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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING GEEKPLUS TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of Beijing Geekplus Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 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-3 to I-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2025 (the "Prospectus") in connection with the initial listing of H 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 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 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-3 have been made.

Dividends

We refer to Note 31(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

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June 30, 2025



HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	4	1,452,163	2,142,927	2,409,011
Cost of sales		(1,195,615)	(1,483,653)	(1,571,844)
Gross profit		256,548	659,274	837,167
Research and development expenses		(436,788)	(379,872)	(282,048)
Selling and marketing expenses		(455,697)	(509,169)	(445,637)
Administrative expenses		(220,765)	(263,594)	(220,289)
Other income and loss, net	5	73,223	33,186	(1,595)
Impairment loss recognized on trade and other receivables		(11,288)	(9,864)	(15,173)
Impairment loss of non-current assets		(9,859)	—	—
Impairment loss of property, plant and equipment		—	(6,094)	—
Loss from operations		(804,626)	(476,133)	(127,575)
Finance costs	6(a)	(12,487)	(13,284)	(13,923)
Changes in the carrying amount of redemption liabilities	27	(731,974)	(648,006)	(685,807)
Share of (losses)/profits of an associate	14	(14,967)	14,904	24
Loss before taxation	6	(1,564,054)	(1,122,519)	(827,281)
Income tax	7(a)	(3,054)	(4,164)	(4,220)
Loss for the year		(1,567,108)	(1,126,683)	(831,501)
Other comprehensive income for the year (after tax):				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of overseas subsidiaries		(3,844)	(9,598)	(3,726)
Other comprehensive income for the year		(3,844)	(9,598)	(3,726)
Total comprehensive income for the year attributable to equity shareholders of the Company		(1,570,952)	(1,136,281)	(835,227)
Loss per share				
Basic and diluted (RMB)	10	(1.46)	(0.97)	(0.72)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	98,887	90,673	197,347
Right-of-use assets	12	54,026	41,609	27,696
Intangible assets	13	9,201	11,529	12,536
Interest in an associate	14	21,112	35,105	32,344
Other non-current assets		1,596	1,551	5,872
		<u>184,822</u>	<u>180,467</u>	<u>275,795</u>
Current assets				
Inventories	15	1,185,313	1,190,598	1,029,457
Trade and bill receivables	16	373,317	708,280	713,556
Contract assets	17	20,529	38,720	41,564
Prepayments and other receivables	18	208,846	226,758	277,098
Financial assets measured at fair value through profit or loss	19	—	51,146	—
Restricted cash	20	89,799	99,014	130,983
Time deposits		250,000	192,000	100,000
Cash and cash equivalents	21	<u>1,121,172</u>	<u>760,397</u>	<u>635,977</u>
		<u>3,248,976</u>	<u>3,266,913</u>	<u>2,928,635</u>
Current liabilities				
Trade payables	22	641,610	821,482	999,760
Other payables and accruals	23	221,249	266,000	280,062
Contract liabilities	24	852,382	914,057	610,674
Bank loans	25	210,911	421,168	413,900
Lease liabilities	26	49,128	27,571	15,096
Redemption liabilities	27	5,714,813	6,362,819	7,048,626
Provisions	30	24,865	30,432	34,579
Current taxation	29	1,998	—	1,767
		<u>7,716,956</u>	<u>8,843,529</u>	<u>9,404,464</u>
Net current liabilities		<u>(4,467,980)</u>	<u>(5,576,616)</u>	<u>(6,475,829)</u>
Total assets less current liabilities		<u>(4,283,158)</u>	<u>(5,396,149)</u>	<u>(6,200,034)</u>

The accompanying notes form part of the Historical Financial Information.

		As at December 31,		
Note		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
	26	14,201	20,048	19,142
		17,749	13,827	14,803
		12,707	13,042	14,820
		44,657	46,917	48,765
NET LIABILITIES		(4,327,815)	(5,443,066)	(6,248,799)
CAPITAL AND RESERVES				
	31	1,159,211	1,159,211	1,159,211
		(5,487,026)	(6,602,277)	(7,408,010)
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		(4,327,815)	(5,443,066)	(6,248,799)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	48,038	18,782	18,375
Right-of-use assets	12	27,258	14,446	5,609
Intangible assets	13	7,911	7,795	9,296
Interest in an associate	14(a)	21,112	35,105	32,344
Investments in subsidiaries	14(b)	162,951	267,703	274,550
Other non-current assets	15	15	160	262
		<u>267,285</u>	<u>343,991</u>	<u>340,436</u>
Current assets				
Inventories	15	348,349	536,636	337,840
Trade and bill receivables	16	806,660	901,556	1,120,807
Contract assets	17	12,695	36,678	39,026
Prepayments and other receivables	18	443,667	697,388	770,636
Financial assets measured at fair value through profit or loss	19	—	19,996	—
Restricted cash		61,494	55,862	113,291
Time deposits		250,000	192,000	100,000
Cash and cash equivalents		845,204	238,048	77,115
		<u>2,768,069</u>	<u>2,678,164</u>	<u>2,558,715</u>
Current liabilities				
Trade payables	22	360,468	368,426	525,610
Other payables and accruals	23	149,465	222,676	273,905
Contract liabilities	24	195,620	238,469	105,436
Bank loans	25	192,911	361,168	253,900
Lease liabilities	26	27,959	4,456	6,325
Redemption liabilities	27	5,714,813	6,362,819	7,048,626
Provisions		3,599	1,039	3,101
		<u>6,644,835</u>	<u>7,559,053</u>	<u>8,216,903</u>
Net current liabilities		<u>(3,876,766)</u>	<u>(4,880,889)</u>	<u>(5,658,188)</u>
Total assets less current liabilities		<u>(3,609,481)</u>	<u>(4,536,898)</u>	<u>(5,317,752)</u>

The accompanying notes form part of the Historical Financial Information.

		As at December 31,		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Lease liabilities	26	4,857	9,609	1,280
Deferred income		12,234	9,100	10,865
Other non-current liabilities		2,050	—	1,329
		<u>19,141</u>	<u>18,709</u>	<u>13,474</u>
NET LIABILITIES		<u>(3,628,622)</u>	<u>(4,555,607)</u>	<u>(5,331,226)</u>
CAPITAL AND RESERVES				
Share capital	31(b)	1,159,211	1,159,211	1,159,211
Reserves	31(c)	<u>(4,787,833)</u>	<u>(5,714,818)</u>	<u>(6,490,437)</u>
TOTAL DEFICIT		<u>(3,628,622)</u>	<u>(4,555,607)</u>	<u>(5,331,226)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 31(b)	Note 31(c)(i)	Note 31(c)(ii)	Note 31(c)(iii)		
Balance at January 1, 2022	1,048,022	(2,811,281)	17,777	(3,761)	(1,013,340)	(2,762,583)
Changes in equity for 2022:						
Loss for the year	-	-	-	-	(1,567,108)	(1,567,108)
Other comprehensive income	-	-	-	(3,844)	-	(3,844)
Total comprehensive income	-	-	-	(3,844)	(1,567,108)	(1,570,952)
Equity settled share-based payment expenses	-	-	14,189	-	-	14,189
Recognition of redemption liabilities	-	(1,458,780)	-	-	-	(1,458,780)
Issuance of shares	111,189	1,339,122	-	-	-	1,450,311
Balance at December 31, 2022 and January 1, 2023	<u>1,159,211</u>	<u>(2,930,939)</u>	<u>31,966</u>	<u>(7,605)</u>	<u>(2,580,448)</u>	<u>(4,327,815)</u>
Changes in equity for 2023:						
Loss for the year	-	-	-	-	(1,126,683)	(1,126,683)
Other comprehensive income	-	-	-	(9,598)	-	(9,598)
Total comprehensive income	-	-	-	(9,598)	(1,126,683)	(1,136,281)
Equity settled share-based payment expenses	-	-	21,030	-	-	21,030
Balance at December 31, 2023 and January 1, 2024	<u>1,159,211</u>	<u>(2,930,939)</u>	<u>52,996</u>	<u>(17,203)</u>	<u>(3,707,131)</u>	<u>(5,443,066)</u>
Changes in equity for 2024:						
Loss for the year	-	-	-	-	(831,501)	(831,501)
Other comprehensive income	-	-	-	(3,726)	-	(3,726)
Total comprehensive income	-	-	-	(3,726)	(831,501)	(835,227)
Equity settled share-based payment expenses	-	-	29,494	-	-	29,494
Balance at December 31, 2024	<u>1,159,211</u>	<u>(2,930,939)</u>	<u>82,490</u>	<u>(20,929)</u>	<u>(4,538,632)</u>	<u>(6,248,799)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash used in operations	21(b)	(648,099)	(471,264)	(105,648)
Tax paid	29(a)	(1,056)	(6,162)	(2,453)
Net cash used in operating activities . . .		(649,155)	(477,426)	(108,101)
Investing activities				
Payment for the purchase of property, plant and equipment and intangible assets		(36,028)	(48,034)	(102,234)
Proceeds from sale of property, plant and equipment		213	1,847	5,535
Net (increase)/decrease in time deposits . .		(250,000)	58,000	92,000
Interest and investment income received . .		489	6,918	2,743
Payment for purchase of financial assets . .		—	(50,000)	—
Proceeds from sale of financial assets . . .		66,968	—	50,000
Other cash payments related to investment activities		(1,045)	—	—
Net cash (used in)/generated from investing activities		(219,403)	(31,269)	48,044
Financing activities				
Proceeds from bank loans	21(c)	286,800	430,368	487,900
Repayment of bank loans	21(c)	(155,889)	(220,111)	(495,168)
Capital element of lease rentals paid	21(c)	(63,125)	(46,609)	(33,317)
Interest element of lease rentals paid	21(c)	(4,200)	(2,702)	(2,448)
Interests paid		(9,323)	(10,558)	(11,886)
Proceeds from shares issued		1,450,311	—	—
Payment of listing expense to be capitalized		—	—	(1,229)
Net cash generated from/(used in) financing activities		1,504,574	150,388	(56,148)
Net increase/(decrease) in cash and cash equivalents		636,016	(358,307)	(116,205)
Cash and cash equivalents at the beginning of year		475,343	1,121,172	760,397
Effect of foreign exchange rate changes		9,813	(2,468)	(8,215)
Cash and cash equivalents at the end of year	21(a)	1,121,172	760,397	635,977

