The following is the text of a report set out on pages [I-1] to [I-2], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HORIZON ROBOTICS AND GOLDMAN SACHS (ASIA) L.L.C., MORGAN STANLEY ASIA LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Horizon Robotics (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-74], which comprises the consolidated statements of financial position as at December 31, 2021, 2022 and 2023, the company statements of financial position as at December 31, 2021, 2022 and 2023, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2021, 2022 and 2023 (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-74] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*document date*] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2021, 2022 and 2023 and the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to Note [31] to the Historical Financial Information which states that no dividends have been paid by Horizon Robotics in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[*Date*]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

		Year ended December 31,		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	*6*	466,720	905,676	1,551,607
Cost of sales	*9*	(135,734)	(277,963)	(457,297)
Gross profit		**330,986**	**627,713**	**1,094,310**
Research and development expenses	*9*	(1,143,642)	(1,879,888)	(2,366,255)
Administrative expenses	*9*	(319,003)	(373,909)	(443,366)
Selling and marketing expenses	*9*	(211,390)	(298,500)	(327,249)
Net impairment losses on financial assets	*3.1(b)*	(5,098)	(13,039)	(20,793)
Other income	*7*	14,483	43,662	66,222
Other losses – net	*8*	(1,669)	(238,055)	(33,391)
Operating loss		**(1,335,333)**	**(2,132,016)**	**(2,030,522)**
Finance income	*10*	28,239	104,528	167,473
Finance costs	*10*	(16,592)	(7,548)	(8,651)
Finance income – net		**11,647**	**96,980**	**158,822**
Share of results of investments accounted for using the equity method	*13*	(2,530)	(34,298)	(112,074)
Fair value changes of preferred shares and other financial liabilities	*28*	(763,984)	(6,655,367)	(4,760,354)
Loss before income tax		**(2,090,200)**	**(8,724,701)**	**(6,744,128)**
Income tax (expense)/benefit	*14*	26,650	4,273	5,075
Loss for the year		**(2,063,550)**	**(8,720,428)**	**(6,739,053)**
Loss is attributable to:				
Owners of Horizon Robotics		(2,061,293)	(8,719,410)	(6,739,021)
Non-controlling interests		(2,257)	(1,018)	(32)
Loss per share for loss attributable to the ordinary equity holders of the Company (expressed in RMB per share):				
Basic and diluted loss per share	*15*	(0.81)	(3.35)	(2.50)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31,		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Loss for the year		(2,063,550)	(8,720,428)	(6,739,053)
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss				
Currency translation differences		270,243	(898,171)	(371,859)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	*28*	257,022	406,335	(457,686)
Other comprehensive income/(loss) for the year, net of nil tax		**527,265**	**(491,836)**	**(829,545)**
Total comprehensive loss for the year		**(1,536,285)**	**(9,212,264)**	**(7,568,598)**
Total comprehensive loss for the year is attributable to:				
Owners of Horizon Robotics		(1,534,028)	(9,211,246)	(7,568,566)
Non-controlling interests		(2,257)	(1,018)	(32)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	123,866	220,945	433,261
Right-of-use assets	*17*	170,984	258,357	217,369
Deferred tax assets	*30*	79,944	88,916	99,967
Intangible assets	*18*	197,440	319,075	302,906
Investments accounted for using the equity method	*13*	27,082	64,034	1,107,659
Financial assets at fair value through profit or loss	*3.3*	46,338	68,838	80,825
Restricted cash	*19, 23*	5,512	8,564	8,098
Prepayments and other non-current assets	*21*	32,279	62,819	85,713
Total non-current assets		**683,445**	**1,091,548**	**2,335,798**
Current assets				
Inventories	*22*	113,912	363,532	790,898
Prepayments and other current assets	*21*	282,992	206,452	136,729
Trade and note receivables	*20*	169,355	420,672	541,091
Term deposits	*23*	1,284,293	1,204,365	–
Restricted cash	*19, 23*	12,856	2	709,716
Cash and cash equivalents	*23*	8,050,034	6,608,657	11,359,641
Total current assets		**9,913,442**	**8,803,680**	**13,538,075**
Total assets		**10,596,887**	**9,895,228**	**15,873,873**
LIABILITIES				
Non-current liabilities				
Lease liabilities	*17*	77,266	154,176	112,346
Borrowings	*29*	–	12,515	112,844
Other non-current liabilities	*27*	7,570	15,652	61,954
Total non-current liabilities		**84,836**	**182,343**	**287,144**
Current liabilities				
Trade payables	*27*	8,040	3,822	11,164
Contract liabilities	*6*	5,546	63,079	24,875
Lease liabilities	*17*	38,248	50,615	52,010
Employee benefit obligations		242,418	304,333	384,042
Accruals and other payables	*27*	270,525	278,245	540,444
Preferred shares and other financial liabilities at FVPL	*28*	18,341,195	26,451,328	39,239,578
Total current liabilities		**18,905,972**	**27,151,422**	**40,252,113**
Total liabilities		**18,990,808**	**27,333,765**	**40,539,257**
Net liabilities		**(8,393,921)**	**(17,438,537)**	**(24,665,384)**

