Other payables and accruals	28	6,649	26,481	19,976	17,194
Contract liabilities	6(b)	671	1,792	3,416	3,934
Lease liabilities	14(b)	3,162	23,374	18,278	21,647
Deferred income	31	2,230	2,322	3,685	2,361
Total current liabilities		<u>32,541</u>	<u>68,755</u>	<u>51,572</u>	<u>46,439</u>
Total liabilities		<u>41,710</u>	<u>93,816</u>	<u>93,721</u>	<u>63,751</u>
Total equity and liabilities		<u>289,104</u>	<u>527,506</u>	<u>583,491</u>	<u>550,986</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Paid-in capital/ Share Capital	Reserves (Note 25)	Retained earnings	Subtotal		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2021		1,457	13,647	54,941	70,045	-	70,045
Profit and total comprehensive income for the year		-	-	37,747	37,747	(176)	37,571
Transactions with owners in their capacity as owners							
Capital contributions from shareholders	24, 25	257	149,743	-	150,000	-	150,000
Capital contributions from non-controlling interests		-	-	-	-	6,370	6,370
Recognition of redemption liabilities	29	-	(30,000)	-	(30,000)	-	(30,000)
Derecognition of redemption liabilities	29	-	30,000	-	30,000	-	30,000
Share-based payments	26	-	1,036	-	1,036	-	1,036
Transfer to PRC statutory reserves		-	128	(128)	-	-	-
Total transactions with owners in their capacity as owners		257	150,907	(128)	151,036	6,370	157,406
Balance at December 31, 2021		1,714	164,554	92,560	258,828	6,194	265,022

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity
		Paid-in capital/ Share capital	Reserves (Note 25)	Retained earnings	Subtotal		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022		1,714	164,554	92,560	258,828	6,194	265,022
Profit and total comprehensive income for the year		-	-	50,330	50,330	(1,644)	48,686
Transactions with owners in their capacity as owners							
Capital contributions from shareholders	24, 25	103	131,897	-	132,000	-	132,000
Issuance of ordinary shares upon conversion into a joint stock company	24, 25	98,183	(38,224)	(59,959)	-	-	-
Share-based payments	26	-	1,135	-	1,135	-	1,135
Transfer to PRC statutory reserves		-	5,316	(5,316)	-	-	-
Total transactions with owners in their capacity as owners		98,286	100,124	(65,275)	133,135	-	133,135
Balance at December 31, 2022		100,000	264,678	77,615	442,293	4,550	446,843

		Attributable to owners of the Company					
		Paid-in					
		capital/					
		Share	Reserves	Retained		Non-	
	Note	capital	(Note 25)	earnings	Subtotal	controlling	
		RMB'000	RMB'000	RMB'000	RMB'000	interests	
						RMB'000	
						Total	
						equity	
						RMB'000	
Balance at January 1, 2023		100,000	264,678	77,615	442,293	4,550	446,843
Profit and total comprehensive income for the year		–	–	55,479	55,479	(2,048)	53,431
Transactions with owners in their capacity as owners							
Capital contributions from non-controlling interests		–	–	–	–	200	200
Share-based payments	26	–	938	–	938	–	938
Transfer to PRC statutory reserves		–	5,514	(5,514)	–	–	–
Total transactions with owners in their capacity as owners		–	6,452	(5,514)	938	200	1,138
Balance at December 31, 2023		100,000	271,130	127,580	498,710	2,702	501,412

		Attributable to owners of the Company					
		Paid-in					
		capital/					
		Share	Reserves	Retained		Non-	
	Note	capital	(Note 25)	earnings	Subtotal	controlling	
		interests				equity	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
						RMB'000	
Balance at January 1, 2023		100,000	264,678	77,615	442,293	4,550	446,843
Loss and total comprehensive losses for the period		–	–	(9,898)	(9,898)	(1,167)	(11,065)
Transactions with owners in their capacity as owners							
Capital contributions from non-controlling interests		–	–	–	–	200	200
Share-based payments	26	–	474	–	474	–	474
Total transactions with owners in their capacity as owners		–	474	–	474	200	674
Balance at June 30, 2023 (Unaudited)		100,000	265,152	67,717	432,869	3,583	436,452

Attributable to owners of the Company						
Note	Paid-in	Reserves (Note 25)	Retained earnings	Subtotal	Non- controlling interests	Total equity
	capital/					
	Share capital RMB'000					
Balance at January 1, 2024	100,000	271,130	127,580	498,710	2,702	501,412
Loss and total comprehensive losses for the period	–	–	(4,743)	(4,743)	144	(4,599)
Transactions with owners in their capacity as owners						
Share-based payments	26	604	–	604	–	604
Total transactions with owners in their capacity as owners		604	–	604	–	604
Balance at June 30, 2024	100,000	271,734	122,837	494,571	2,846	497,417

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,			Six months ended	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash (used in)/generated from operations	35(a)	(3,399)	(8,125)	47,426	1,759	(939)
Interest received		1,590	1,716	3,040	2,065	1,493
Net cash (used in)/generated from operating activities		<u>(1,809)</u>	<u>(6,409)</u>	<u>50,466</u>	<u>3,824</u>	<u>554</u>
Cash flows from investing activities						
Purchase of equipment and intangible assets		(11,070)	(49,177)	(69,365)	(30,190)	(12,322)
Proceeds from disposal of equipment		-	52	-	-	-
Interests income received from short-term investments measured at fair value through profit or loss		188	1,409	1,372	850	514
Purchase of short-term investments measured at fair value through profit or loss		(215,000)	(220,000)	(212,000)	(100,000)	(119,000)
Purchase of term deposits with initial term of over three months		-	-	-	-	(60,000)
Proceeds from the redeem of short-term investments measured at fair value through profit or loss		115,000	220,000	200,000	100,000	124,000
Receipt of government subsidies for equipment and intangible assets		3,847	7,610	27,436	24,845	-
Capital injection to an associate		<u>-</u>	<u>(490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(107,035)</u>	<u>(40,596)</u>	<u>(52,557)</u>	<u>(4,495)</u>	<u>(66,808)</u>

Note	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cash flows from financing activities					
Proceeds injected by shareholders	150,000	132,000	–	–	–
Proceeds injected by non-controlling interests	6,370	–	200	200	–
Payment of listing expenses to be capitalized	(4,800)	(13,834)	(14,855)	(8,983)	(3,301)
Payment of lease liabilities	(2,975)	(1,952)	(15,869)	(13,370)	(14,786)
Net cash generated from/(used in) financing activities	<u>148,595</u>	<u>116,214</u>	<u>(30,524)</u>	<u>(22,153)</u>	<u>(18,087)</u>
Net increase/(decrease) in cash and cash equivalents	39,751	69,209	(32,615)	(22,824)	(84,341)
Cash and cash equivalents at the beginning of the year/period	<u>42,086</u>	<u>81,837</u>	<u>151,046</u>	<u>151,046</u>	<u>118,431</u>
Cash and cash equivalents at the end of the year/period	<u>81,837</u>	<u>151,046</u>	<u>118,431</u>	<u>128,222</u>	<u>34,090</u>
23(a)					

II. NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

Beijing Saimo Technology Co., Ltd. (the “Company”) was incorporated in Beijing, the People’s Republic of China (the “PRC”) on January 24, 2014 as a limited liability company. On November 8, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

The Company and its subsidiaries (collectively, the “Group”) during the Track Record Period, were primarily engaged in the provision of intelligent connected vehicle (“ICV”) testing, validation and evaluation solutions in the PRC.

Mr. Hu Dalin, Mr. He Feng, Ms. Ma Lei, together through Space Technology (Beijing) Co., Ltd. (“Space Technology”) and Beijing Tongda Chengye Technology Center (Limited Partnership) (“Tongda”), controlled more than 30% of the total issued share capital of the Company. As such, Mr. Hu Dalin, Ms. Ma Lei and Mr. He Feng, together form a group of ultimate controlling shareholders as at the date of this report.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all being limited liability companies:

	Place and date of establishment	Registered capital	Percentage of ownership interest					Principal activities	Note
			December 31,		June 30,		As at		
			2021	2022	2023	2024	this report		
Subsidiaries directly held:									
Zhejiang Saimo Technology Co., Ltd.	The PRC, April 17, 2019	RMB10 million	100%	100%	100%	100%	100%	ICV testing-related business	(a)
Beijing Saimo Automotive Testing Technology Co. Ltd.	The PRC, March 16, 2022	RMB1 million	N/A	80%	80%	80%	80%	ICV testing and related services	(b)
Subsidiaries indirectly held:									
Zhejiang Fly Here Technology Co., Ltd.	The PRC, August 13, 2021	RMB13 million	51%	51%	51%	51%	51%	Drone testing-related technology development, advisory and services	(c)

Notes:

- (a) The statutory financial statements of Zhejiang Saimo Technology Co., Ltd. for the years ended December 31, 2021 and 2022 were audited by Beijing Jing Zhong Xin Certified Public Accountants General Partnership. The statutory financial statements of Zhejiang Saimo Technology Co., Ltd. for the year ended December 31, 2023 were audited by Beijing Dongshen Certified Public Accountants (Special General Partnership).
- (b) The statutory financial statements of Beijing Saimo Automotive Testing Technology Co. Ltd. for the year ended December 31, 2023 were audited by Beijing Dongshen Certified Public Accountants (Special General Partnership). No audited financial statements have been prepared for the years ended December 31, 2021 and 2022.
- (c) The statutory financial statements of Zhejiang Fly Here Technology Co., Ltd. for the years ended December 31, 2021 and 2022 were audited by Beijing Jing Zhong Xin Certified Public Accountants General Partnership. The statutory financial statements of Zhejiang Fly Here Technology Co., Ltd. for the year ended December 31, 2023 were audited by Beijing Dongshen Certified Public Accountants (Special General Partnership).
- (d) As at December 31, 2021, 2022, 2023 and June 30, 2024, no subsidiary has non-controlling interests that are material to the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The Historical Financial Information has been prepared under the historical cost convention unless otherwise stated, as modified by the revaluation of certain financial assets at fair value through profit or loss.

The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial period ended June 30, 2024, are consistently applied to the Group for the Track Record Period.

New standards and interpretations have not yet been adopted

Standards and interpretations that have been issued but are not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

		Effective for annual period beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature- dependent Electricity	1 January 2026
Annual improvements project	Annual improvements to IFRS Accounting Standards – volumes 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company are of the view that the above new and revised standards and amendments and interpretations to existing standards that have been issued are not expected to have any significant impact on the Group.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity.

(b) Associates

An associate is an entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognized at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.7.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Separate financial statements

Investments in subsidiaries and an associate are accounted for at cost less impairment. Cost includes the direct attributable costs of investment. The results of the subsidiaries and associate are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries and an associate are required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary and the associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee's net assets including goodwill.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). As the major operations of the Group are within the PRC, the Group determined to present the Historical Financial Information in RMB, which is the Company's functional currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within other gains/(losses), net.

2.5 Equipment

Equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

• Electronic equipment	3-5 years
• Furniture and fixtures	3-5 years
• Motor vehicles	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other gains/(losses), net in the consolidated statements of comprehensive income.

2.6 Intangible assets

Intangible assets mainly include software and system. They are initially recognized and measured at cost or fair value of intangible assets acquired through business combination. The Group amortizes these intangible assets with a limited useful life using the straight-line method over 3-10 years.