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Beijing Geekplus Technology Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on February 3, 2015 as a limited liability company under the Company Law of the PRC. Upon approval by the Company’s shareholders meeting held on March 22, 2021, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, the “Group”) are principally engaged in sales of autonomous mobile robots (“AMR”) solution and providing Robotics-as-a-Service (“RaaS”) service.

The statutory financial statements of the Company for the year ended December 31, 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Beijing Hongxin Certified Public Accountants Co., Ltd. (北京宏信會計師事務所有限責任公司). No audited statutory financial statements for the years ended December 31, 2022 and 2024 have been prepared for the Company.

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place of incorporation and business and date of incorporation	Particulars of issued and paid-up capital	Proportion of ownership Interest		Name of statutory auditor	Principal business activities
			Held by the Company	Held by the subsidiary		
Directly held						
Nanjing Geekplus Robotics Co., Ltd. (南京極智嘉機器人有限公司) (i) (iii)	The PRC October 11, 2017	RMB3,500,000	100%	—	2022 & 2023: Jiangsu Tianning Certified Public Accountants Co., Ltd. 江蘇天寧會計師事務所有限公司 2024: NA	Manufacturing of industrial robots
Geek Plus International Company Limited (iv)	Hong Kong September 20, 2017	Hong Kong Dollar (“HKD”) 10,000,000	100%	—	2022 & 2023: KPMG 2024: NA	Sale of AMR solutions
Indirectly held						
Geekplus America Inc. (ii) (iv)	United States August 7, 2019	United States Dollar (“USD”) 550	—	100%	NA	Sale of AMR solutions
Geekplus Korea Limited (iv)	South Korea November 11, 2021	South Korean Won (“KRW”) 150,000,000	—	100%	2022: NA 2023: KPMG Samjong Accounting Corp. 2024: NA	Sale of AMR solutions
Geekplus Europe GmbH (iv)	Germany November 15, 2019	European Dollar (“EUR”) 25,000	—	100%	2022: SW Unitax GmbH 2023 & 2024: NA	Sale of AMR solutions

Notes:

- (i) The official name of this entity is in Chinese. The English translation of the name is for reference only.
- (ii) No audited statutory financial statements were prepared for this entity for the Track Record Period.
- (iii) This entity prepared the financial statements in accordance with the Accounting Standards for Business Enterprise applicable to the enterprise in the PRC issued by Ministry of Finance of the PRC.
- (iv) The financial statements of these entities have been prepared in accordance with the relevant accounting standards applicable to entities in the countries/jurisdictions in which they were incorporated/established.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2024 are set out in Note 37.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at December 31, 2024, the Group had net liabilities of RMB6,248.8 million and net current liabilities of RMB6,475.8 million, which is primarily due to the liabilities arising from redemption liabilities (see Note 27) as current liabilities. The preferred rights will be waived upon the initial public offering of the Company and the redemption liabilities will then be reclassified from liabilities to equity. The directors have reviewed the Group’s cash flow projections, which cover a period of at least twelve months from the date of this report. Notwithstanding the net current liabilities as at December 31, 2024, the directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except financial assets measured at fair value through profit or loss as explained in the accounting policies below:

- financial instruments classified as at fair value through profit or loss (see Note 2(e)).
- derivative financial instruments (see Note 2(f)).

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized loss resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an interest in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associates, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any).

(e) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(f) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Plant and equipment	3-10 years
– Fixtures and fittings	3-10 years
– Buildings	40 years
– Land	50 years

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses. Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(h) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(v)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see Note 2(j)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 2(j)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

– Software	5-10 years
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Both the period and method of amortization are reviewed annually.

Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contracts contain lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(j)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortized cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables and contract assets as defined in IFRS 15).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with Note 2(t)(ii)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(l) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see Note 2(t)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(m)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(t)(i)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(m)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The Group grants shares of the Company to employees. Shares awarded may or may not include a purchase price. The fair value of shares awarded is measured at the grant date. The value of the shares awarded is charged to profit or loss over the respective vesting period. During the vesting period, the number of awarded shares that are expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as

an asset, with a corresponding adjustment to the share-based payments reserve. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of awarded shares that vest (with a corresponding adjustment to the share-based payments reserve).

(iii) Termination benefits

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

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provision is made for estimated warranty claims in respect of products sold or service provided which are still under warranty at the end of the reporting period.

(t) Revenue

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Revenue from contract with customers

The Group principally generates its revenue from the sales of AMR solutions and RaaS service.

(a) Sales of AMR solutions

Revenue is recognised when the customer takes possession of and accepts the AMR solution. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group offers warranties for its products. A related provision is recognised in accordance with Note 2(s).

(b) RaaS service income

RaaS service income is recognised when the services are rendered. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised when the related agent services are rendered at the net amount of commission received or to be received by the Group.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

(b) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) **Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(y) **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 redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as some of the redemption events could occur anytime. The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Note 32 contain information about the assumptions and their risk factors relating to measurement of ECL allowance for trade receivables. Other significant sources of estimation uncertainty and accounting judgments are as follows:

(i) **Share-based compensation arrangement and its fair value measurement**

The Group has set up share incentive schemes to participants. For equity-settled share award schemes, the fair value at the grant date are determined by using discounted cash flow method and equity value allocation model and is expected to be expensed over the respective vesting period. Significant estimate on assumptions, including discount rate, risk-free interest rate, expected volatility and projections of future performance, are made by the directors and an independent third-party valuer.

4 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

The principal activities of the Group are providing sales of AMR solutions and RaaS. AMR solution include the sales, installation and commissioning of robot products. RaaS mainly include providing customers with integrated services such as warehousing, picking and distribution or operation services.

(i) **Disaggregation of revenue**

Revenue from contracts with customers within the scope of IFRS 15 is further analysed as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of AMR solutions	1,247,445	2,124,049	2,402,314
RaaS	204,718	18,878	6,697
	<u>1,452,163</u>	<u>2,142,927</u>	<u>2,409,011</u>

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Point in time	1,247,445	2,124,049	2,402,314
Over time	204,718	18,878	6,697
	<u>1,452,163</u>	<u>2,142,927</u>	<u>2,409,011</u>

During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are as follows. Details of concentrations of credit risk of the Group are set out in Note 32(a).

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer A	*	280,818	374,362
Customer B	*	329,582	*

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

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as all of the Group's sale contracts have an original expected duration of less than 1 year.

(b) Segment reporting

The Group manages its businesses by business lines, in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment. The Group has one single operating segment and no further analysis of the single segment is presented.