		As at December 31,		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
EQUITY				
Deficits attributable to owners of Horizon Robotics				
Share capital	*24*	39	39	39
Share premium	*24*	124,120	146,257	146,257
Other reserves	*25*	1,594,424	1,247,509	759,842
Accumulated losses		(10,112,754)	(18,832,267)	(25,571,415)
		(8,394,171)	**(17,438,462)**	**(24,665,277)**
Non-controlling interests		250	(75)	(107)
Total deficits		**(8,393,921)**	**(17,438,537)**	**(24,665,384)**

COMPANY STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investment in subsidiaries	*12(b)*	10,669,860	14,620,167	19,820,050
Financial assets at fair value through profit or loss		14,452	27,251	33,183
Total non-current assets		**10,684,312**	**14,647,418**	**19,853,233**
Current assets				
Commitment derivative		–	13,017	–
Cash and cash equivalents	*23*	3,157,367	731,660	3,235,568
Total current assets		**3,157,367**	**744,677**	**3,235,568**
Total assets		**13,841,679**	**15,392,095**	**23,088,801**
LIABILITIES				
Current liabilities				
Preferred shares and other financial liabilities at FVPL	*28*	18,341,195	26,451,328	39,239,578
Accruals and other payables		16,560	16,099	2,722
Total current liabilities		**18,357,755**	**26,467,427**	**39,242,300**
Total liabilities		**18,357,755**	**26,467,427**	**39,242,300**
Net liabilities		**(4,516,076)**	**(11,075,332)**	**(16,153,499)**
EQUITY				
Deficits attributable to owners of Horizon Robotics				
Share capital	*24*	39	39	39
Share premium	*24*	124,120	146,257	146,257
Other reserves	*25*	1,369,604	1,563,148	1,284,408
Accumulated losses		(6,009,839)	(12,784,776)	(17,584,203)
Total deficits		**(4,516,076)**	**(11,075,332)**	**(16,153,499)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Deficits attributable to owners of Horizon Robotics						
	Notes	**Share capital**	**Share premium**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total deficits**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2021 (Unaudited)		**39**	**99,593**	**895,281**	**(8,051,425)**	**(7,056,512)**	**10,539**	**(7,045,973)**
Loss for the year		–	–	–	(2,061,293)	(2,061,293)	(2,257)	(2,063,550)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	28	–	–	257,022	–	257,022	–	257,022
Currency translation differences		–	–	270,243	–	270,243	–	270,243
Total comprehensive loss for the year		**–**	**–**	**527,265**	**(2,061,293)**	**(1,534,028)**	**(2,257)**	**(1,536,285)**
Transactions with owners in their capacity as owners:								
Share-based payments	24, 26	–	24,527	171,842	–	196,369	–	196,369
Appropriations to PRC statutory reserves		–	–	36	(36)	–	–	–
Disposal of a subsidiary		–	–	–	–	–	(8,032)	(8,032)
Balance at December 31, 2021		**39**	**124,120**	**1,594,424**	**(10,112,754)**	**(8,394,171)**	**250**	**(8,393,921)**
Balance at January 1, 2022		**39**	**124,120**	**1,594,424**	**(10,112,754)**	**(8,394,171)**	**250**	**(8,393,921)**
Loss for the year		–	–	–	(8,719,410)	(8,719,410)	(1,018)	(8,720,428)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	28	–	–	406,335	–	406,335	–	406,335
Currency translation differences		–	–	(898,171)	–	(898,171)	–	(898,171)
Total comprehensive loss for the year		**–**	**–**	**(491,836)**	**(8,719,410)**	**(9,211,246)**	**(1,018)**	**(9,212,264)**
Transactions with owners in their capacity as owners:								
Share-based payments	24, 26	–	22,137	151,561	–	173,698	–	173,698
Appropriations to PRC statutory reserves		–	–	103	(103)	–	–	–
Purchase of non-controlling interests		–	–	(6,743)	–	(6,743)	693	(6,050)
Balance at December 31, 2022		**39**	**146,257**	**1,247,509**	**(18,832,267)**	**(17,438,462)**	**(75)**	**(17,438,537)**