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

Research and development costs

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

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

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill, mainly including equipment, intangible assets, right-of-use assets as well as equity-accounted investments, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investments and other financial assets

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

See Note 18 for details of each type of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive income within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.8.3 Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade and notes receivables, other receivables, term deposits with initial term of over three months, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

For others, it is measured as either a 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as the lifetime expected credit losses.

2.8.4 Derecognition

Financial assets

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.10 Contract fulfilment costs

The Group recognizes the contract fulfilment costs from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment costs recognized shall be amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

2.11 Trade and notes receivables and other receivables

Trade and notes receivables are amounts due from customers for products sold or services performed in the ordinary course of business. Majority of other receivables are deposits. If the collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and notes receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Notes 2.8.3 and 3.1(b) for a description of the Group's impairment policy for trade and other receivables.

2.12 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.13 Paid-in capital/Share capital and treasury stock

Ordinary shares and paid-in capital from owners are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Treasury stock is recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity, and will be reversed when the redemption liabilities are derecognized upon when the Group's obligations in connection with those redemption liabilities are discharged, cancelled or have expired which will then be reclassified back to equity (Note 2.17).

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are payroll payables, listing expenses payables and other taxes payables. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.17 Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to investors in the Company's financing process, the redemption liabilities are recognized as financial liabilities initially at the present value of the redemption amount and reclassified from equity. Subsequently, the redemption liabilities are measured at amortized cost with interest charged in finance costs.

The Group derecognizes the redemption liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. When the preferred rights are waived by investors, the carrying amount of the redemption liability is reclassified to equity.

2.18 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of

the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for a deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations and other social welfare benefits

Full-time employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labour regulations require that the Group make contributions to the government for these benefits based on a certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(c) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within

the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a share incentive plan, under which it receives services from employees as consideration for equity instruments ("restricted stock units") of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statements of comprehensive income with a corresponding increase in equity.

In terms of restricted stock units awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in the calculation of the number of restricted stock units that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of restricted stock units that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

When the restricted stock units are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in reserves will continue to be held in reserves.

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Revenue recognition

Revenue is measured according to the consideration received or receivable and stated net of discounts, returns and value-added taxes. The Group recognizes revenue when the specific criteria have been met for each of the Group's activities, as described below.

The provision of ICV simulation testing software and platforms and ICV data platforms consists primarily of deployment of software, software-embedded hardware and hardware infrastructures. These hardware and software are highly interdependent and interrelated with each other and represent multiple inputs to a combined output that is transferred to the customer. Accordingly, the provision of ICV simulation testing software and platforms and ICV data

platforms are generally accounted for as a single performance obligation. The provision of other products consists of deployment of hardware infrastructures. Revenue is recognized at a point in time when the related products is delivered to the customers' designated place, inspected and accepted by the customer.

Revenue from ICV testing and advisory and other services is recognized at a point in time when the services are completed and the related testing/advisory reports are delivered to the customers. The Group provides operation and maintenance services to customers separately, revenue from related services is recognized over the service period.

Contract balance

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group may perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, and also may have the right to an amount of consideration before transferring goods or services to a customer. The Group recognizes a contract asset or a contract liability in the consolidated balance sheet, depending on the relationship between the Group's performance and the customer's payment.

2.23 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.25 Leases

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the consolidated statements of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the consolidated statements of comprehensive income in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of the exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated starting at the commencement date over the shorter period of the useful life of the underlying asset and lease term.

The lease liability is presented in the 'Lease liabilities' line and the right-of-use assets are presented in the 'Right-of-use assets' line in the consolidated balance sheet. In addition, the principal portion of the lease payments and the interest component are presented within financing activities in the consolidated statements of cash flows.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.27 Government grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the property and equipment and other non-current assets are included in liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.28 Interest income

Interest income of capital protected wealth management products is recognized as finance income. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized as other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk primarily arise from bank deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of bank deposits and cash and cash equivalents had been 50 basis points higher/lower, the profit before income tax for the years ended December 31, 2021, 2022, 2023 would have been approximately RMB409,000, RMB755,000, RMB592,000 higher/lower, the loss before income tax for six months ended June 30, 2023 and 2024 would have been approximately RMB641,000 and RMB470,000 lower/higher, respectively.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(ii) Price risk

The Group is exposed to price risk in respect of the long-term investments and short-term investments held by the Group and classified in the consolidated balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposits with initial term of over three months, restricted cash, short-term investments measured at fair value through profit or loss, trade and notes receivables, other receivables and contract assets. The carrying amounts of each class of the above financial assets and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets and contract assets.

To manage risk arising from cash and cash equivalents, term deposits with initial term of over three months, restricted cash and short-term investments measured at fair value through profit or loss, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

The Group's concentration of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2021, 2022, 2023 and June 30, 2024, 96%, 74%, 61% and 53% of the total trade and notes receivables was due from the Group's five largest customers, respectively.

To manage risk arising from trade and notes receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually within 90 to 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances is low.

Impairment of financial assets and contract assets

The Group performs impairment assessments under the expected credit loss (“ECL”) model on financial assets at amortized cost (mainly including trade and notes receivables and other receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

While cash and cash equivalents, term deposits with initial term of over three months and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade and notes receivables and contract assets

For trade and notes receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the trade and notes receivables and contract assets. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) change, money market interest rates, international reserves as % of GDP and wholesale producer price index of the PRC in which it provides services to be the relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors. Details of the loss allowance of trade and notes receivables and contract assets as at December 31, 2021, 2022, 2023 and June 30, 2024 are included in Notes 21 and 6(a), respectively.

Other receivables

Other receivables mainly include deposits. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”). This is similar to the approach used for the purposes of measuring ECL under IFRS 9.

- Other receivables that are not credit-impaired on initial recognition are classified as ‘Stage 1’ and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The expected credit loss is measured on a lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to ‘Stage 3’. The expected credit loss is measured on a lifetime basis.

As there has been no significant increase in credit risk since initial recognition, all of the Group’s other receivables as at December 31, 2021, 2022, 2023 and June 30, 2024 were classified as Stage 1 and their expected credit losses were measured on a 12-month basis.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) *Liquidity risk*

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year and 2 years RMB'000	Between 2 years and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
Group					
At December 31, 2021					
Trade payables	25,829	–	–	25,829	25,829
Other payables (excluding payroll payables and taxes payables)	1,002	–	–	1,002	1,002
Lease liabilities	3,337	2,503	–	5,840	5,632
At December 31, 2022					
Trade payables	17,549	–	–	17,549	17,549
Other payables (excluding payroll payables and taxes payables)	10,605	–	–	10,605	10,605
Lease liabilities	24,432	14,596	–	39,028	37,530
At December 31, 2023					
Trade payables	7,162	–	–	7,162	7,162
Other payables (excluding payroll payables and taxes payables)	10,896	–	–	10,896	10,896
Lease liabilities	19,487	22,656	–	42,143	40,520
At June 30, 2024					
Trade payables	2,248	–	–	2,248	2,248
Other payables (excluding payroll payables and taxes payables)	12,950	–	–	12,950	12,950
Lease liabilities	22,445	5,785	–	28,230	27,284

3.2 Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is not significant.

The Group believes that cash flows from operating activities and available cash and cash equivalents will be sufficient to fund capital expenditures, debt servicing, dividend payments and other cash requirements going forward.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at each balance sheet date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

The following tables present the Group's assets or liabilities that are measured at fair value as at December 31, 2021, 2022, 2023 and June 30, 2024.

At December 31, 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (<i>Note 19</i>)	<u>–</u>	<u>100,259</u>	<u>19,449</u>	<u>119,708</u>

At December 31, 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (<i>Note 19</i>)	<u>–</u>	<u>100,596</u>	<u>24,622</u>	<u>125,218</u>

At December 31, 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (<i>Note 19</i>)	<u>–</u>	<u>112,201</u>	<u>25,882</u>	<u>138,083</u>

At June 30, 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investments measured at fair value through profit or loss (<i>Note 19</i>)	<u>–</u>	<u>107,168</u>	<u>25,434</u>	<u>132,602</u>

The following table presents the changes in level 3 instruments of long-term investments measured at fair value through profit or loss for the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	13,995	19,449	24,622	24,622	25,882
Changes in fair value	5,454	5,173	1,260	1,193	(448)
At the end of the year/period	19,449	24,622	25,882	25,815	25,434
Net unrealized gains/(losses) for the year/period	5,454	5,173	1,260	1,193	(448)

The Group has a team that manages the valuation exercise for level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts were involved when necessary.

The valuation of the level 3 instruments mainly includes investments in unlisted equity securities, and level 2 instruments mainly includes wealth management products (Note 19). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows, market approach etc.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 2 fair value measurements.

	As at December 31,				Significant unobservable inputs	Range of inputs			As at June 30, 2024	Relationship of unobservable inputs to fair values
	2021	2022	2023	2024		As at December 31,				
	RMB'000	RMB'000	RMB'000	RMB'000		2021	2022	2023		
Short-term investments measured at fair value through profit or loss:										
– Wealth management products	100,259	100,596	112,201	107,168	Expected rate of return	1.35%-3.15%	1.35%-3.21%	1.49%-3.51%	1.49%-3.31%	The higher the expected rate of return, the higher the fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Significant unobservable inputs			Range of inputs			Relationship of unobservable inputs to fair values			Reasonable change in key assumptions			Fair value increased/decreased to		
	As at June 30, 2021	As at December 31, 2022	As at June 30, 2023	As at December 31, 2021	As at December 31, 2022	As at June 30, 2023	As at June 30, 2024	As at June 30, 2024	As at June 30, 2024	As at December 31, 2021	As at December 31, 2022	As at June 30, 2023	As at December 31, 2021	As at December 31, 2022	As at June 30, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Long-term investments measured at fair value through profit or loss:															
- Unlisted equity securities	19,449	24,622	25,882	25,434	46.4%	47.6%	48.0%	47.1%	The higher the expected volatility, the higher the fair value	(1) Expected volatility increases 5%	21,521	25,643	27,228	26,110	
										(2) Expected volatility decreases 5%	17,439	23,858	24,482	24,746	
										(1) Risk-free rate increases 1%	21,049	27,238	26,248	25,789	
										(2) Risk-free rate decreases 1%	17,955	21,972	25,510	25,077	

The Group believes that any reasonably possible change in assumptions used for the significant unobservable inputs would not significantly affect the profit or loss for the years/periods.

There were no transfers between levels 1, 2 and 3 of the fair value hierarchy classifications during the years ended December 31, 2021, 2022, 2023 and the six months ended June 30, 2024.

The carrying amounts of the Group's financial assets that are not measured at fair value including cash and cash equivalents, term deposits with initial term of over three months, restricted cash, trade and notes receivables and other receivables, and the Group's financial liabilities that are not measured at fair value, including lease liabilities, trade payables, other payables and, redemption liabilities, approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations are based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3 to the Historical Financial Information.

(b) Credit loss allowance for trade and notes receivables and contract assets

The credit loss allowance for trade and notes receivables and contract assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(c) Valuation of share-based payments

The fair value of restricted stock units at the grant date is determined by using valuation techniques. Significant estimates on assumptions, such as volatility and dividend yield are made based on management's best estimates. Further details are included in Note 26.