(i) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, right-of-use assets, intangible assets, and interest in an associate ("Specified Non-current Assets"). The geographical location of customers is based on the location of the customer's headquarters, unless the procurement and operational decision-making power "and contract negotiation" process has been delegated to a local or regional "level". The geographical location of the Specified Non-current Assets is based on the physical location of the asset, in the case of property and equipment and right-of-use assets, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

	Revenues from external customers		
	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Chinese Mainland	431,494	496,409	671,522
Other countries or regions	<u>1,020,669</u>	<u>1,646,518</u>	<u>1,737,489</u>
	<u>1,452,163</u>	<u>2,142,927</u>	<u>2,409,011</u>

Specified Non-current Assets			
As at December 31,			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Chinese Mainland	152,897	149,151	215,503
Other countries or regions	30,329	29,765	54,420
	<u>183,226</u>	<u>178,916</u>	<u>269,923</u>

5 OTHER INCOME AND LOSS, NET

Year ended December 31,			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest income	2,811	19,678	13,800
Government grants	18,543	16,306	10,895
Investment Income	1,576	7,565	1,757
Net loss on disposal of property, plant and equipment	(898)	(6,317)	(313)
Net foreign exchange gain/(loss)	55,830	(1,092)	(28,004)
Others	(4,639)	(2,954)	270
	<u>73,223</u>	<u>33,186</u>	<u>(1,595)</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

Year ended December 31,			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank loans	8,287	10,582	11,475
Interest on lease liabilities	4,200	2,702	2,448
	<u>12,487</u>	<u>13,284</u>	<u>13,923</u>

(b) Staff costs

Year ended December 31,			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	631,385	646,428	501,591
Contributions to pension costs, other social security costs and housing benefits	131,323	117,698	93,341
Equity-settled share-based payment expenses (Note 28)	14,189	21,030	29,494
	<u>776,897</u>	<u>785,156</u>	<u>624,426</u>

Employees of the Company and its subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government.

The Company and its subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant salaries, subject to a cap of monthly relevant salaries of HKD30,000. Contributions to the MPF Scheme vest immediately.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of inventories (Note 15)	937,930	1,458,114	1,562,924
Depreciation charge			
– property, plant and equipment (Note 11)	56,461	43,064	26,635
– right-of-use assets (Note 12)	65,816	43,315	33,854
Amortization cost of intangible assets (Note 13)	2,675	1,522	1,992
Increase in provisions	37,423	42,481	60,058
Listing expenses	–	–	23,963

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represent:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax			
Provision for the year	3,054	4,164	4,489
Over-provision in respect of prior year	–	–	(269)
	<u>3,054</u>	<u>4,164</u>	<u>4,220</u>

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before taxation	(1,564,054)	(1,122,519)	(827,281)
Tax at the PRC income tax rate of 25%	(391,014)	(280,630)	(206,821)
Tax effects of:			
– additional deduction on research and development expenses	(46,170)	(54,743)	(38,293)
– different tax rates	115,993	83,394	70,355
– non-deductible expenses	9,267	9,414	12,713
– unrecognised tax losses	327,241	261,148	173,533
– utilization of tax losses and deductible temporary difference previously not recognized	(12,263)	(14,419)	(6,998)
Over provision in respect of prior years	–	–	(269)
Actual tax expense	3,054	4,164	4,220

Notes:

Income tax rate applies to the Group:

- (i) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise (“HNTE”) is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis.

For the Hong Kong subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Hong Kong subsidiary was calculated at the same basis in the Track Record Period.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries.

- (ii) An additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations before October 1, 2022 during the Track Record Period. And an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and its relevant regulations after October 1, 2022.
- (iii) Each of Beijing Geekplus Technology Co., Ltd. and Nanjing Geekplus Robotics Co., Ltd. qualifies as an HNTE and is entitled to a preferential tax rate of 15% from the year of 2020 to 2026.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of emoluments of directors and supervisors are as follows:

Year ended December 31, 2022						
Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payment expenses (Note xi)	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director						
Mr. Zheng Yong	808	170	96	1,074	13	1,087
Mr. Liu Kai	671	169	96	936	—	936
Mr. Chen Xi	671	181	96	948	—	948
Mr. Li Hongbo	756	194	96	1,046	—	1,046
Independent Non-executive Director						
Mr. Liu Dacheng	150	—	—	150	—	150
Mr. Han Yu	150	—	—	150	—	150
Mr. Liu Huaping (Note i)	150	—	—	150	—	150
Mr. Chen Shaohua	150	—	—	150	—	150
Non-executive Director						
Mr. Xia Zhijin	—	—	—	—	—	—
Mr. Bai Jin	—	—	—	—	—	—
Mr. Gao Feng (Note iv)	—	—	—	—	—	—
Ms. Cai Wei (Note v)	—	—	—	—	—	—
Supervisor						
Mr. Huang Zheng	726	154	96	976	185	1,161
Mr. Yu Xiaogang (Note ii)	201	—	34	235	—	235
Mr. Luo Hui (Note iii)	323	—	84	407	—	407
Mr. Duan Yongxin (Note vi)	33	77	8	118	28	146
	4,789	945	606	6,340	226	6,566

Year ended December 31, 2023						
Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payment expenses (Note xi)	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director						
Mr. Zheng Yong	807	180	105	1,092	13	1,105
Mr. Liu Kai	671	175	105	951	—	951
Mr. Chen Xi	671	144	105	920	—	920
Mr. Li Hongbo	754	203	105	1,062	—	1,062
Independent Non-executive Director						
Mr. Liu Dacheng	150	—	—	150	—	150
Mr. Han Yu	150	—	—	150	—	150
Mr. Liu Huaping (Note i)	150	—	—	150	—	150
Mr. Chen Shaohua	150	—	—	150	—	150
Non-executive Director						
Mr. Xia Zhijin	—	—	—	—	—	—
Mr. Bai Jin	—	—	—	—	—	—
Mr. Gao Feng (Note iv)	—	—	—	—	—	—
Ms. Cai Wei (Note v)	—	—	—	—	—	—
Mr. Li Ke (Note vii)	—	—	—	—	—	—
Supervisor						
Mr. Huang Zheng	726	10	105	841	185	1,026
Mr. Luo Hui (Note iii)	11	—	1	12	—	12
Mr. Duan Yongxin (Note vi)	390	77	105	572	28	600
	4,630	789	631	6,050	226	6,276

Year ended December 31, 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payment expenses (Note xi)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Director							
Mr. Zheng Yong	—	942	3	117	1,062	1,499	2,561
Mr. Liu Kai	—	809	12	117	938	—	938
Mr. Chen Xi	—	809	—	117	926	538	1,464
Mr. Li Hongbo	—	889	14	117	1,020	—	1,020
Independent							
Non-executive Director							
Mr. Liu Dacheng	—	150	—	—	150	—	150
Mr. Han Yu	—	150	—	—	150	—	150
Mr. Liu Huaping (Note i)	—	150	—	—	150	—	150
Mr. Chen Shaohua	—	150	—	—	150	—	150
Ms. Chen Chen (Note ix)	—	—	—	—	—	—	—
Non-executive Director							
Mr. Xia Zhijin	—	—	—	—	—	—	—
Mr. Bai Jin	—	—	—	—	—	—	—
Mr. Gao Feng (Note iv)	—	—	—	—	—	—	—
Mr. Li Ke (Note vii)	—	—	—	—	—	—	—
Mr. Chen Hejiang (Note x)	—	—	—	—	—	—	—
Supervisor							
Mr. Huang Zheng	—	726	186	110	1,022	159	1,181
Mr. Duan Yongxin (Note vi)	—	390	79	110	579	19	598
Mr. Luo Hui (Note iii)	—	—	—	—	—	—	—
Mr. Xie Yi (Note viii)	—	560	130	110	800	462	1,262
	—	5,725	424	798	6,947	2,677	9,624

Notes:

- (i) Mr. Liu Huaping resigned as an independent non-executive director of the Company in November 2024.
- (ii) Mr. Yu Xiaogang resigned as a supervisor of the Company in December 2022.
- (iii) Mr. Luo Hui resigned as a supervisor of the Company in January 2024.
- (iv) Mr. Gao Feng was appointed as a non-executive director of the Company in February 2022 and resigned as a non-executive director of the Company in April 2024.
- (v) Ms. Cai Wei was appointed as a non-executive director of the Company in February 2022 and resigned as a non-executive director of the Company in June 2023.
- (vi) Mr. Duan Yongxin was appointed as a supervisor of the Company in December 2022.
- (vii) Mr. Li Ke was appointed as a non-executive director of the Company in June 2023.
- (viii) Mr. Xie Yi was appointed as a supervisor of the Company in January 2024.
- (ix) Ms. Chen Chen was appointed as an independent non-executive director of the Company in November 2024.
- (x) Mr. Chen Hejiang was appointed as a non-executive director of the Company in November 2024.