		Deficits attributable to owners of Horizon Robotics						
	Notes	**Share capital**	**Share premium**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total deficits**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		**39**	**146,257**	**1,247,509**	**(18,832,267)**	**(17,438,462)**	**(75)**	**(17,438,537)**
Loss for the year		–	–	–	(6,739,021)	(6,739,021)	(32)	(6,739,053)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	*28*	–	–	(457,686)	–	(457,686)	–	(457,686)
Currency translation differences		–	–	(371,859)	–	(371,859)	–	(371,859)
Total comprehensive loss for the year		**–**	**–**	**(829,545)**	**(6,739,021)**	**(7,568,566)**	**(32)**	**(7,568,598)**
Transactions with owners in their capacity as owners:								
Share-based payments	*24, 26*	–	–	341,751	–	341,751	–	341,751
Appropriations to PRC statutory reserves		–	–	127	(127)	–	–	–
Balance at December 31, 2023		**39**	**146,257**	**759,842**	**(25,571,415)**	**(24,665,277)**	**(107)**	**(24,665,384)**

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
	Notes	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash used in operating activities		(1,133,855)	(1,651,838)	(1,904,994)
Interest received		22,860	98,074	167,473
Income taxes paid		(21)	(3,521)	(6,987)
Net cash outflow from operating activities		**(1,111,016)**	**(1,557,285)**	**(1,744,508)**
Cash flows from investing activities				
Payments for land-use right, property, plant and equipment		(174,213)	(196,450)	(259,446)
Payments for intangible assets		(49,817)	(352,765)	(194,526)
Purchase of investments accounted for using the equity method	*13*	(15,691)	(71,250)	(1,453,000)
Payments for financial assets at fair value through profit or loss	*3.3*	(1,305,420)	(4,948,737)	(4,399,778)
Placement of term deposits		(1,291,776)	(3,791,355)	(367,604)
Proceeds from disposal of a subsidiary, net of cash disposed		1,345	–	–
Proceeds from sale of property, plant and equipment		364	686	92
Proceeds from sale of financial assets at fair value through profit or loss	*3.3*	1,295,620	4,944,096	4,410,095
Term deposits matured		155,420	4,201,269	1,596,881
Net cash outflow from investing activities		**(1,384,168)**	**(214,506)**	**(667,286)**