(d) Income taxes

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

For temporary differences or tax losses which give rise to deferred income tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred income tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(e) Revenue recognition

The Group applies judgement in determining whether the Group is acting as a principal or an agent in relation to provision of products in considering all relevant facts and circumstances, including the contractual terms of the relevant contracts.

As disclosed in Note 7, government grants were recorded as 'other income'. The Group applies judgement in determining whether income from governments is recorded as 'revenue' or 'other income', which mainly depends on whether the control of products or services is transferred to the PRC government authorities.

5 SEGMENT INFORMATION

The Group's business activities are the testing, validation and evaluation of the functionality, compatibility, safety, reliability and comfortability of ICVs in the PRC. The Group does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole.

The Group's chief operating decision-maker has been identified as the board of directors, who reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As all of the Group's non-current assets are all located in the PRC and all of the Group's revenues are derived from the PRC, no geographical information is presented.

The major customers who contributed more than 10% of total revenue of the Group for the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024 are listed below:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30, 2023	2024
				(Unaudited)	
Percentage of revenue from the major customers to the total revenue of the Group					
Customer A	39.02%	*	*	*	*
Customer B	13.79%	*	*	*	*
Customer C	*	13.31%	*	*	*
Customer D	*	11.00%	*	*	*
Customer E	*	10.31%	*	*	*
Customer G	*	*	22.77%	*	*
Customer H	*	*	11.17%	*	*
Customer I	*	*	*	*	29.82%
Customer K	*	*	*	*	21.31%
Customer L	*	*	*	*	14.34%
China Merchants Testing Vehicle Technology Research Institute Company Limited	*	*	*	43.45%	*
The Relevant Customer	*	24.40%	*	20.76%	*
Beijing Car Internet Technology Development Company Limited	25.50%	*	*	*	*

* represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective years.

Note: The Relevant Customer is a limited liability company established in the PRC, which is a leading global information and communications technology solutions and smart devices provider and our customer since 2018.

6 REVENUE

Disaggregation of revenue from contracts by products and services:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023	2024
				RMB'000	RMB'000
				(Unaudited)	
ICV simulation testing software and platforms	60,780	81,100	100,492	1,643	31,321
ICV data platforms and other products					
– ICV data platforms	41,921	1,407	17,798	9,745	10,903
– Other products	–	38,047	2,123	–	–
ICV testing and related services	2,254	12,440	38,970	8,317	6,638
Advisory and other services	1,951	12,391	16,320	1,922	6,698
	<u>106,906</u>	<u>145,385</u>	<u>175,703</u>	<u>21,627</u>	<u>55,560</u>

Timing of revenue recognition

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023	2024
				RMB'000	RMB'000
				(Unaudited)	
At point in time	106,827	144,442	174,357	21,627	54,830
Over time	79	943	1,346	–	730
	<u>106,906</u>	<u>145,385</u>	<u>175,703</u>	<u>21,627</u>	<u>55,560</u>

(a) Contract assets

Group

The Group recognized the following assets related to contracts with customers:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract assets				
– Current	6,931	7,446	8,216	6,773
– Non-current	–	–	–	2,428
Less: credit loss allowance	(25)	(32)	(83)	(88)
	<u>6,906</u>	<u>7,414</u>	<u>8,133</u>	<u>9,113</u>

Contract assets are generally the final payments of contracts relating to the provision of products which are due at the end of the quality assurance period.

Movements on credit loss allowance for contract assets are as follows:

	Year ended December 31,			Six months ended	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	June 30, 2023 RMB'000 (Unaudited)	2024 RMB'000
At the beginning of the year/period	(7)	(25)	(32)	(32)	(83)
Credit loss allowance recognized, net	<u>(18)</u>	<u>(7)</u>	<u>(51)</u>	<u>(160)</u>	<u>(5)</u>
At the end of the year/period	<u>(25)</u>	<u>(32)</u>	<u>(83)</u>	<u>(192)</u>	<u>(88)</u>

Company

The Company recognized the following assets related to contracts with customers:

	As at December 31,			As at
	2021 RMB'000	2022 RMB'000	2023 RMB'000	June 30, 2024 RMB'000
Contract assets				
– Current	6,931	7,446	8,216	6,584
– Non-current	–	–	–	2,428
Less: credit loss allowance	<u>(25)</u>	<u>(32)</u>	<u>(83)</u>	<u>(85)</u>
	<u>6,906</u>	<u>7,414</u>	<u>8,133</u>	<u>8,927</u>

Movements on credit loss allowance for contract assets are as follows:

	Year ended December 31,			Six months ended	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	June 30, 2023 RMB'000 (Unaudited)	2024 RMB'000
At the beginning of the year/period	(7)	(25)	(32)	(32)	(83)
Credit loss allowance recognized, net	<u>(18)</u>	<u>(7)</u>	<u>(51)</u>	<u>(160)</u>	<u>(2)</u>
At the end of the year/period	<u>(25)</u>	<u>(32)</u>	<u>(83)</u>	<u>(192)</u>	<u>(85)</u>

Expected credit losses rate on contract assets range from 0.05% to 2.72% during the Track Record Period.

(b) Contract liabilities

Group

The Group recognized the following liabilities related to contracts with customers:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Contract liabilities	<u>836</u>	<u>2,380</u>	<u>7,078</u>	<u>6,076</u>

The following table shows the Group's revenue recognized in the Track Record Period related to carried-forward contract liabilities:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	
	RMB'000	RMB'000	RMB'000	2023	2024
Revenue recognized that was included in the contract liabilities at beginning of year/period	<u>21,283</u>	<u>270</u>	<u>2,380</u>	<u>1,511</u>	<u>1,936</u>

The following table includes the Group's revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	7,222	24,326	21,000	34,708
Over 1 year	<u>2,272</u>	<u>439</u>	<u>737</u>	<u>755</u>
	<u>9,494</u>	<u>24,765</u>	<u>21,737</u>	<u>35,463</u>

Company

The Company recognized the following liabilities related to contracts with customers:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Contract liabilities	<u>671</u>	<u>1,792</u>	<u>3,416</u>	<u>3,934</u>

The following table shows the Company's revenue recognized in the Track Record Period related to carried-forward contract liabilities:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30, 2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue recognized that was included in the contract liabilities at beginning of year/period	21,283	105	1,792	285	1,829

The following table includes Company's revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	5,717	16,491	16,161	31,080
Over 1 year	1,407	—	—	295
	7,124	16,491	16,161	31,375

Contract liabilities of the Group and of the Company mainly arise from the advance payments made by customers before the underlying products/services are delivered/provided.

7 OTHER INCOME

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30, 2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants	13,166	9,171	31,338	12,538	10,335
VAT refund	324	2,061	8,595	7,850	1,621
Interest income from wealth management products	991	1,325	894	384	549
Others	25	28	44	43	977
	14,506	12,585	40,871	20,815	13,482

Government grants primarily relate to grants in connection with the Group's contributions to technology development of governments.

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Fair value changes on financial assets at fair value through profit or loss					
– Unlisted equity securities	5,454	5,173	1,260	1,193	(448)
Others	(59)	277	(68)	(19)	(1)
	<u>5,395</u>	<u>5,450</u>	<u>1,192</u>	<u>1,174</u>	<u>(449)</u>

9 EXPENSES BY NATURE

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Change in contract fulfilment costs	3,781	(4,557)	5,953	620	(15,221)
Procurement costs	33,658	29,574	24,277	1,088	22,621
Salaries, wages and other benefits	33,214	52,712	71,348	32,481	33,333
Less: capitalised in internally generated intangible assets	–	(7,403)	(4,618)	(3,820)	–
	33,214	45,309	66,730	28,661	33,333
Commissioned external research and development costs	976	1,790	11,152	4,309	140
Depreciation of equipment (Note 15)	2,470	6,642	20,809	8,473	13,951
Less: capitalised in internally generated intangible assets	–	(60)	(88)	(49)	–
	2,470	6,582	20,721	8,424	13,951
Depreciation of right-of-use assets (Note 14)	2,639	15,365	12,792	5,888	7,743
Less: capitalised in internally generated intangible assets	–	(297)	(190)	(190)	–
	2,639	15,068	12,602	5,698	7,743
Amortization of intangible assets (Note 16)	2,234	2,996	5,525	2,063	4,611
Less: capitalised in internally generated intangible assets	–	(40)	(123)	(60)	–
	2,234	2,956	5,402	2,003	4,611
Office expenses	1,362	1,583	2,270	788	1,135
Rental and property expenses	1,543	1,835	1,471	667	1,310
Legal and professional fees	2,176	6,988	3,857	1,184	5,046
Business travel expenses	1,170	1,342	2,614	1,065	1,000

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Business entertainment expenses	727	980	1,504	650	664
Recruitment and training expenses	257	266	98	76	4
Credit loss allowance recognized/(reversed), net (note)	170	1,955	7,024	2,317	(1,931)
Other taxes and surcharges	602	1,387	512	198	334
Share-based payments expenses (Note 26)	1,036	1,135	938	474	604
Advertising and marketing expenses	122	6	47	39	76
Listing expenses	–	573	606	31	155
Others	296	770	919	156	125
	<u>88,433</u>	<u>115,542</u>	<u>168,697</u>	<u>58,448</u>	<u>75,700</u>

Note:

- (a) Mainly includes the credit loss allowance on contract assets, trade and notes receivables and other receivables. Please refer to Notes 6(a), 21 and 22.

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	26,987	41,532	55,468	25,361	25,164
Contributions to pension plans	2,755	4,625	6,457	2,915	3,385
Other social security costs, housing benefits and other employee benefits	3,472	6,555	9,423	4,205	4,784
Share-based payment expenses (Note 26)	1,036	1,135	938	474	604
	<u>34,250</u>	<u>53,847</u>	<u>72,286</u>	<u>32,955</u>	<u>33,937</u>

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group includes 3 directors for the years ended December 31, 2021 and 2022, and 1 director for the year ended December 31, 2023 and the six months ended June 30, 2023 and 2024, whose emoluments are reflected in the note (b) below. The total emoluments payable to the remaining individuals during the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024 are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	1,368	1,703	3,848	2,004	1,741
Contributions to pension plans	110	124	265	129	137
Other social security costs, housing benefits and other employee benefits	130	160	355	172	181
Share-based payment expenses	118	107	168	88	70
	<u>1,726</u>	<u>2,094</u>	<u>4,636</u>	<u>2,393</u>	<u>2,129</u>

The emoluments, except for that of 3 directors for the years ended December 31, 2021 and 2022, and 1 director for the year ended December 31, 2023, and the six months ended June 30, 2023 and 2024 fell within the following bands:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
				(Unaudited)	
<i>Hong Kong dollars</i> (<i>"HK\$"</i>)					
Nil to HK\$500,000	–	–	–	1	2
HK\$500,001 to HK\$1,000,000	2	1	1	3	2
HK\$1,000,001 to HK\$1,500,000	–	1	3	–	–
	<u>2</u>	<u>2</u>	<u>4</u>	<u>4</u>	<u>4</u>

(b) Benefits and interests of directors and supervisor

The remuneration of each director and supervisor of the Group for the year ended December 31, 2021 is set out as follows:

	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Directors					
Mr. Hu Dalin	960	52	56	-	1,068
Mr. He Feng	600	52	56	351	1,059
Ms. Ma Lei	600	52	56	214	922
Dr. Kan Zhigang	-	-	-	-	-
Dr. Yao Xiang	-	-	-	-	-
Ms. Song Juan	-	-	-	-	-
Dr. Cao Gang	-	-	-	-	-
Supervisor					
Mr. Ni Jie	-	-	-	-	-
	<u>2,160</u>	<u>156</u>	<u>168</u>	<u>565</u>	<u>3,049</u>