- (xi) These represent the estimated value of share awards granted to the directors or supervisors under the Company's share incentive scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of equity settled share-based payment expenses are disclosed in Note 28.

During the Track Record Period, there were no amounts paid or payable by the Group to the directors, supervisors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, none of the five highest paid individuals are directors or supervisors of the Company, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the five highest paid individuals are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	7,330	8,036	7,347
Discretionary bonuses	5,180	5,121	6,245
Retirement scheme contributions	427	911	675
Equity-settled share-based payment expenses	677	2,550	2,390
	<u>13,614</u>	<u>16,618</u>	<u>16,657</u>

The emoluments of the five highest paid individuals are within the following bands:

	Year ended December 31,		
	2022	2023	2024
	Number of individuals	Number of individuals	Number of individuals
HK\$2,000,001-HK\$2,500,000	3	1	—
HK\$2,500,001-HK\$3,000,000	—	1	3
HK\$3,000,001-HK\$3,500,000	1	1	—
HK\$3,500,001-HK\$4,000,000	1	—	1
HK\$4,000,001-HK\$4,500,000	—	2	1
	<u>5</u>	<u>5</u>	<u>5</u>

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the Track Record Period are calculated by dividing the loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue for the respective years.

Loss for the year attributable to ordinary equity shareholders of the Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss for the year attributable to all equity shareholders of the Company	(1,567,108)	(1,126,683)	(831,501)
Allocation of loss for the year attributable to redemption liabilities (Note 27)	<u>1,140,362</u>	<u>842,596</u>	<u>621,843</u>
Loss for the year attributable to ordinary equity shareholders of the Company	<u>(426,746)</u>	<u>(284,087)</u>	<u>(209,658)</u>

Weighted average number of shares

	Year ended December 31,		
	2022	2023	2024
	No. of shares '000	No. of shares '000	No. of shares '000
Ordinary shares in issue at January 1	1,048,022	1,159,211	1,159,211
Effect of ordinary shares in issue	25,329	—	—
Effect of ordinary shares with redemption rights (Note 27)	<u>(781,062)</u>	<u>(866,922)</u>	<u>(866,922)</u>
Weighted average number of ordinary shares in issue at December 31	<u>292,289</u>	<u>292,289</u>	<u>292,289</u>

(b) Diluted loss per share

During the Track Record Period, ordinary shares with redemption rights (Note 27) were not included in the calculation of dilutive loss per share, as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for the respective years.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and equipment	Fixtures and fittings	Land	Buildings	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2022	125,745	97,169	—	—	—	222,914
Exchange adjustments	2,073	1,329	—	—	—	3,402
Additions	12,984	20,861	—	—	—	33,845
Disposals	<u>(32,701)</u>	<u>(20,707)</u>	—	—	—	<u>(53,408)</u>
At December 31, 2022 and at January 1, 2023	108,101	98,652	—	—	—	206,753
Exchange adjustments	346	285	—	—	—	631
Additions	5,919	15,551	5,488	—	37,064	64,022
Disposals	<u>(58,303)</u>	<u>(30,225)</u>	—	—	—	<u>(88,528)</u>

	Plant and equipment	Fixtures and fittings	Land	Buildings	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2023 and at January 1, 2024	56,063	84,263	5,488	—	37,064	182,878
Exchange adjustments	366	211	—	—	—	577
Additions	1,551	22,136	—	—	109,875	133,562
Disposals	(22)	(30,703)	—	—	—	(30,725)
Transfer from construction in progress	—	—	—	90,242	(90,242)	—
At December 31, 2024	57,958	75,907	5,488	90,242	56,697	286,292
Accumulated depreciation:						
At January 1, 2022	(50,653)	(36,092)	—	—	—	(86,745)
Exchange adjustments	(301)	(1,516)	—	—	—	(1,817)
Charge for the year	(23,054)	(33,407)	—	—	—	(56,461)
Written back on disposals	17,715	19,442	—	—	—	37,157
At December 31, 2022 and at January 1, 2023	(56,293)	(51,573)	—	—	—	(107,866)
Exchange adjustments	(178)	(208)	—	—	—	(386)
Charge for the year	(15,600)	(27,400)	(64)	—	—	(43,064)
Written back on disposals	41,765	23,458	—	—	—	65,223
At December 31, 2023 and at January 1, 2024	(30,306)	(55,723)	(64)	—	—	(86,093)
Exchange adjustments	(293)	(150)	—	—	—	(443)
Charge for the year	(8,240)	(18,106)	(110)	(179)	—	(26,635)
Written back on disposals	7	29,983	—	—	—	29,990
At December 31, 2024	(38,832)	(43,996)	(174)	(179)	—	(83,181)
Impairment:						
At January 1, 2022, December 31, 2022 and January 1, 2023	—	—	—	—	—	—
Exchange adjustments	(15)	(4)	—	—	—	(19)
Additions	(3,516)	(2,577)	—	—	—	(6,093)
At December 31, 2023 and at January 1, 2024	(3,531)	(2,581)	—	—	—	(6,112)
Exchange adjustments	(33)	(8)	—	—	—	(41)
Written back on disposals	—	389	—	—	—	389
At December 31, 2024	(3,564)	(2,200)	—	—	—	(5,764)
Net book value:						
At December 31, 2022	51,808	47,079	—	—	—	98,887
At December 31, 2023	22,226	25,959	5,424	—	37,064	90,673
At December 31, 2024	15,562	29,711	5,314	90,063	56,697	197,347

The Company

	Plant and equipment	Fixtures and fittings	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2022	74,060	71,168	145,228
Additions	6,819	16,638	23,457
Disposals	(30,289)	(28,266)	(58,555)
At December 31, 2022 and at January 1, 2023	50,590	59,540	110,130
Additions	13,400	10,291	23,691
Disposals	(48,251)	(38,545)	(86,796)
At December 31, 2023 and at January 1, 2024	15,739	31,286	47,025
Additions	—	12,432	12,432
Disposals	(5)	(16,504)	(16,509)
At December 31, 2024	15,734	27,214	42,948
Accumulated depreciation:			
At January 1, 2022	(36,657)	(25,936)	(62,593)
Charge for the year	(13,235)	(25,768)	(39,003)
Written back on disposals	18,115	21,389	39,504
At December 31, 2022 and at January 1, 2023	(31,777)	(30,315)	(62,092)
Charge for the year	(8,740)	(18,082)	(26,822)
Written back on disposals	31,936	32,164	64,100
At December 31, 2023 and at January 1, 2024	(8,581)	(16,233)	(24,814)
Charge for the year	(2,230)	(10,217)	(12,447)
Written back on disposals	2	15,726	15,728
At December 31, 2024	(10,809)	(10,724)	(21,533)
Impairment:			
At January 1, 2022, December 31, 2022 and January 1, 2023	—	—	—
Additions	(1,368)	(2,061)	(3,429)
At December 31, 2023 and at January 1, 2024	(1,368)	(2,061)	(3,429)
Written back on disposals	—	389	389
At December 31, 2024	(1,368)	(1,672)	(3,040)
Net book value:			
At December 31, 2022	18,813	29,225	48,038
At December 31, 2023	5,790	12,992	18,782
At December 31, 2024	3,557	14,818	18,375

12 RIGHT-OF-USE ASSETS

The Group

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1	165,621	135,168	93,257
Additions	10,753	33,724	20,048
Early termination of lease term	(12,858)	(11,597)	(261)
Expiration of lease term	(28,348)	(64,038)	(23,011)
At December 31	135,168	93,257	90,033
Accumulated depreciation:			
At January 1	(49,361)	(81,142)	(51,648)
Charge for the year	(65,816)	(43,315)	(33,854)
Early termination of lease term	5,687	8,772	154
Expiration of lease term	28,348	64,037	23,011
At December 31	(81,142)	(51,648)	(62,337)
Net book value:			
At December 31	54,026	41,609	27,696

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1	87,146	69,044	37,209
Additions	327	11,367	2,994
Early termination of lease term	(8,714)	(8,391)	—
Expiration of lease term	(9,715)	(34,811)	(10,598)
At December 31	69,044	37,209	29,605
Accumulated depreciation:			
At January 1	(21,782)	(41,786)	(22,763)
Charge for the year	(33,295)	(20,612)	(11,831)
Early termination of lease term	3,576	4,824	—
Expiration of lease term	9,715	34,811	10,598
At December 31	(41,786)	(22,763)	(23,996)
Net book value:			
At December 31	27,258	14,446	5,609

The right-of-use assets represented properties leased for own use. The additions to right-of-use assets primarily related to capitalized lease payments payable under new tenancy agreements. None of the leases include variable lease payments.