The remuneration of each director and supervisor of the Group for the year ended December 31, 2022 is set out as follows:

	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Directors					
Mr. Hu Dalin	1,040	60	72	-	1,172
Mr. He Feng	650	60	72	460	1,242
Ms. Ma Lei	650	60	72	214	996
Dr. Kan Zhigang	-	-	-	-	-
Dr. Yao Xiang	-	-	-	-	-
Ms. Song Juan	-	-	-	-	-
Ms. Gong Xiao	-	-	-	-	-
Ms. Guo Lili	-	-	-	-	-
Mr. Huang Hua	-	-	-	-	-
Mr. Wong Ho Kwan	-	-	-	-	-
Supervisors					
Mr. Ni Jie	-	-	-	-	-
Dr. Cao Gang	-	-	-	-	-
Ms. Xue Na	255	34	42	27	358
	<u>2,595</u>	<u>214</u>	<u>258</u>	<u>701</u>	<u>3,768</u>

The remuneration of each director and supervisor of the Group for the year ended December 31, 2023 is set out as follows:

	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payments expenses RMB'000	Total RMB'000
Directors					
Mr. Hu Dalin	1,120	65	87	–	1,272
Mr. He Feng	701	65	87	434	1,287
Ms. Ma Lei	700	65	87	167	1,019
Mr. Kan Zhigang	–	–	–	–	–
Dr. Yao Xiang	–	–	–	–	–
Ms. Gong Xiao	–	–	–	–	–
Ms. Guo Lili	–	–	–	–	–
Mr. Huang Hua	–	–	–	–	–
Mr. Wong Ho Kwan	–	–	–	–	–
Supervisor					
Mr. Ni Jie	–	–	–	–	–
Dr. Cao Gang	–	–	–	–	–
Ms. Xue Na	273	42	55	21	391
	<u>2,794</u>	<u>237</u>	<u>316</u>	<u>622</u>	<u>3,969</u>

The remuneration of each director and supervisor of the Group for the six months ended June 30, 2023 is set out as follows:

	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payment expenses RMB'000	Total RMB'000 (Unaudited)
Directors					
Mr. Hu Dalin	560	32	42	–	634
Mr. He Feng	351	32	42	212	637
Ms. Ma Lei	350	32	42	87	511
Dr. Kan Zhigang	–	–	–	–	–
Dr. Yao Xiang	–	–	–	–	–
Ms. Gong Xiao	–	–	–	–	–
Ms. Guo Lili	–	–	–	–	–
Mr. Huang Hua	–	–	–	–	–
Mr. Wong Ho Kwan	–	–	–	–	–
Supervisors					
Mr. Ni Jie	–	–	–	–	–
Dr. Cao Gang	–	–	–	–	–
Ms. Xue Na	137	21	27	11	196
	<u>1,398</u>	<u>117</u>	<u>153</u>	<u>310</u>	<u>1,978</u>

The remuneration of each director and supervisor of the Group for the six months ended June 30, 2024 is set out as follows:

	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Share-based payment expenses RMB'000	Total RMB'000
Directors					
Mr. Hu Dalin	480	34	44	–	558
Mr. He Feng	300	34	44	411	789
Ms. Ma Lei	300	34	44	69	447
Dr. Kan Zhigang	–	–	–	–	–
Dr. Yao Xiang	–	–	–	–	–
Ms. Gong Xiao	–	–	–	–	–
Ms. Guo Lili	–	–	–	–	–
Mr. Huang Hua	–	–	–	–	–
Mr. Wong Ho Kwan	–	–	–	–	–
Supervisors					
Mr. Ni Jie	–	–	–	–	–
Dr. Cao Gang	–	–	–	–	–
Ms. Xue Na	121	21	28	9	179
	<u>1,201</u>	<u>123</u>	<u>160</u>	<u>489</u>	<u>1,973</u>

Notes:

Ms. Song Juan tendered her letter of resignation as a director of the Company on December 14, 2021 and her resignation took effect upon the appointment of the new director on February 28, 2022.

Ms. Gong Xiao was appointed as a director of the Company on February 28, 2022.

Ms. Guo Lili has been appointed as an independent director since October 2022 and has been further appointed as an independent non-executive director since December 2022.

Mr. Huang Hua has been appointed as an independent director since October 2022 and has been further appointed as an independent non-executive director since December 2022.

Mr. Wong Ho Kwan has been appointed as an independent director since October 2022 and has been further appointed as an independent non-executive director since December 2022.

Dr. Cao Gang was former director from May 2020 to October 2022 and has been appointed as chairman of the supervisory committee since October 2022.

Ms. Xue Na has been appointed as personnel manager of the administrative department of Company since January 2022 and as employee representative supervisor since October 2022.

Directors' and supervisors' termination benefits

No termination benefits were paid or payable to the directors or supervisors during the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024.

Consideration provided to third parties for making available directors' and supervisors' services

No consideration was provided to third parties for making available directors' or supervisor's services during the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024.

Information about loans, quasi-loans and other dealings in favour of directors and supervisors, controlled body corporates by and connected entities with such directors and supervisors

No loans, quasi-loans and other dealings in favour of directors or supervisors, controlled body corporates by and connected entities with such directors or supervisors existed as at December 31, 2021, 2022, 2023 and June 30, 2024 or at any time during the Track Record Period.

Directors' and supervisors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 34, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, existed as at December 31, 2021, 2022, 2023 and June 30, 2024 or at any time during the Track Record Period.

11 FINANCE INCOME AND FINANCE COSTS

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023	2024
				RMB'000	RMB'000
				(Unaudited)	
Finance income:					
Interest income from bank deposits	1,045	2,132	3,123	2,147	1,707
Finance costs:					
Interest expense on lease liabilities (Note 14)	(271)	(1,586)	(1,448)	(692)	(678)
Others	(17)	(94)	(22)	(12)	(6)
	(288)	(1,680)	(1,470)	(704)	(684)

12 INCOME TAX EXPENSES/(CREDIT)

The income tax expenses/(credit) of the Group for the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024 are analysed as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023	2024
				RMB'000	RMB'000
				(Unaudited)	
Current income tax	1,560	--	--	--	--
Deferred income tax	--	--	(2,676)	(913)	(2,147)
	1,560	--	(2,676)	(913)	(2,147)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to the Group as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit/(loss) before income tax	39,131	48,686	50,755	(11,978)	(6,746)
Tax calculated at statutory income tax rate of 25% in the PRC (<i>Note (a)</i>)	9,783	12,172	12,689	(2,995)	(1,687)
Tax effects of:					
– Preferential income tax rate applicable to the Group (<i>Note (b)</i>)	(3,723)	(16,211)	(6,099)	7,185	6,427
– Super deduction for research and development expenses (<i>Note (c)</i>)	(4,254)	(5,159)	(11,594)	(5,685)	(6,781)
– Expenses not deductible for income tax purposes	73	119	163	135	96
– Utilization of previously unrecognized tax losses	–	–	(396)	(88)	–
– Temporary differences for which no deferred income tax assets was recognized	38	4,491	–	–	2
– Deductible loss of unrecognized deferred income tax assets in the current year/period	140	2,200	1,815	1,038	458
– Tax effect of share of profits of associates and joint ventures	–	(89)	(4)	(353)	(662)
– Taxable government subsidies received not recorded in current profit or loss	829	2,477	–	–	–
– Non-taxable income	(1,326)	–	–	–	–
– Impact of change in tax rate	–	–	750	(150)	–
Income tax expenses/(credit)	<u>1,560</u>	<u>–</u>	<u>(2,676)</u>	<u>(913)</u>	<u>(2,147)</u>

Notes:

(a) Enterprise income tax in the PRC (“EIT”)

The income tax provision of the Group in respect of its operations in the PRC was calculated using a tax rate of 25% on the assessable profits for the year presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) Preferential EIT rate

The Company and a subsidiary in the PRC are entitled to preferential EIT rates, as follows:

The EIT laws and regulations provide that entities recognized as software enterprises are able to enjoy a tax holiday consisting of a two-year-exemption commencing from their first profitable calendar year and a 50% reduction in ordinary tax rate for the following three calendar years. The Company was recognized as the Key Software Enterprise and therefore enjoyed a preferential EIT rate of 0% from January 1, 2019 to December 31, 2023, and can enjoy a preferential EIT rate of 10% from January 1, 2024.

A subsidiary of the Company, Zhejiang Fly Here Technology Co., Ltd enjoys tax benefits for small and micro enterprises.

(c) Super deduction for research and development expenses

The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses (the “Super Deduction”) from January 1, 2018 to December 31, 2020, and announced in March 2021 to extend this preferential claim percentage to December 31, 2023. According to Announcement No. 28 2022 of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology, during the period from October 1, 2022 to December 31, 2022, the pre-tax deduction rate of research and development expenses will be increased to 100% for enterprises that currently apply 75% of the pre-tax deduction rate. According to Announcement No. 7 of 2023 by the Ministry of Finance and the State Administration of Taxation, since January 1, 2023, the pre-tax deduction rate for enterprise research and development expenses is 100%. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the Track Record Period.

(d) Global minimum top-up tax

The Group has adopted International Tax Reform - Pillar Two Model Rules -Amendments to IAS 12 upon their release on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023. The mandatory exception applies retrospectively and the retrospective application has no impact on the Group’s consolidated financial statements.

13 EARNINGS PER SHARE

(a) Basic

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
				2023	
				(Unaudited)	
Profit/(loss) attributable to owners of the Company (RMB’000)	37,747	50,330	55,479	(9,898)	(4,743)
Weighted average number of ordinary shares (thousands)	83,356	97,035	98,450	98,450	98,450
Basic earnings/(losses) per share (RMB)	0.45	0.52	0.56	(0.10)	(0.05)

The basic earnings/(losses) per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years/periods.

On November 8, 2022, the Company was converted into a joint stock company. Upon the conversion, the share capital of the Company became RMB100,000,000 divided into 100,000,000 shares with a nominal value of RMB1 each.

For the purpose of presenting earnings per share, the weighted average number of ordinary shares for each of the years was determined by taking into consideration the shares conversion ratio between paid-up capital and 100,000,000 shares as if the conversion had occurred at the beginning of the earliest year reported. The shares granted to employees under an equity incentive plan are excluded from the calculation of the weighted average number of ordinary shares.

(b) Diluted

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
				2023	
				(Unaudited)	
Profit/(loss) attributable to owners of the Company (RMB'000)	37,747	50,330	55,479	(9,898)	(4,743)
Weighted average number of ordinary shares used in the basic earnings per share calculation (thousands)	83,356	97,035	98,450	98,450	98,450
Effect of dilution:					
– Restricted stock units (thousands)	1,213	1,405	1,406	–	–
Adjusted weighted average number of ordinary shares used in the diluted earnings per share calculation (thousands)	84,569	98,440	99,856	98,450	98,450
Diluted earnings/(losses) per share (RMB)	0.45	0.51	0.56	(0.10)	(0.05)

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has restricted stock units outstanding which are potentially dilutive.

The Group made a loss for the six months ended June 30, 2023 and 2024. The effect of restricted stock units was anti-dilutive and is excluded from the calculation of the diluted loss per share. The diluted loss per share is calculated in the same way with the basic loss per share.