The analysis of expense items in relation to leases recognised in the consolidated profit or loss is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
of buildings	65,816	43,315	33,854
Interest on lease liabilities	4,200	2,702	2,448
Expenses relating to short-term leases	58,898	16,250	9,316

Details of total cash outflow for leases and the maturity analysis of lease liabilities of the Group are set out in Notes 21(d) and 26, respectively.

13 INTANGIBLE ASSETS

The Group

	Software and others
	RMB'000
Cost:	
At January 1, 2022	10,841
Additions	3,205
At December 31, 2022 and January 1, 2023	14,046
Additions	3,850
At December 31, 2023 and January 1, 2024	17,896
Additions	2,999
At December 31, 2024	20,895
Accumulated amortization:	
At January 1, 2022	(2,170)
Charge for the year	(2,675)
At December 31, 2022 and January 1, 2023	(4,845)
Charge for the year	(1,522)
At December 31, 2023 and January 1, 2024	(6,367)
Charge for the year	(1,992)
At December 31, 2024	(8,359)
Net book value:	
At December 31, 2022	9,201
At December 31, 2023	11,529
At December 31, 2024	12,536



RMB'000

The amortization charge for the year is included in "cost of sales", "research and development expenses", "selling and marketing expenses" and "administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

(a) Interest in an associate

The Group and the Company

Details of the Group's interest in the associate, which is accounted for using the equity method in the consolidated financial statements, are as follows:

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(b) Investments in subsidiaries

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	162,951	267,703	274,550

15 INVENTORIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	1,134,807	1,218,810	974,137
Work in progress	47,686	23,257	32,363
Raw materials	116,513	154,233	184,017
Less: write-down of inventories	(113,693)	(205,702)	(161,060)
	1,185,313	1,190,598	1,029,457

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	818,298	1,357,869	1,521,375
Write-down of inventories	119,632	100,245	41,549
	937,930	1,458,114	1,562,924

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	447,918	623,391	369,616
Work in progress	2,479	334	50
Raw materials	16,643	14,394	11,111
Less: write-down of inventories	(118,691)	(101,483)	(42,937)
	348,349	536,636	337,840

16 TRADE AND BILL RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills receivables	3,639	13,668	6,091
Trade receivables			
– Amounts due from a related party (Note 34(iv))	–	21,900	19,932
– Amounts due from third parties	395,555	708,453	734,865
Gross amount of trade and bills receivables	399,194	744,021	760,888
Less: loss allowance (Note 32(a))	(25,877)	(35,741)	(47,332)
	<u>373,317</u>	<u>708,280</u>	<u>713,556</u>

Aging analysis

As at the end of each reporting period, the aging analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	338,286	614,801	567,259
1 to 2 years	30,076	73,784	104,599
2 to 3 years	4,130	17,692	39,268
3 to 4 years	825	2,003	2,430
	<u>373,317</u>	<u>708,280</u>	<u>713,556</u>

All of the trade and bills receivables are expected to be recovered within one year. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills receivables	3,639	13,668	6,091
Trade receivables			
– Amounts due from a related party	–	21,900	19,932
– Amounts due from subsidiaries	618,435	618,453	844,783
– Amounts due from third parties	203,933	271,460	275,184
Gross amount of trade and bills receivables	826,007	925,481	1,145,990
Less: loss allowance	(19,347)	(23,925)	(25,183)
	<u>806,660</u>	<u>901,556</u>	<u>1,120,807</u>

Aging analysis

As at the end of each reporting period, the aging analysis of trade and bills receivables of the Company, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	789,229	861,392	741,465
1 to 2 years	12,648	30,628	324,150
2 to 3 years	4,130	7,533	53,056
3 to 4 years	653	2,003	2,136
	<u>806,660</u>	<u>901,556</u>	<u>1,120,807</u>

17 CONTRACT ASSETS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets	<u>20,529</u>	<u>38,720</u>	<u>41,564</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets	<u>12,695</u>	<u>36,678</u>	<u>39,026</u>

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period. Contract assets are recognized as the Group satisfies a performance obligation but does not have an unconditional right to consideration.

18 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for:			
– Inventories	45,846	55,719	40,585
– Service fees	20,880	12,704	18,370
– Others	8,737	8,870	7,827
	<u>75,463</u>	<u>77,293</u>	<u>66,782</u>
Deductible input VAT	84,853	106,540	172,608
Deposits	37,547	31,166	19,682
Amount due from a related party (Note 34(iv))	3,000	3,000	–
Others	10,983	11,759	17,041
Listing expenses to be capitalized	–	–	4,567
Less: loss allowance	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,582)</u>
	<u>133,383</u>	<u>149,465</u>	<u>210,316</u>
Prepayments and other receivables	<u>208,846</u>	<u>226,758</u>	<u>277,098</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for:			
– Inventories	35,440	45,685	20,758
– Service fees	9,031	3,485	6,231
– Others	5,896	4,820	4,017
	<u>50,367</u>	<u>53,990</u>	<u>31,006</u>
Deductible input VAT	30,397	49,790	67,223
Deposits	23,529	16,870	8,046
Amount due from a related party (Note 34(iv))	3,000	3,000	–
Amounts due from subsidiaries	335,461	573,426	654,649
Others	3,913	3,312	6,496
Listing expenses to be capitalized	–	–	4,567
Less: loss allowance	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,351)</u>
	<u>393,300</u>	<u>643,398</u>	<u>739,630</u>
Prepayments and other receivables	<u>443,667</u>	<u>697,388</u>	<u>770,636</u>

The amount due from a related party is non-trade in nature and such balance had been fully impaired before 2021.

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products (Note 32)	—	50,329	—
Foreign currency forward contracts (Note 32)	—	817	—
	—	51,146	—

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products	—	19,996	—
	—	19,996	—

Note:

As at December 31, 2023, the wealth management products were issued by reputable financial institutions in the PRC. The principal amount and expected returns of these wealth management products are not guaranteed.

20 RESTRICTED CASH

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Restricted cash	89,799	99,014	130,983

As at December 31, 2022, 2023 and 2024, restricted cash was held at bank as security deposits mainly for letter of credit, issuance of letter of guarantee or bank acceptance bills.

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash at bank	1,020,845	532,984	517,205
Time deposits and highly liquid investments with initial terms within three months	100,327	227,413	118,772
	1,121,172	760,397	635,977

(b) Reconciliation of loss before taxation to cash used in operations:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before taxation	(1,564,054)	(1,122,519)	(827,281)
Adjustments for:			
Depreciation	122,277	86,379	60,489
Amortization	2,675	1,522	1,992
Impairment loss recognized on trade and other receivables	11,288	9,864	15,173
Impairment loss of non-current asset	9,859	—	—
Write down of inventories	119,632	100,245	41,549
Net loss on disposal of property, plant and equipment	898	6,317	313
Share of losses/(profits) of an associate	14,967	(14,904)	(24)
Changes in the carrying amount of redemption liabilities	731,974	648,006	685,807
Equity-settled share-based payment expenses	14,189	21,030	29,494
Investment income	(1,576)	(7,565)	(1,757)
Finance costs	12,487	13,284	13,923
Foreign exchange (gain)/loss	(9,812)	2,467	7,181
Impairment loss on property, plant and equipment	—	6,094	—
Changes in working capital:			
(Increase)/decrease in inventories	(540,391)	(105,531)	119,592
Increase in trade and bill receivables	(99,351)	(354,147)	(16,867)
Increase in contract assets	(12,340)	(18,191)	(2,844)
Increase in prepayments and other receivables	(16,974)	(6,129)	(51,458)
Increase in trade payables	87,393	179,872	178,278
Increase/(decrease) in contract liabilities	464,548	61,674	(303,383)
Increase in provisions	18,058	7,952	5,925
Increase/(decrease) in other payables and accruals	58,470	22,231	(29,781)
Increase in restricted cash	(72,316)	(9,215)	(31,969)
Cash used in operations	(648,099)	(471,264)	(105,648)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 25)	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000
At January 1, 2022	80,000	122,873	3,524,059	3,726,932
Changes from financing cash flows:				
Proceeds from new bank loans	286,800	—	—	286,800
Repayment of bank loans	(155,889)	—	—	(155,889)
Capital element of lease rentals paid	—	(63,125)	—	(63,125)
Interest element of lease rentals paid	—	(4,200)	—	(4,200)
Proceeds from shares issued	—	—	1,458,780	1,458,780
Total changes from financing cash flows	130,911	(67,325)	1,458,780	1,522,366