14 LEASES

The Group and the Company lease certain of its premises, which are negotiated for terms ranging from 1 to 3 years.

The consolidated and company balance sheets include the following amounts relating to leases:

(a) Right-of-use assets

The carrying amounts of the Group's and the Company's right-of-use assets and the movements during the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024 are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	7,151	5,438	22,557	22,557	26,346
Additions	926	33,001	17,228	1,545	–
Depreciation charge	(2,639)	(15,365)	(12,792)	(5,888)	(7,743)
Lease alteration	–	(517)	(647)	(647)	–
At the end of the year/period	<u>5,438</u>	<u>22,557</u>	<u>26,346</u>	<u>17,567</u>	<u>18,603</u>

(b) Lease liabilities

The carrying amounts of the Group's and the Company's lease liabilities as at December 31, 2021, 2022, 2023 and June 30, 2024 are as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Current	3,162	23,374	18,278	21,647
Non-current	<u>2,470</u>	<u>14,156</u>	<u>22,242</u>	<u>5,637</u>
	<u>5,632</u>	<u>37,530</u>	<u>40,520</u>	<u>27,284</u>

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Depreciation charge for right-of-use assets (Note 9)	2,639	15,365	12,792	5,888	7,743
Interest expense (Note 11)	271	1,586	1,448	692	678
Expenses relating to short-term leases and variable lease payments not included in lease liabilities	902	1,256	712	474	1,014
Intangible assets and contract fulfilment costs	–	377	196	199	221

15 EQUIPMENT

The detailed information of the Group's equipment during the Track Record Period is as below:

	Electronics equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended December 31, 2021				
Opening net book amount	3,282	547	131	3,960
Additions	4,397	1,407	–	5,804
Depreciation charge	(2,123)	(312)	(35)	(2,470)
Closing net book amount	5,556	1,642	96	7,294
At December 31, 2021				
Cost	10,003	2,045	142	12,190
Accumulated depreciation	(4,447)	(403)	(46)	(4,896)
Net book amount	5,556	1,642	96	7,294
Year ended December 31, 2022				
Opening net book amount	5,556	1,642	96	7,294
Additions	36,873	69	–	36,942
Disposals	(84)	–	–	(84)
Depreciation charge	(5,955)	(654)	(33)	(6,642)
Closing net book amount	36,390	1,057	63	37,510
At December 31, 2022				
Cost	45,730	2,114	142	47,986
Accumulated depreciation	(9,340)	(1,057)	(79)	(10,476)
Net book amount	36,390	1,057	63	37,510
Year ended December 31, 2023				
Opening net book amount	36,390	1,057	63	37,510
Additions	41,018	4,804	–	45,822
Disposals	(143)	(59)	–	(202)
Depreciation charge	(19,634)	(1,140)	(35)	(20,809)
Closing net book amount	57,631	4,662	28	62,321
At December 31, 2023				
Cost	86,349	6,806	142	93,297
Accumulated depreciation	(28,718)	(2,144)	(114)	(30,976)
Net book amount	57,631	4,662	28	62,321

	Electronics equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended June 30, 2024				
Opening net book amount	57,631	4,662	28	62,321
Additions	1,289	65	–	1,354
Disposals	(1,021)	–	–	(1,021)
Depreciation charge	<u>(13,098)</u>	<u>(835)</u>	<u>(18)</u>	<u>(13,951)</u>
Closing net book amount	<u>44,801</u>	<u>3,892</u>	<u>10</u>	<u>48,703</u>
At June 30, 2024				
Cost	86,577	5,321	142	92,040
Accumulated depreciation	<u>(41,776)</u>	<u>(1,429)</u>	<u>(132)</u>	<u>(43,337)</u>
Net book amount	<u>44,801</u>	<u>3,892</u>	<u>10</u>	<u>48,703</u>

Depreciation charges were recognized in the following categories:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Research and development expenses	1,862	2,889	12,571	2,464	4,250
General and administrative expenses	606	3,684	7,681	5,836	9,290
Selling and marketing expenses	2	9	45	6	87
Cost of sales	<u>–</u>	<u>–</u>	<u>149</u>	<u>3</u>	<u>99</u>
Expensed off in the consolidated statements of comprehensive income	2,470	6,582	20,446	8,309	13,726
Capitalised in contract fulfilment costs	–	–	275	115	225
Capitalised in intangible assets	<u>–</u>	<u>60</u>	<u>88</u>	<u>49</u>	<u>–</u>
	<u>2,470</u>	<u>6,642</u>	<u>20,809</u>	<u>8,473</u>	<u>13,951</u>

The detailed information of the Company's equipment during the Track Record Period is as below:

	Electronics equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended December 31, 2021				
Opening net book amount	3,231	205	131	3,567
Additions	4,042	1,406	–	5,448
Depreciation charge	(2,020)	(197)	(35)	(2,252)
Closing net book amount	5,253	1,414	96	6,763
At December 31, 2021				
Cost	9,583	1,643	142	11,368
Accumulated depreciation	(4,330)	(229)	(46)	(4,605)
Net book amount	5,253	1,414	96	6,763
Year ended December 31, 2022				
Opening net book amount	5,253	1,414	96	6,763
Additions	36,680	69	–	36,749
Disposals	(32)	–	–	(32)
Depreciation charge	(5,802)	(539)	(33)	(6,374)
Closing net book amount	36,099	944	63	37,106
At December 31, 2022				
Cost	45,208	1,712	142	47,062
Accumulated depreciation	(9,109)	(768)	(79)	(9,956)
Net book amount	36,099	944	63	37,106
Year ended December 31, 2023				
Opening net book amount	36,099	944	63	37,106
Additions	39,758	4,804	–	44,562
Disposals	(143)	(59)	–	(202)
Depreciation charge	(19,181)	(1,073)	(35)	(20,289)
Closing net book amount	56,533	4,616	28	61,177
At December 31, 2023				
Cost	84,567	6,405	142	91,114
Accumulated depreciation	(28,034)	(1,789)	(114)	(29,937)
Net book amount	56,533	4,616	28	61,177

	Electronics equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Six months ended June 30, 2024				
Opening net book amount	56,533	4,616	28	61,177
Additions	1,289	65	–	1,354
Disposals	(1,021)	–	–	(1,021)
Depreciation charge	(12,843)	(826)	(18)	(13,687)
Closing net book amount	43,958	3,855	10	47,823
At June 30, 2024				
Cost	84,796	5,209	142	90,147
Accumulated depreciation	(40,838)	(1,354)	(132)	(42,324)
Net book amount	43,958	3,855	10	47,823

16 INTANGIBLE ASSETS

The detailed information of the Group's intangible assets during the Track Record Period is as below:

	Software and system RMB'000	Internally generated intangible assets RMB'000	Internally generated intangible assets (not yet ready for use) RMB'000	Total RMB'000
Year ended December 31, 2021				
Opening net book amount	7,646	–	–	7,646
Additions	1,997	–	–	1,997
Amortization charge	(2,234)	–	–	(2,234)
Closing net book amount	7,409	–	–	7,409
At December 31, 2021				
Cost	11,794	–	–	11,794
Accumulated amortization	(4,385)	–	–	(4,385)
Net book amount	7,409	–	–	7,409
Year ended December 31, 2022				
Opening net book amount	7,409	–	–	7,409
Additions	3,702	–	7,865	11,567
Transferred into internally generated intangible assets	–	1,593	(1,593)	–
Amortization charge	(2,863)	(133)	–	(2,996)
Closing net book amount	8,248	1,460	6,272	15,980

	Software and system RMB'000	Internally generated intangible assets RMB'000	Internally generated intangible assets (not yet ready for use) RMB'000	Total RMB'000
At December 31, 2022				
Cost	15,496	1,593	6,272	23,361
Accumulated amortization	(7,248)	(133)	–	(7,381)
Net book amount	8,248	1,460	6,272	15,980
Year ended December 31, 2023				
Opening net book amount	8,248	1,460	6,272	15,980
Additions	16,231	–	5,056	21,287
Amortization charge	(5,207)	(318)	–	(5,525)
Closing net book amount	19,272	1,142	11,328	31,742
At December 31, 2023				
Cost	31,727	1,593	11,328	44,648
Accumulated amortization	(12,455)	(451)	–	(12,906)
Net book amount	19,272	1,142	11,328	31,742
Six months ended June 30, 2024				
Opening net book amount	19,272	1,142	11,328	31,742
Additions	8,868	–	–	8,868
Transfers	–	11,328	(11,328)	–
Amortization charge	(3,319)	(1,292)	–	(4,611)
Closing net book amount	24,821	11,178	–	35,999
At June 30, 2024				
Cost	40,595	12,921	–	53,516
Accumulated amortization	(15,774)	(1,743)	–	(17,517)
Net book amount	24,821	11,178	–	35,999

Amortization charges were recognized in the following categories:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Research and development expenses	1,568	2,205	4,121	1,455	2,205
General and administrative expenses	531	618	933	384	1,099
Selling and marketing expenses	–	133	329	164	6
Cost of sales	135	–	17	–	1,297
	<u>2,234</u>	<u>2,956</u>	<u>5,400</u>	<u>2,003</u>	<u>4,607</u>
Expensed in the consolidated statements of comprehensive income	2,234	2,956	5,400	2,003	4,607
Capitalised in internally generated intangible assets	–	40	123	60	–
Contract fulfilment costs	–	–	2	–	4
	<u>2,234</u>	<u>2,996</u>	<u>5,525</u>	<u>2,063</u>	<u>4,611</u>

Internally generated not yet ready for use intangible assets of the Group and the Company comprised the following:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cost of labour	–	5,896	10,514	–
Depreciation of right-of-use assets	–	232	422	–
Others	–	144	392	–
	<u>–</u>	<u>6,272</u>	<u>11,328</u>	<u>–</u>

The impairment reviews for the Group's internally generated intangible assets which are not yet ready for use as at December 31, 2022 and 2023 have been conducted annually by the management. For the purposes of the impairment review, the recoverable amount of the Group's internally generated intangible assets (not yet ready for use) is determined based on value-in-use ("VIU") calculated by discounted cash flow model. The cash flow forecast was mainly derived from the signed and indicative contracts or available orders whose cash inflow were expected to be received within one year related to internally generated intangible assets (not yet ready for use), and were discounted to the present value using a pre-tax rate of 16% and 29% as at December 31, 2022 and 2023, respectively.

As at December 31, 2022 and 2023, the estimated recoverable amount based on the VIU calculations were approximately RMB9.65 million and approximately RMB23.41 million, respectively, which are higher than the carrying amounts of the Group's internally generated intangible assets which are not yet ready for use. Thus, no impairment should be recognized for the Group's internally generated intangible assets (not yet ready for use) as at December 31, 2022 and 2023. The key assumptions adopted by management in the impairment assessment is the

pre-tax discount rate and the cash flows forecasted. The directors of the Company have considered and assessed that any reasonably possible changes in the key assumptions would not cause the carrying amount of internally generated intangible assets (not yet ready for use) exceeds their recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2022, had there been a reduction in the total forecasted cash flow by 35% or an increase in the pre-tax discount rate of 63 percentage point each in isolation, the recoverable amount of the Group's internally generated intangible assets which are not yet ready for use would be close to the breakeven point. As at December 31, 2022, had there been a reduction in the cash flow forecast by 5%, or an increase in the pre-tax discount rate of 5 percentage point each in isolation, the headroom would be decreased to approximately RMB2.90 million and approximately RMB2.98 million, respectively.