	Bank loans	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 25)	RMB'000 (Note 26)	RMB'000 (Note 27)	RMB'000
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	10,753	—	10,753
Interest on lease liabilities (Note 6(a))	—	4,200	—	4,200
Decrease in lease liabilities from termination of leases	—	(7,172)	—	(7,172)
Changes in the carrying amount of redemption liabilities	—	—	731,974	731,974
Total other changes	—	7,781	731,974	739,755
At December 31, 2022 and January 1, 2023	210,911	63,329	5,714,813	5,989,053
Changes from financing cash flows:				
Proceeds from new bank loans	430,368	—	—	430,368
Repayment of bank loans	(220,111)	—	—	(220,111)
Capital element of lease rentals paid	—	(46,609)	—	(46,609)
Interest element of lease rentals paid	—	(2,702)	—	(2,702)
Total changes from financing cash flows	210,257	(49,311)	—	160,946
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	33,724	—	33,724
Interest on lease liabilities (Note 6(a))	—	2,702	—	2,702
Decrease in lease liabilities from termination of leases	—	(2,825)	—	(2,825)
Changes in the carrying amount of redemption liabilities	—	—	648,006	648,006
Total other changes	—	33,601	648,006	681,607
At December 31, 2023 and January 1, 2024	421,168	47,619	6,362,819	6,831,606
Changes from financing cash flows:				
Proceeds from new bank loans	487,900	—	—	487,900
Repayment of bank loans	(495,168)	—	—	(495,168)
Capital element of lease rentals paid	—	(33,317)	—	(33,317)
Interest element of lease rentals paid	—	(2,448)	—	(2,448)
Total changes from financing cash flows	(7,268)	(35,765)	—	(43,033)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	20,048	—	20,048
Interest on lease liabilities (Note 6(a))	—	2,448	—	2,448
Decrease in lease liabilities from termination of leases	—	(112)	—	(112)
Changes in the carrying amount of redemption liabilities	—	—	685,807	685,807
Total other changes	—	22,384	685,807	708,191
At December 31, 2024	413,900	34,238	7,048,626	7,496,764

(d) Total cash outflow for leases

Amounts included in the statements of cash flows for leases represent lease rental paid and comprise the following:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating cash flows	59,173	18,595	14,127
Within financing cash flows	67,325	49,311	35,765
	<u>126,498</u>	<u>67,906</u>	<u>49,892</u>

22 TRADE PAYABLES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables due to third parties	<u>641,610</u>	<u>821,482</u>	<u>999,760</u>

As at the end of each reporting period, the aging analysis of trade payables of the Group, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year or on demand	598,852	783,070	956,460
Between one year and two years	38,160	32,206	32,349
Over two years	4,598	6,206	10,951
	<u>641,610</u>	<u>821,482</u>	<u>999,760</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables due to third parties	169,920	217,750	206,522
Trade payables due to subsidiaries	190,548	150,676	319,088
	<u>360,468</u>	<u>368,426</u>	<u>525,610</u>

As at the end of each reporting period, the aging analysis of trade payables of the Company, based on the invoice date, is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year or on demand	333,436	345,039	503,906
Between one year and two years	24,404	17,503	16,819
Over two years	2,628	5,884	4,885
	<u>360,468</u>	<u>368,426</u>	<u>525,610</u>

23 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll and staff related costs payable	109,744	134,662	91,291
Payables for services	12,947	8,484	11,928
Listing expenses payable	—	—	18,108
Guarantee deposits	2,699	1,613	1,399
Payables for construction cost	—	19,470	60,642
Other tax payables	64,179	82,635	85,534
Others	31,680	19,136	11,160
	<u>221,249</u>	<u>266,000</u>	<u>280,062</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll and staff related costs payable	56,510	63,197	42,078
Payables for services	8,769	4,002	6,597
Listing expenses payable	—	—	18,108
Guarantee deposits	724	724	724
Amount due to subsidiaries	35,738	104,755	151,707
Other tax payables	19,719	40,139	50,851
Others	28,005	9,859	3,840
	<u>149,465</u>	<u>222,676</u>	<u>273,905</u>

24 CONTRACT LIABILITIES

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>852,382</u>	<u>914,057</u>	<u>610,674</u>

Movements in contract liabilities

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	387,834	852,382	914,057
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(319,592)	(703,321)	(845,842)
Increase in contract liabilities as a result of receipts in advance	784,140	764,996	542,459
Balance at December 31	<u>852,382</u>	<u>914,057</u>	<u>610,674</u>

The Group expects that all of its contract liabilities during the Track Record Period will be recognised as revenue within 1 year.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract liabilities	195,620	238,469	105,436

Movements in contract liabilities

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	117,620	195,620	238,469
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(27,068)	(140,446)	(224,330)
Increase in contract liabilities as a result of receipts in advance	105,068	183,295	91,297
Balance at December 31	195,620	238,469	105,436

The Company expects that all of its contract liabilities during the Track Record Period will be recognised as revenue within 1 year.

25 BANK LOANS

- (a) As at the end of each reporting period, borrowings were secured as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank loans			
– Guaranteed by one of controlling shareholders of the Company	202,911	372,400	140,000
– Unsecured	8,000	48,768	273,900
	210,911	421,168	413,900

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank loans			
– Guaranteed by one of controlling shareholders of the Company or subsidiaries	192,911	312,400	253,900
– Unsecured	–	48,768	–
	192,911	361,168	253,900

(b) As at the end of each reporting period, borrowings were repayable as follows:

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	210,911	421,168	413,900

Note:

(i) As at December 31, 2022, 2023 and 2024, all borrowings of the Group were denominated in RMB and interest-bearing at 1.17%-5.10%, 3.00%-4.20% and 2.55%-4.00% per annum, respectively.

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	192,911	361,168	253,900

Note:

(ii) As at December 31, 2022, 2023 and 2024, all borrowings of the Company were denominated in RMB and interest-bearing at 3.50%-5.10%, 3.20%-4.20% and 2.55%-3.75% per annum, respectively.

26 LEASE LIABILITIES

The Group

At the end of each reporting period, the lease liabilities of the Group were repayable as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	49,128	27,571	15,096
After 1 year but within 2 years	11,741	9,313	11,400
After 2 years but within 5 years	2,460	10,735	7,742
	14,201	20,048	19,142
	63,329	47,619	34,238

The Company

At the end of each reporting period, the lease liabilities of the Company were repayable as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	27,959	4,456	6,325
After 1 year but within 2 years	4,517	9,461	1,280
After 2 years but within 5 years	340	148	—
	<u>4,857</u>	<u>9,609</u>	<u>1,280</u>
	<u>32,816</u>	<u>14,065</u>	<u>7,605</u>

27 REDEMPTION LIABILITIES

The Group and the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Redemption liabilities	<u>5,714,813</u>	<u>6,362,819</u>	<u>7,048,626</u>

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

	Redemption liabilities
	RMB'000
The Group and the Company	
At January 1, 2022	3,524,059
Grant of redemption right in financing	1,458,780
Changes in the carrying amount of redemption liabilities	<u>731,974</u>
At December 31, 2022 and January 1, 2023	5,714,813
Changes in the carrying amount of redemption liabilities	<u>648,006</u>
At December 31, 2023 and January 1, 2024	6,362,819
Changes in the carrying amount of redemption liabilities	<u>685,807</u>
At December 31, 2024	<u>7,048,626</u>

From January 2021 to December 2022, the Company conducted several rounds of financing by issuing registered capital to investors and the investors were granted a right to put back to the Company the registered capital acquired upon the occurrence of any of the following events:

- (i) a Qualified IPO has not been consummated by the Company by December 31, 2024;
- (ii) Any Group Company, Founder Member and/or Founder's equity incentive platform materially breaches or violates its obligations under any Transaction Documents and/or the Memorandum and the Articles, and within thirty (30) days after any holder of Preferred Shares notifies the Company, Founder Members and/or Founder's equity incentive platform of such material breach in writing, the breach has not been cured; or
- (iii) any Group Company has incurred any liability for infringement of the intellectual property right of any person which liability shall amount to a material adverse effect on the business, operations, financial conditions, or prospects of any Group Company.

Pursuant to supplemental agreement entered into in December 2024 amongst others, all shareholders' special rights granted shall be automatically terminated upon Listing, except for the redemption rights which were suspended on the date immediately before the date of the first submission of listing application to the Stock Exchange, and shall be restored upon the earlier of (i) the date when the Company's listing application is withdrawn or rejected; or (ii) 18 months after the first submission of the listing application to the Stock Exchange if the Listing has not completed by then. The redemption rights shall be automatically terminated upon the Listing.