For sensitivity analysis conducted during the impairment review as at December 31, 2023, had there been a reduction in the cash flow forecast by 52% or an increase in the pre-tax discount rate of 137 percentage point each in isolation, the recoverable amount of the Group's internally generated intangible assets which are not yet ready for use would be close to the breakeven point. As at December 31, 2023, had there been a reduction in the cash flow forecast by 5%, or an increase in the pre-tax discount rate by 5 percentage point, the headroom would be decreased to approximately RMB10.92 million and approximately RMB11.21 million, respectively.

The detail information of the Company's intangible assets during the Track Record Period is as below:

	Software and systems RMB'000	Internally generated intangible assets RMB'000	Internally generated intangible assets (not yet ready for use) RMB'000	Total RMB'000
Year ended December 31, 2021				
Opening net book amount	7,646	–	–	7,646
Additions	1,988	–	–	1,988
Amortization charge	(2,234)	–	–	(2,234)
Closing net book amount	7,400	–	–	7,400
At December 31, 2021				
Cost	11,785	–	–	11,785
Accumulated amortization	(4,385)	–	–	(4,385)
Net book amount	7,400	–	–	7,400
Year ended December 31, 2022				
Opening net book amount	7,400	–	–	7,400
Additions	3,702	–	7,865	11,567
Transferred into internally generated intangible assets	–	1,593	(1,593)	–
Amortization charge	(2,861)	(133)	–	(2,994)
Closing net book amount	8,241	1,460	6,272	15,973
At December 31, 2022				
Cost	15,487	1,593	6,272	23,352
Accumulated amortization	(7,246)	(133)	–	(7,379)
Net book amount	8,241	1,460	6,272	15,973

	Software and systems RMB'000	Internally generated intangible assets RMB'000	Internally generated intangible assets (not yet ready for use) RMB'000	Total RMB'000
Year ended December 31, 2023				
Opening net book amount	8,241	1,460	6,272	15,973
Additions	16,231	–	5,056	21,287
Amortization charge	(5,207)	(318)	–	(5,525)
Closing net book amount	19,265	1,142	11,328	31,735
At December 31, 2023				
Cost	31,718	1,593	11,328	44,639
Accumulated amortization	(12,453)	(451)	–	(12,904)
Net book amount	19,265	1,142	11,328	31,735
Six months ended June 30, 2024				
Opening net book amount	19,265	1,142	11,328	31,735
Additions	8,868	–	–	8,868
Transfers	–	11,328	(11,328)	–
Amortization charge	(3,317)	(1,292)	–	(4,609)
Closing net book amount	24,816	11,178	–	35,994
At June 30, 2024				
Cost	40,586	12,921	–	53,507
Accumulated amortization	(15,770)	(1,743)	–	(17,513)
Net book amount	24,816	11,178	–	35,994

17 INVESTMENT IN SUBSIDIARIES AND AN ASSOCIATE

Group

	Year ended December 31,			Six months ended
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Investment in an associate accounted for using the equity method				
As at the beginning of the year/period	–	–	846	879
Additions	–	490	–	–
Share of profit/(loss) of the investment	–	356	33	(662)
As at the end of the year/period	–	846	879	217

(a) Details of investment in associate

During the Track Record Period, the Company owns 49% equity interest in Beijing Dysprosium Data Technology Co., Ltd. ("Beijing Dysprosium"), which was established in the PRC as a limited liability company on April 12, 2021 with the registered capital of RMB1 million. Beijing Dysprosium is primarily engaged in providing data platform related services in relation to vehicle integrated application service system. The Company paid its own portion of the registered capital of RMB490,000 on April 20, 2022.

(b) Fair value

Beijing Dysprosium is a private company and there is no quoted market price available for its shares.

(c) Contingent liabilities

During the Track Record Period, there are no contingent liabilities relating to the Group's interest in its associate.

(d) Summarised financial information

The carrying amount of this associate during the Track Record Period are as below:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Carrying amount of the profit/(loss) of the associate	–	727	68	2,880	(1,350)
Amounts of the Group's share of profit/(loss) from continuing operations	–	356	33	1,411	(662)

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Investment in subsidiaries	10,000	10,000	10,800	10,800

The Company established a wholly-owned subsidiary, Zhejiang Saimo Technology Co., Ltd, with the registered capital of RMB 10 million on April 19, 2019. The registered capital has been fully paid by the Company as at December 31, 2021.

The Company, together with Beijing Jinyi New Energy Technology Co., Ltd (formerly known as Beijing Jinyi Technology Development Co., Ltd.), established a subsidiary, Beijing Saimo Automotive Testing Technology Co. Ltd., with the register capital of RMB 1 million on March 16, 2022. The Company owns 80% equity interest in the subsidiary and paid its portion of the registered capital on February 2, 2023.

	As at December 31			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Investment in an associate	–	490	490	490

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Assets as per balance sheets				
Financial assets at fair value through profit or loss (<i>Note 19</i>):				
– Unlisted equity securities	19,449	24,622	25,882	25,434
– Wealth management products	100,259	100,596	112,201	107,168
Financial assets at amortized cost:				
– Trade and notes receivables (<i>Note 21</i>)	49,422	139,995	165,695	150,043
– Prepayments and other receivables (excluding prepayments to suppliers, deductible value-added input tax, prepayment of income tax and listing expenses to be capitalized) (<i>Note 22</i>)	2,053	2,450	2,482	4,454
– Restricted cash (<i>Note 23(c)</i>)	20,003	3,660	3,669	3,669
– Term deposits with initial term of over three months (<i>Note 23 (b)</i>)	–	–	–	60,000
– Cash and cash equivalents (<i>Note 23(a)</i>)	81,837	151,046	118,431	34,090
	<u>273,023</u>	<u>422,369</u>	<u>428,360</u>	<u>384,858</u>
Liabilities as per balance sheets				
Financial liabilities at amortized cost:				
– Trade payables (<i>Note 27</i>)	25,829	17,549	7,162	2,248
– Other payables and accruals (excluding payroll payables and taxes payables) (<i>Note 28</i>)	1,002	10,605	10,896	12,950
Lease liabilities (<i>Note 14</i>)	5,632	37,530	40,520	27,284
	<u>32,463</u>	<u>65,684</u>	<u>58,578</u>	<u>42,482</u>

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Non-current assets				
Long-term investments measured at fair value through profit or loss				
– Unlisted equity securities	<u>19,449</u>	<u>24,622</u>	<u>25,882</u>	<u>25,434</u>
Current assets				
Short-term investments measured at fair value through profit or loss				
– Wealth management products	<u>100,259</u>	<u>100,596</u>	<u>112,201</u>	<u>107,168</u>

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Non-current assets				
Long-term investments measured at fair value through profit or loss				
– Unlisted equity securities	19,449	24,622	25,882	25,434
Current assets				
Short-term investments measured at fair value through profit or loss				
– Wealth management products	100,259	100,596	100,184	100,164

20 CONTRACT FULFILMENT COSTS

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Contract fulfilment costs	3,138	7,695	1,742	16,963

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Contract fulfilment costs	3,133	7,129	1,054	16,672

Contract fulfilment costs are the costs incurred to fulfil contracts of provision of products and services, which will be recognized to cost of sales when the Group's related performance obligations are satisfied and hence the related revenue is recognized. Management considers that no provision for impairment of contract fulfilment costs is required to be recognized as of the respective balance sheet dates.

21 TRADE AND NOTES RECEIVABLES

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Trade receivables				
– Third parties	43,642	134,047	172,684	147,403
– Related parties	5,983	8,105	1,829	829
Notes receivables	–	–	–	8,607
Less: credit loss allowance	(203)	(2,157)	(8,818)	(6,796)
	49,422	139,995	165,695	150,043

Movements on the Group's credit loss allowance for trade and notes receivables are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	(43)	(203)	(2,157)	(2,157)	(8,818)
Credit loss allowance (recognized)/reversed, net	(160)	(1,954)	(6,661)	(1,903)	2,022
At the end of the year/period	(203)	(2,157)	(8,818)	(4,060)	(6,796)

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Trade receivables				
– Third parties	44,571	132,349	165,308	144,894
– Related parties	–	1,122	1,829	829
Notes receivables	–	–	–	4,424
Less: credit loss allowance	(143)	(2,133)	(8,560)	(6,626)
	44,428	131,338	158,577	143,521

Movements on the Company's credit loss allowance for trade and notes receivables are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	(43)	(143)	(2,133)	(2,133)	(8,560)
Credit loss allowance (recognized)/reversed, net	(100)	(1,990)	(6,427)	(1,926)	1,934
At the end of the year/period	(143)	(2,133)	(8,560)	(4,059)	(6,626)

The carrying amounts of the Group's and the Company's trade and notes receivables are denominated in RMB.

The Group generally allows a credit period within 90 to 180 days to its customers. Aging analysis of trade and notes receivables based on date of completion of contractual obligations is as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Trade and notes receivables				
Up to 6 months	41,475	119,689	125,381	48,047
6 months to 1 year	–	8,896	3,702	73,288
1 to 2 years	8,100	3,395	35,066	33,726
Over 2 years	50	10,172	10,364	1,778
	<u>49,625</u>	<u>142,152</u>	<u>174,513</u>	<u>156,839</u>

The Company generally allows a credit period within 90 to 180 days to its customers. Aging analysis of trade and notes receivables based on date of completion of contractual obligations is as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Trade and notes receivables				
Up to 6 months	36,421	116,062	119,417	43,556
6 months to 1 year	–	3,842	3,202	71,915
1 to 2 years	8,100	3,395	34,154	33,726
Over 2 years	50	10,172	10,364	950
	<u>44,571</u>	<u>133,471</u>	<u>167,137</u>	<u>150,147</u>

Group

The credit loss allowance of the Group's trade and notes receivables as at December 31, 2021, 2022, 2023 and June 30, 2024 were determined as follows:

	As at December 31, 2021		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	<u>49,625</u>	<u>-0.41%</u>	<u>(203)</u>

	As at December 31, 2022		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	<u>142,152</u>	<u>-1.52%</u>	<u>(2,157)</u>

	As at December 31, 2023		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	174,513	-5.05%	(8,818)

	As at June 30, 2024		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	in thousands, except for percentages		
Credit loss allowance	156,839	-4.33%	(6,796)

Company

The credit loss allowance of the Company's trade and notes receivables as at December 31, 2021, 2022, 2023 and June 30, 2024 were determined as follows:

	As at December 31, 2021		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	44,571	-0.32%	(143)

	As at December 31, 2022		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	133,471	-1.60%	(2,133)

	As at December 31, 2023		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	<i>in thousands, except for percentages</i>		
Credit loss allowance	167,137	-5.12%	(8,560)

	As at June 30, 2024		
	Gross carrying amount	Expected credit loss rate	Credit loss allowance
	in thousands, except for percentages		
Credit loss allowance	150,147	-4.41%	(6,626)

22 PREPAYMENTS AND OTHER RECEIVABLES

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Listing expenses to be capitalized	5,825	29,205	36,095	39,191
Prepayments to suppliers	2,988	486	876	4,394
Deductible value-added input tax	—	105	332	1,039
Prepayment of income tax	3,376	—	—	—
Rental, bidding and other deposits	1,860	1,732	2,208	2,007
Others	193	718	274	2,447
Less: credit loss allowance	(17)	(11)	(323)	(409)
	<u>14,225</u>	<u>32,235</u>	<u>39,462</u>	<u>48,669</u>

Movements on the Group's credit loss allowance for prepayments and other receivables are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	(25)	(17)	(11)	(11)	(323)
Credit loss allowance reversed/(recognized), net	<u>8</u>	<u>6</u>	<u>(312)</u>	<u>(254)</u>	<u>(86)</u>
At the end of the year/period	<u>(17)</u>	<u>(11)</u>	<u>(323)</u>	<u>(265)</u>	<u>(409)</u>

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Listing expenses to be capitalized	5,825	29,205	36,095	39,191
Prepayments to suppliers	2,988	428	689	4,143
Deductible value-added input tax	—	72	284	865
Prepayment of income tax	3,376	—	—	—
Rental, bidding and other deposits	895	686	1,120	964
Others	165	718	274	2,441
Less: credit loss allowance	(17)	(9)	(322)	(407)
	<u>13,232</u>	<u>31,100</u>	<u>38,140</u>	<u>47,197</u>

Movements on the Company's credit loss allowance for other receivables are as follows:

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	(25)	(17)	(9)	(9)	(322)
Credit loss allowance reversed/(recognized), net	8	8	(313)	(253)	(85)
At the end of the year/period	(17)	(9)	(322)	(262)	(407)

As at December 31, 2021, 2022, 2023 and June 30, 2024, the carrying amounts of the Group's and the Company's other receivables were denominated in RMB and approximated their fair values at each of the reporting dates. Other receivables that are measured at amortized cost include deposits which are considered to be of low credit risk, and thus the impairment provision recognized during the Track Record Period was limited to 12 months expected losses.