The redemption price is the sum of 100% of the issue price, a compound interest of ten percent (10%) per annum calculated on a 365 day per year basis from the issue date through the date on which the redemption price has been paid in full, and any declared but unpaid dividends.

28 EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Group operates share incentive schemes (the "Scheme") for the purpose of rewarding participants for their service and to provide incentives to them to further contribute to the Group since 2016. Eligible participants of the Scheme include the Company's director and other employees of the Group who contribute directly to the overall business performance and sustainable development of the Group.

The vesting period of the incentive last at the later of three to four years from the date of grant and an IPO has been consummated, on condition that employees remain in service.

A summary of the scheme is presented as following:

	Year ended December 31,					
	2022		2023		2024	
	Weighted average exercise price	Number of instruments	Weighted average exercise price	Number of instruments	Weighted average exercise price	Number of instruments
	RMB		RMB		RMB	
Outstanding at the beginning of the year	0.62	53,353,194	0.64	50,143,875	0.67	51,624,852
Forfeited during the year	0.78	(5,510,612)	0.57	(2,985,890)	0.72	(6,072,860)
Granted during the year	1.25	2,301,293	0.95	4,466,867	1.88	10,331,428
Outstanding at the end of the year	0.64	50,143,875	0.67	51,624,852	0.89	55,883,420

Fair value of the incentive

The fair value of the incentive at the date of grant was determined by an external valuer taking into the terms and conditions upon which the awarded shares were granted. The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity value allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate, risk-free interest rate, expected volatility and projections of future performance, are required to be determined by the Group with best estimate.

Key assumptions are set as below:

	Year ended December 31,		
	2022	2023	2024
Risk-free interest rates	2.40%-2.44%	2.16%	2.15%
Expected volatility	43.69%-49.07%	44.29%	44.29%-47.64%
Dividend yield	0%	0%	0%

The total expenses recognized in the consolidated statements of profit or loss and other comprehensive income for share-based awards granted to the participants are RMB14,189,000, RMB21,030,000, and RMB29,494,000 for the years ended December 31, 2022, 2023 and 2024, respectively.

29 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At January 1	—	1,998	—
Provision for the year	3,054	4,164	4,220
Income tax paid	(1,056)	(6,162)	(2,453)
At December 31	<u>1,998</u>	<u>—</u>	<u>1,767</u>

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 2(r), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB2,536,151,000, RMB3,271,549,000 and RMB3,586,670,000 as at December 31, 2022, 2023 and 2024, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

30 PROVISIONS

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Warranty provisions – current	24,865	30,432	34,072
Warranty provisions – non-current	10,657	13,042	14,820
Provision for litigation	—	—	507
	<u>35,522</u>	<u>43,474</u>	<u>49,399</u>

The non-current portion of warranty provisions is included in other non-current liabilities.

The movements of provisions during the Track Record Period were as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	17,464	35,522	43,474
Provisions for warranty provisions	37,423	42,481	59,551
Provision for litigation	—	—	507
Settlement for warranty provisions	(19,365)	(34,529)	(54,133)
Balance at the end of the year	<u>35,522</u>	<u>43,474</u>	<u>49,399</u>

Under the terms of the Group's sales agreements, the Group offers warranties for its robot products. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of each reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity during the Track Record Period are set out below:

The Company

	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	1,048,022	(2,811,281)	17,777	(4,154)	(639,902)	(2,389,538)
Changes in equity for 2022:						
Loss for the year	—	—	—	—	(1,242,425)	(1,242,425)
Other comprehensive income	—	—	—	(2,379)	—	(2,379)
Total comprehensive income	—	—	—	(2,379)	(1,242,425)	(1,244,804)
Equity settled share-based payment expenses	—	—	14,189	—	—	14,189
Redemption liabilities	—	(1,458,780)	—	—	—	(1,458,780)
Capital contribution	111,189	1,339,122	—	—	—	1,450,311
Balance at December 31, 2022 and January 1, 2023	1,159,211	(2,930,939)	31,966	(6,533)	(1,882,327)	(3,628,622)
Changes in equity for 2023:						
Loss for the year	—	—	—	—	(947,105)	(947,105)
Other comprehensive income	—	—	—	(910)	—	(910)
Total comprehensive income	—	—	—	(910)	(947,105)	(948,015)
Equity settled share-based payment expenses	—	—	21,030	—	—	21,030
Balance at December 31, 2023 and January 1, 2024	1,159,211	(2,930,939)	52,996	(7,443)	(2,829,432)	(4,555,607)
Changes in equity for 2024:						
Loss for the year	—	—	—	—	(802,331)	(802,331)
Other comprehensive income	—	—	—	(2,782)	—	(2,782)
Total comprehensive income	—	—	—	(2,782)	(802,331)	(805,113)
Equity settled share-based payment expenses	—	—	29,494	—	—	29,494
Balance at December 31, 2024	1,159,211	(2,930,939)	82,490	(10,225)	(3,631,763)	(5,331,226)

(b) Share capital

	Number of original shares	Share capital
	'000	RMB'000
Balance at January 1, 2022	1,048,022	1,048,022
Issuance of shares to the Series E1 investor	111,189	111,189
Balance at December 31, 2022, 2023 and 2024	1,159,211	1,159,211

(c) **Nature and purpose of reserves**

(i) **Capital reserve**

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; and (iii) the amounts in relation to the recognition of the redemption liabilities as set out in Note 27.

(ii) **Share-based payments reserve**

The share-based payment reserve comprises the Company's equity settled share-based payments (see Note 28).

(iii) **Exchange reserve**

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(d) **Dividends**

No dividends were paid by the companies comprising the Group during the Track Record Period. The Company did not declare and pay any dividends since its incorporation.

(e) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to represent low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within a period of 7-360 days from the date of billing.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2022, 2023 and 2024, 46%, 45% and 30% of the total trade receivables was due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2022					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year	335,882	—	335,882	0%	1,234	1,234
Between 1 year and 2 years	39,822	8,363	31,459	4%	1,383	9,746
Between 2 years and 3 years	5,271	—	5,271	22%	1,141	1,141
Between 3 years and 4 years	2,099	—	2,099	60%	1,275	1,275
Over 4 years	12,481	9,826	2,655	100%	2,655	12,481
	395,555					25,877

	As at December 31, 2023					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year	602,891	—	602,891	0%	1,759	1,759
Between 1 year and 2 years	80,634	3,991	76,643	4%	2,858	6,849
Between 2 years and 3 years	28,667	8,363	20,304	3%	2,612	10,975
Between 3 years and 4 years	3,864	—	3,864	48%	1,861	1,861
Over 4 years	14,297	9,826	4,471	100%	4,471	14,297
	730,353					35,741

	As at December 31, 2024					
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year . . .	564,293	—	564,293	0%	3,126	3,126
Between 1 year and 2 years	108,614	—	108,614	4%	4,015	4,015
Between 2 years and 3 years	49,150	4,175	44,975	3%	5,707	9,882
Between 3 years and 4 years	19,805	11,848	7,957	69%	5,526	17,374
Over 4 years	12,935	9,826	3,109	100%	3,109	12,935
	754,797					47,332

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	14,589	25,877	35,741
Impairment loss recognized during the year, net	11,288	9,864	11,591
Balance at December 31	<u>25,877</u>	<u>35,741</u>	<u>47,332</u>

Other receivables

Other receivables include deductible input VAT, deposits, staff advance, tax reimbursement for export and others. Movement in the loss allowance account in respect of other receivables during the Track Record Period is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Balance at January 1	3,000	3,000	3,000
Impairment loss recognized during the year	—	—	3,582
write-off amount	—	—	(3,000)
Balance at December 31	<u>3,000</u>	<u>3,000</u>	<u>3,582</u>

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

As at December 31, 2022				
Contractual undiscounted cash outflow				
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans (Note 25)	214,561	—	214,561	210,911
Trade payables (Note 22)	641,610	—	641,610	641,610
Other payables and accruals	157,070	—	157,070	157,070
Lease liabilities (Note 26)	50,125	12,697	2,519	65,341
	<u>1,063,366</u>	<u>12,697</u>	<u>2,519</u>	<u>1,078,582</u>
				<u>1,072,920</u>

As at December 31, 2023				
Contractual undiscounted cash outflow				
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans (Note 25)	428,215	—	428,215	421,168
Trade payables (Note 22)	821,482	—	821,482	821,482
Other payables and accruals	183,365	—	183,365	183,365
Lease liabilities (Note 26)	28,715	10,508	11,112	50,335
	<u>1,461,777</u>	<u>10,508</u>	<u>11,112</u>	<u>1,483,397</u>
				<u>1,473,634</u>

As at December 31, 2024				
Contractual undiscounted cash outflow				
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans (Note 25)	420,423	—	420,423	413,900
Trade payables (Note 22)	999,760	—	999,760	999,760
Other payables and accruals	194,528	—	194,528	194,528
Lease liabilities (Note 26)	15,290	14,268	8,011	37,569
	<u>1,630,001</u>	<u>14,268</u>	<u>8,011</u>	<u>1,652,280</u>
				<u>1,642,426</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. The bank loans were all fixed-rate borrowings.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(d) **Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, EUR, HKD, RMB and KRW. The Group manages this risk as follows:

(i) **Exposure to currency risk**

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

Exposure to foreign currencies as at December 31, 2022											
	USD	EUR	GBP	HKD	RMB	SGD	PLN	JPY	AUD	CAN	KRW
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	124,699	20,413	276	8,972	228,269	13	-	-	-	-	-
Prepayments, deposits and other receivables	-	58	849	-	3	807	-	1,047	-	-	-
Trade payables	(74,847)	(1,060)	(175)	-	(368)	(156)	-	-	(30)	(123)	(588)
Other payables and accruals	(715)	(965)	(1,358)	(720)	(8)	(993)	-	-	(2)	-	(5)
Cash and cash equivalents	85,123	5,330	177	-	4,347	3,832	-	-	-	914	-
Net exposure arising from recognized assets and liabilities	134,260	23,776	(231)	8,252	232,243	3,503	-	1,047	(32)	791	(593)

Exposure to foreign currencies as at December 31, 2023											
	USD	EUR	GBP	HKD	RMB	SGD	PLN	JPY	AUD	CAN	KRW
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	455,602	50,422	-	21,247	265,874	-	-	-	-	-	316
Prepayments, deposits and other receivables	-	61	1,083	-	-	572	-	-	-	-	-
Trade payables	(100,305)	(2,868)	(92)	-	(7,099)	(820)	-	-	(362)	(89)	(536)
Other payables and accruals	(39)	(3)	-	-	-	(989)	-	-	(1)	-	-
Cash and cash equivalents	63,138	102,282	27,231	-	2,395	-	37	8,445	-	-	-
Net exposure arising from recognized assets and liabilities	418,396	149,894	28,222	21,247	261,170	(1,237)	37	8,445	(363)	(89)	(536)

Exposure to foreign currencies as at December 31, 2024											
	USD	EUR	GBP	HKD	RMB	SGD	PLN	JPY	AUD	CAN	KRW
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	263,159	74,283	65,183	-	68,121	16,680	-	52,866	-	-	-
Prepayments, deposits and other receivables	7,338	58	1,088	-	560	672	-	1,047	-	-	-
Trade payables	(29,760)	(1,529)	(7,383)	(226)	(5,973)	(510)	(4,993)	-	(2,316)	(162)	(1,721)
Other payables and accruals	(5,841)	-	(980)	-	(48)	(169)	-	-	-	(1)	(83)
Cash and cash equivalents	83,326	36,779	54,768	-	699	110	3	3,855	24	-	-
Net exposure arising from recognized assets and liabilities	318,222	109,591	112,676	(226)	63,359	16,783	(4,990)	57,768	(2,292)	(163)	(1,804)

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

As at December 31,						
	2022		2023		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000		RMB'000		RMB'000
United States Dollars	10%	10,070	10%	31,380	10%	23,867
	(10%)	(10,070)	(10%)	(31,380)	(10%)	(23,867)
Euros	10%	1,783	10%	11,242	10%	8,219
	(10%)	(1,783)	(10%)	(11,242)	(10%)	(8,219)
Great Britain Pounds	10%	(17)	10%	2,117	10%	8,451
	(10%)	17	(10%)	(2,117)	(10%)	(8,451)
Hong Kong Dollars	10%	619	10%	1,594	10%	(17)
	(10%)	(619)	(10%)	(1,594)	(10%)	17
RMB	10%	17,418	10%	19,588	10%	4,752
	(10%)	(17,418)	(10%)	(19,588)	(10%)	(4,752)
Singapore Dollar	10%	263	10%	(93)	10%	1,259
	(10%)	(263)	(10%)	93	(10%)	(1,259)
Polish Zlotych	10%	—	10%	3	10%	(374)
	(10%)	—	(10%)	(3)	(10%)	374
Japanese Yen	10%	79	10%	633	10%	4,254
	(10%)	(79)	(10%)	(633)	(10%)	(4,254)
Australian Dollar	10%	(2)	10%	(27)	10%	(172)
	(10%)	2	(10%)	27	(10%)	172
Canadian Dollar	10%	59	10%	(7)	10%	(12)
	(10%)	(59)	(10%)	7	(10%)	12
New Taiwan Dollar	10%	(44)	10%	(40)	10%	(135)
	(10%)	44	(10%)	40	(10%)	135
South Korean Won	10%	—	10%	24	10%	(2)
	(10%)	—	(10%)	(24)	(10%)	2

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.

(e) *Fair value measurement*

(i) *Assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at the end of each reporting date:

	Fair value hierarchy	Fair value at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets at FVTPL				
– Wealth management products	Level 2	—	50,329	—
– Foreign currency forward contracts	Level 2	—	817	—
		—	51,146	—

During the Track Record Period, there were no transfers between Level 1 or Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Wealth management products purchased by the Group are issued by major and reputable commercial banks without guaranteed returns. The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. The fair values are based on cash flow discounted using the expected return based on observable market inputs and are within level 2 of the fair value hierarchy.

Foreign currency forward contracts are measured at level 2 fair value. As at the end of the reporting dates, the Group had obtained forward exchange rate quotations from contracted banks, which were determined based on the remaining term to maturity. The fair value of foreign currency forward contracts were determined by multiplying the difference between the quotations and agreed exchange rates for the foreign currency forward contracts by the amount for forward foreign exchange settlement and sales.

33 COMMITMENTS

The Group did not have any capital commitments as at December 31, 2022, 2023 and 2024.

34 MATERIAL RELATED PARTY TRANSACTIONS

The material related party transactions entered into by the Group during the Track Record Period and the balances with related parties at the end of each reporting period are set out below.

(i) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	5,143	5,291	4,941
Retirement scheme contributions	478	523	608
Equity-settled share-based payment expenses	694	1,021	3,882
	6,315	6,835	9,431

Total remuneration is included in "staff costs" (see Note 6(b)).

(ii) **Related parties and the relationship**

The related party of the Company and its subsidiaries that had transactions with the Group is as follow:

Name of related party	Relationship with the Group
Geekplus Co., Ltd.	Entity significantly influenced by the Company
Beijing Kutuo Technology Co., Ltd.	Entity significantly influenced by the Company
Mr. Zheng Yong	One of the controlling shareholders

(iii) **Transactions with related parties**

The Group entered into the following material related party transactions during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sales of goods			
– Geekplus Co., Ltd.	40,404	104,007	175,664

(iv) **Balances with related parties as at the end of each reporting period**

Trade in nature:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables			
– Geekplus Co., Ltd.	–	21,900	19,932
Less: loss allowance	–	(257)	(10)
	–	21,643	19,922

Non-trade in nature:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amount due from a related party			
– Beijing Kutuo Technology Co., Ltd.	3,000	3,000	–
Less: loss allowance	(3,000)	(3,000)	–
	–	–	–

The amount due from a related party is non-trade balance and the management has made full impairment of the balance before the year of 2021.

(v) **Guarantee provided by related parties**

During the Track Record Period, one of the controlling shareholders of the Company provided guarantee to the Group, equivalent to RMB202.9 million, RMB372.4 million and RMB140.0 million as at December 31, 2022, 2023 and 2024, respectively. The guarantee will be released before listing.

35 ULTIMATE CONTROLLING PARTY

At December 31, 2022, 2023 and 2024, the directors consider the ultimate controlling party to be Mr. Zheng Yong, Mr. Li Hongbo, Mr. Liu Kai and Mr. Chen Xi.

36 SUBSEQUENT EVENTS

Subsequent to December 31, 2024 and up to the date of this report, there is no material subsequent event.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR BEGINNING ON JANUARY 1, 2024

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on January 1, 2024 and which have not been adopted in the Historical Financial Information, including:

	Effective for accounting period beginning on or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	January 1, 2025
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Contracts referencing nature-dependent electricity</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: Disclosures</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2024.