23 CASH AND BANK BALANCES

(a) Cash and cash equivalents

Cash and cash equivalents mainly include deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less.

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash and cash equivalents	81,837	151,046	118,431	34,090

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash and cash equivalents	51,509	134,918	113,054	25,290

(b) Term deposits with initial term of over three months

Term deposits with initial term of over three months are term deposits with a maturity of more than 3 months and less than 1 year. The carrying amounts of term deposits with initial term of over three months approximated their fair values due to the nature and short maturities of the related assets.

Group and Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Term deposits with initial term of over three months	—	—	—	60,000

(c) Restricted cash

Restricted cash represent amounts held at banks as security deposits mainly for the issuance of letters of guarantee or bank acceptance bills.

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Restricted cash	20,003	3,660	3,669	3,669

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Restricted cash	20,003	3,660	3,660	3,660

24 PAID-IN CAPITAL/SHARE CAPITAL

Paid-in capital is generated from founders' and investors' capital injections. The excess of total consideration raised over paid-in capital was credited to the Company's capital reserves (Note 25).

Group and Company

	As at January 1, 2021 RMB'000	Capital contributions RMB'000	As at December 31, 2021 RMB'000
Paid-in capital (Note (a))	1,457	257	1,714

	As at January 1, 2022 RMB'000	Capital conversion RMB'000	As at December 31, 2022 RMB'000
Paid-in capital/Share capital (Note (b))	1,714	98,286	100,000

	As at January 1, 2023 RMB'000	Capital contributions RMB'000	As at December 31, 2023 RMB'000
Share capital	<u>100,000</u>	<u>–</u>	<u>100,000</u>

	As at January 1, 2024 RMB'000	Capital contributions RMB'000	As at June 30, 2024 RMB'000
Share capital	<u>100,000</u>	<u>–</u>	<u>100,000</u>

Notes:

- (a) In July 2021, the Company obtained Series A financing from five shareholders amounting to RMB150,000,000, of which RMB257,135 represents paid-in capital and the excess of RMB149,742,865 was credited to the Company's capital reserve.
- (b) On November 8, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as at May 31, 2022, the conversion base date, amounting to approximately RMB 358,744,839 were converted into 100,000,000 ordinary shares at RMB1 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's reserves.

25 RESERVES

Group and Company

	Capital reserves (Note 24) RMB'000	Share-based payments expenses (Note 26) RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2021	12,918	–	729	–	13,647
Capital contributions from shareholders (Note 24(a))	149,743	–	–	–	149,743
Recognition of redemption liabilities (Note (a))	–	–	–	(30,000)	(30,000)
Derecognition of redemption liabilities (Note (a))	–	–	–	30,000	30,000
Share-based payments expenses	–	1,036	–	–	1,036
Transfer to PRC statutory reserves	<u>–</u>	<u>–</u>	<u>128</u>	<u>–</u>	<u>128</u>
Balance at December 31, 2021	<u>162,661</u>	<u>1,036</u>	<u>857</u>	<u>–</u>	<u>164,554</u>

	Capital reserves (Note 24) RMB'000	Share-based payments expenses (Note 26) RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2022	162,661	1,036	857	–	164,554
Capital contributions from shareholders (Note (b))	131,897	–	–	–	131,897
Conversion into a joint stock company	(37,367)	–	(857)	–	(38,224)
Share-based payments expenses	–	1,135	–	–	1,135
Transfer to PRC statutory reserves	–	–	5,316	–	5,316
Balance at December 31, 2022	<u>257,191</u>	<u>2,171</u>	<u>5,316</u>	<u>–</u>	<u>264,678</u>
Balance at January 1, 2023	257,191	2,171	5,316	–	264,678
Share-based payments expenses	–	938	–	–	938
Transfer to PRC statutory reserves	–	–	5,514	–	5,514
Balance at December 31, 2023	<u>257,191</u>	<u>3,109</u>	<u>10,830</u>	<u>–</u>	<u>271,130</u>
<i>(Unaudited)</i>					
Balance at January 1, 2023	257,191	2,171	5,316	–	264,678
Share-based payments expenses	–	474	–	–	474
Balance at June 30, 2023	<u>257,191</u>	<u>2,645</u>	<u>5,316</u>	<u>–</u>	<u>265,152</u>
Balance at January 1, 2024	257,191	3,109	10,830	–	271,130
Share-based payments expenses	–	604	–	–	604
Balance at June 30, 2024	<u>257,191</u>	<u>3,713</u>	<u>10,830</u>	<u>–</u>	<u>271,734</u>

Notes:

- (a) Treasury stock is recorded to reflect the carrying amount of the redemption liabilities when they are reclassified from equity (Note 29).
- (b) During 2022, two shareholders of the Company injected capital to the Company amounting to RMB132,000,000, of which RMB102,854 represents paid-in capital and the excess of RMB131,897,146 was credited to the Company's capital reserves.

26 SHARE-BASED PAYMENTS

Share-based payments expenses for the years presented relate to the employee incentive scheme as detailed below.

On December 31, 2020, shareholders of the Company granted 27 employees (including three executive directors of the Company) restricted stock units for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. These eligible participants were granted a total of 1.933% of indirect equity interests of the Company at a consideration of RMB1 per person. These awards may be earned upon the completion of three-year performance periods after the successful listing of the shares of the Company.

During the Track Record Period, share-based payments expenses amounting to RMB1,036,000, RMB1,135,000, RMB938,000, RMB474,000 and RMB604,000 were recognized for the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2023 and 2024, respectively.

Movements in the number of restricted stock units granted to employees are set out as below:

	Number of restricted stock units
Outstanding as at January 1, 2020	–
Granted at December 31, 2020	28,165
	<hr/>
Outstanding as at December 31, 2021, 2022, 2023 and June 30, 2024	28,165
	<hr/> <hr/>

Fair value of restricted stock units

The Group has used the discounted cash flow method and the straight-line interpolation method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying share capital. The fair value of each restricted stock unit was determined by reference to the fair value of the ordinary shares of the Company. Key assumptions as set out below are determined by the Group based on management's best estimates.

	As at December 31, 2020
Fair value per restricted stock (RMB)	228
Exercise price (RMB)	1
Weighted average cost of capital	16.2%
Dividend yield	0%
Expected volatility	44.1%

27 TRADE PAYABLES

Group

Trade payables and their aging analysis based on date of receipt of goods and services are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 3 months	25,266	15,866	6,097	–
3 to 6 months	51	–	–	–
Over 6 months	512	1,683	1,065	2,248
	<hr/>	<hr/>	<hr/>	<hr/>
	25,829	17,549	7,162	2,248
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at December 31, 2021, 2022, 2023 and June 30, 2024, the carrying amounts of trade payables were primarily denominated in RMB, which approximated their fair values.

Company

Trade payables and their aging analysis based on date of receipt of goods and services are as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Up to 3 months	19,266	13,603	5,673	—
3 to 6 months	51	—	—	—
Over 6 months	512	1,183	544	1,303
	<u>19,829</u>	<u>14,786</u>	<u>6,217</u>	<u>1,303</u>

As at December 31, 2021, 2022, 2023 and June 30, 2024, the carrying amounts of trade payables were primarily denominated in RMB, which approximated their fair values.

28 OTHER PAYABLES AND ACCRUALS

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Payroll payable	4,181	6,751	9,183	4,785
VAT payable	2,661	8,581	763	45
Other tax payable	339	1,293	208	288
Listing expenses payable	—	10,105	2,630	2,574
Payables to vendors	—	—	7,950	9,532
Others	1,002	500	316	844
	<u>8,183</u>	<u>27,230</u>	<u>21,050</u>	<u>18,068</u>

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Payroll payable	3,406	6,040	8,207	4,426
VAT payable	1,970	8,581	693	45
Other tax payable	271	1,270	180	288
Listing expenses payable	—	10,105	2,630	2,574
Payables to vendors	—	—	7,950	9,532
Others	1,002	485	316	329
	<u>6,649</u>	<u>26,481</u>	<u>19,976</u>	<u>17,194</u>

The carrying amounts of other payables approximated their fair values as at December 31, 2021, 2022, 2023 and June 30, 2024.

29 REDEMPTION LIABILITIES

In July 2021, the Company obtained a total of RMB150 million Series A financing from five investors. Pursuant to the shareholders agreement dated July 1, 2021 and entered into between the Company and all shareholders (including the five investors), one of the investors has a right to require the Company to redeem its investment in the Company if any non-PRC incorporated entity obtains over 50% equity interest in the Company and becomes the single largest shareholder of the Company or obtains control over the Company.

The redemption amount is the higher of (i) original investment principal from the investor, plus an annual rate of 8% for a period of time commencing from the relevant payment date of investment to the redemption date or (ii) the fair value of equity interest of the Company held by the investor upon issuance of a redemption notice by the investor.

On December 31, 2021, the Company and the aforementioned investor entered into supplemental agreement. Pursuant to the supplemental agreement, both parties agreed to cancel the redemption right on the same day. Accordingly, the redemption liability was derecognized on December 31, 2021.

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Redemption liabilities	-	-	-	-

The movements of redemption liabilities during the Track Record Period are set out below:

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023	RMB'000
				(Unaudited)	
At the beginning of the year/period	-	-	-	-	-
Recognition	(30,000)	-	-	-	-
Derecognition	30,000	-	-	-	-
At the end of the year/period	-	-	-	-	-

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the balance sheets.

Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Deferred income tax assets	-	-	6,574	8,242
Deferred income tax liabilities	-	-	(3,898)	(3,419)
Deferred income tax assets, net	-	-	2,676	4,823

(a) **Deferred income tax assets**

The movements in deferred income tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Lease liabilities RMB'000	Deferred income RMB'000	Tax losses RMB'000	Other deductible temporary differences RMB'000	Total RMB'000
At December 31, 2022	–	–	–	–	–
Credited to profit or loss	2,955	2,359	39	1,221	6,574
At December 31, 2023	<u>2,955</u>	<u>2,359</u>	<u>39</u>	<u>1,221</u>	<u>6,574</u>
Analysis:					
– to be recovered within 12 months	1,516	368	39	909	2,832
– to be recovered after more than 12 months	1,439	1,991	–	312	3,742
	<u>2,955</u>	<u>2,359</u>	<u>39</u>	<u>1,221</u>	<u>6,574</u>
At December 31, 2023	2,955	2,359	39	1,221	6,574
(Charged)/credited to profit or loss	(989)	(955)	3,743	(131)	1,668
At June 30, 2024	<u>1,966</u>	<u>1,404</u>	<u>3,782</u>	<u>1,090</u>	<u>8,242</u>
Analysis:					
– to be recovered within 12 months	1,674	236	3,782	719	6,411
– to be recovered after more than 12 months	292	1,168	–	371	1,831
	<u>1,966</u>	<u>1,404</u>	<u>3,782</u>	<u>1,090</u>	<u>8,242</u>

Other deductible temporary differences are mainly arising from credit losses allowance and share-based payments.

(b) **Deferred income tax liabilities**

The movements in deferred income tax liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At December 31, 2022	–	–	–
Charged to profit or loss	2,288	1,610	3,898
At December 31, 2023	<u>2,288</u>	<u>1,610</u>	<u>3,898</u>
Analysis:			
– to be recovered within 12 months	–	1,223	1,223
– to be recovered after more than 12 months	2,288	387	2,675
	<u>2,288</u>	<u>1,610</u>	<u>3,898</u>
At December 31, 2023	2,288	1,610	3,898
Charged/(credited) to profit or loss	(45)	(434)	(479)
At June 30, 2024	<u>2,243</u>	<u>1,176</u>	<u>3,419</u>
Analysis:			
– to be recovered within 12 months	–	704	704
– to be recovered after more than 12 months	2,243	472	2,715
	<u>2,243</u>	<u>1,176</u>	<u>3,419</u>

(c) **Deferred income tax assets not recognized**

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Deferred income tax assets not recognized				
Tax losses and temporary difference	4,028	37,232	15,036	17,056
Deferred income tax assets not recognized	<u>1,007</u>	<u>9,308</u>	<u>3,759</u>	<u>4,264</u>

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefits through the future taxable profits are probable.

Tax losses without recognition of deferred income tax assets can be carried forward against future taxable income. As at June 30, 2024, these losses amounting to RMB0.56 million, RMB7.21 million, RMB7.44 million and RMB1.83 million will expire in 2026, 2027, 2028 and 2029, respectively.

Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
Deferred income tax assets	–	–	6,522	8,195
Deferred income tax liabilities	–	–	(3,898)	(3,419)
Deferred income tax assets, net	–	–	2,624	4,776

(a) Deferred income tax assets

The movements in deferred income tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Lease liabilities RMB'000	Deferred income RMB'000	Tax losses RMB'000	Other deductible temporary differences RMB'000	Total RMB'000
At December 31, 2022	–	–	–	–	–
Credited to profit or loss	2,955	2,359	–	1,208	6,522
At December 31, 2023	2,955	2,359	–	1,208	6,522
Analysis:					
– to be recovered within 12 months	1,516	368	–	896	2,780
– to be recovered after more than 12 months	1,439	1,991	–	312	3,742
	2,955	2,359	–	1,208	6,522
At December 31, 2023	2,955	2,359	–	1,208	6,522
(Charged)/credited to profit or loss	(989)	(955)	3,743	(126)	1,673
At June 30, 2024	1,966	1,404	3,743	1,082	8,195
Analysis:					
– to be recovered within 12 months	1,674	236	3,743	712	6,365
– to be recovered after more than 12 months	292	1,168	–	370	1,830
	1,966	1,404	3,743	1,082	8,195

(b) **Deferred income tax liabilities**

The movements in deferred income tax liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period are as follows:

	Financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Total RMB'000
At December 31, 2022	–	–	–
Charged to profit or loss	2,288	1,610	3,898
At December 31, 2023	<u>2,288</u>	<u>1,610</u>	<u>3,898</u>
Analysis:			
– to be recovered within 12 months	–	1,223	1,223
– to be recovered after more than 12 months	2,288	387	2,675
	<u>2,288</u>	<u>1,610</u>	<u>3,898</u>
At December 31, 2023	2,288	1,610	3,898
Charged/(credited) to profit or loss	(45)	(434)	(479)
At June 30, 2024	<u>2,243</u>	<u>1,176</u>	<u>3,419</u>
Analysis:			
– to be recovered within 12 months	–	704	704
– to be recovered after more than 12 months	2,243	472	2,715
	<u>2,243</u>	<u>1,176</u>	<u>3,419</u>

31 DEFERRED INCOME

Group and Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Current liabilities:				
– income-related government grants	2,230	2,322	3,685	2,361
Non-current liabilities:				
– asset-related government grants	6,699	10,905	19,907	11,675

32 CONTINGENCIES AND COMMITMENTS

The Group did not have any material contingent liabilities as at December 31, 2021, 2022, 2023 and June 30, 2024.

(a) Capital commitments

The Group's capital expenditure contracted for at the end of the dates but not yet incurred is as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Investment in an associate (<i>Note 17</i>)	490	–	–	–

33 DIVIDENDS

No dividends have been paid or declared by the Company or the companies comprising the Group during each of the years ended December 31, 2021, 2022, 2023 and six months ended June 30, 2023 and 2024, and subsequent to June 30, 2024.

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had significant transactions and/or balances with the Group during the Track Record Period.

Names of the major related parties	Relationship
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	A shareholder of the subsidiary – Zhejiang Fly Here Technology Co., Ltd
Beijing Zhongliang Materials Co., Ltd.	A company controlled by a significant shareholder – Mr. Hu Dalin
Beijing Saidi Property Management Co., Ltd.	A company controlled by the shareholders of a significant shareholder – Saidi Testing and Certification Centre Co., Ltd.

(b) Significant transactions with related parties

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023 (Unaudited)	2024
<u>(i) Sales of goods and services</u>					
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	14,742	943	865	472	-

	Year ended December 31,			Six months ended	
	2021	2022	2023	June 30,	2024
	RMB'000	RMB'000	RMB'000	2023 (Unaudited)	2024
<u>(ii) Purchases of goods and services</u>					
Beijing Zhongliang Materials Co., Ltd.	233	52	-	-	-
Beijing Saidi Property Management Co., Ltd.	28	28	28	14	14
	261	80	28	14	14

(c) Significant balance with related parties

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB'000	RMB'000	RMB'000	2024
<u>(i) Receivables from related parties</u>				
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	5,983	8,105	2,758	1,757
<u>(ii) Payables to related parties</u>				
Beijing Saidi Property Management Co., Ltd.	7	-	7	14
<u>(iii) Prepayments to related parties</u>				
Beijing Zhongliang Materials Co., Ltd.	52	-	-	-
<u>(iv) Contract assets</u>				
Hangzhou Yuhang Urban Development Investment Group Co., Ltd.	2,245	-	-	-

All the balances with related parties are trade in nature.

(d) Key management personnel compensation

The directors of the Company regard Mr. Hu Dalin, Mr. He Feng and Ms. Ma Lei as key management personnel. The compensation of key management personnel is disclosed in Note 10(b).

35 CASH FLOW INFORMATION

(a) Cash (used in)/generated from operations

	Year ended December 31,			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit/(loss) before income tax	39,131	48,686	50,755	(11,978)	(6,746)
Adjustments for:					
– Depreciation of equipment	2,470	6,582	20,446	8,309	13,726
– Depreciation of right-of-use assets	2,639	14,988	12,596	5,689	7,522
– Amortization of intangible assets	2,234	2,956	5,400	2,003	4,607
– Credit loss allowance recognized/(reversed), net	170	1,955	7,024	2,317	(1,931)
– Share-based payment expenses	1,036	1,135	938	474	604
– Interest income	(1,045)	(2,132)	(3,123)	(2,147)	(1,707)
– Interest income from wealth management products	(991)	(1,325)	(894)	(384)	(549)
– Gains on disposal of property and equipment	–	(285)	–	16	1
– Fair value changes on financial assets at fair value through profit or loss	(5,454)	(5,173)	(1,260)	(1,193)	448
– Share of (profit)/loss of the investment accounted for using the equity method	–	(356)	(33)	(1,411)	662
– Increase in contract assets	(3,768)	(508)	(770)	(365)	(985)
– Decrease/(increase) in contract fulfilment costs	3,781	(4,557)	5,953	592	(15,221)
– (Increase)/decrease in trade and notes receivables	(32,678)	(92,527)	(32,361)	38,064	17,674
– (Increase)/decrease in prepayments and other receivables	(9,535)	5,376	(649)	(8,824)	(4,151)
– Decrease/(increase) in restricted cash	–	16,343	(9)	(6,278)	–
– Increase/(decrease) in trade payables	23,662	(8,280)	(10,387)	(12,889)	(4,914)
– (Decrease)/increase in other payables and accruals	(4,075)	11,204	9,033	(6,267)	579
– (Decrease)/increase in contract liabilities	(20,447)	1,544	4,698	4,234	(1,002)
– Decrease in deferred income	(529)	(3,751)	(19,931)	(8,203)	(9,556)
Cash (used in)/generated from operations	(3,399)	(8,125)	47,426	1,759	(939)

(b) **Reconciliation of liabilities from financing activities**

This section sets out an analysis and the movements of liabilities from financing activities for the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2023 and 2024 respectively.

	Lease liabilities <i>(Note 14)</i> <i>RMB'000</i>
Liabilities from financing activities as at January 1, 2021	7,409
Cash flows	(2,975)
Accrued interest expenses	271
Addition of new leases	927
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Liabilities from financing activities as at December 31, 2021	5,632
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Liabilities from financing activities as at January 1, 2022	5,632
Cash flows	(1,952)
Accrued interest expenses	1,586
Addition of new leases	32,264
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Liabilities from financing activities as at December 31, 2022	37,530
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Liabilities from financing activities as at January 1, 2023	37,530
Cash flows	(15,869)
Accrued interest expenses	1,448
Addition of new leases	17,411
	<hr/>
Liabilities from financing activities as at December 31, 2023	40,520
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Liabilities from financing activities as at January 1, 2023	37,530
Cash flows	(13,370)
Accrued interest expenses	692
Addition of new leases	1,567
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Liabilities from financing activities as at June 30, 2023 (unaudited)	26,419
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Liabilities from financing activities as at January 1, 2024	40,520
Cash flows	(14,786)
Accrued interest expenses	678
Addition of new leases	872
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Liabilities from financing activities as at June 30, 2024	27,284
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	Redemption liabilities <i>(Note 29)</i> <i>RMB'000</i>
Liabilities from financing activities as at January 1, 2021	–
Recognition	(30,000)
Derecognition	30,000
	<hr/>
Liabilities from financing activities as at December 31, 2021	–
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(c) Major non-cash investing and financing activities

The major non-cash investing and financing activities during the Track Record Period mainly represent the addition of right-of-use assets and lease liabilities described in Note 14.

36 SUBSEQUENT EVENTS

There is no other material subsequent event undertaken by the Company or by the Group after June 30, 2024.