		Year ended December 31,		
	Notes	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Proceeds from issuance of preferred shares and other financial liabilities	*28*	6,348,190	254,796	7,188,574
Payments for share purchase from a non-controlling interests shareholder		–	(6,050)	–
Payments to certain former investors for preferred shares repurchase before January 1, 2021	*27*	–	–	(9,895)
Payments for transaction cost for issuance of preferred shares	*10*	(11,881)	–	–
Principal elements of lease payments	*17*	(32,185)	(41,301)	(51,489)
Interest elements of lease payments	*17*	(4,711)	(7,548)	(8,651)
Proceeds from borrowings	*29*	–	12,515	100,329
Net cash inflow from financing activities		**6,299,413**	**212,412**	**7,218,868**
Net increase/(decrease) in cash and cash equivalents		**3,804,229**	**(1,559,379)**	**4,807,074**
Cash and cash equivalents at the beginning of the year		4,296,055	8,050,034	6,608,657
Effects of exchange rate changes on cash and cash equivalents		(50,250)	118,002	(56,090)
Cash and cash equivalents at the end of the year		**8,050,034**	**6,608,657**	**11,359,641**

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Horizon Robotics (the "Company") was incorporated in the Cayman Islands on July 21, 2015, as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in providing automotive solutions for passenger vehicles with proprietary software and hardware. The Group also provides non-automotive solutions to enable device manufacturers to design and manufacture devices and appliances with enhanced levels of intelligence.

The Company's principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 12.

2 BASIS OF PREPARATION

The Historical Financial Information of the Group has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of convertible redeemable preferred shares, other financial liabilities at fair value through profit or loss, and financial assets at fair value through profit or loss ("FVPL").

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

2.1 Going concern

During the year ended December 31, 2023, the Group reported a net loss of approximately RMB6,739,053,000 and a net operating cash outflow of approximately RMB1,744,508,000. As at December 31, 2023, the Group sustained a net liability position of approximately RMB24,665,384,000, primarily attributable to the preferred shares and other financial liabilities at FVPL of approximately RMB39,239,578,000. Upon the completion of a qualified [**REDACTED**] (Note 28), all of the preferred shares will be automatically converted into ordinary shares, and all the principal amount and accrued interest of the convertible loan will be automatically and mandatorily converted into ordinary shares, subject to certain beneficial interest cap.

The Group's source of finance and working capital mainly derived from issuance of preferred shares and convertible loan. Management of the Group has prepared a cash flow projection covering a period of not less than 12 months from December 31, 2023. Based on the projection prepared by management, the directors of the Company believe that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the 12 months from December 31, 2023. Consequently, the Historical Financial Information has been prepared on a going concern basis.

2.2 New Standards and amendments to standards not yet adopted

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

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 'Lack of Exchange ability	1 January 2025

The Group has already commenced an assessment of the impact of these new or revised standards and amendments and no significant impact on the financial performance and positions of the Group is expected when they become effective.

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on 23 May 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"). The amendments also introduce new disclosure requirements about such tax, including the estimated tax exposure to Pillar Two income taxes. The Group has adopted the amendments and continually evaluate the impact of the amendments mentioned above on the consolidated statement of financial position. No significant impact on the financial performance and positions of the Group is expected.

The Group elected to early adopt the "Amendments to IAS 1 — Classification of Liabilities as Current or Non-current" and "Amendments to IAS 1 — Non-current Liabilities with Covenants". With the early adoption, the preferred shares have been presented as current liabilities as the preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time, and the conversion option doesn't meet the definition of equity instrument.

3 FINANCIAL RISK MANAGEMENT

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

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currency of the Company and its subsidiaries outside Mainland China are US$ whereas functional currency of the subsidiaries operate in Mainland China is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The foreign currency assets and liabilities of the Group entities are certain cash and cash equivalents, term deposits and receivables and payables denominated in foreign currencies of respective group entities that are exposed to foreign currency risk. The foreign exchange risk the Group is facing mainly comes from movements in the USD/RMB. During the Track Record Period, the Group did not have any derivative financial instrument for which hedging accounting was applied.

If USD had strengthened by 5% against RMB with all other variables held constant, loss before income tax for the year would have been approximately RMB29,659,000 and RMB47,859,000 and RMB1,277,000 higher for the year ended December 31, 2021, 2022 and 2023 respectively.

(ii) Interest rate risk

Except for cash and cash equivalents, restricted cash, term deposits and long-term borrowings, the Group has no significant interest-bearing assets and borrowings.

The directors of the Company do not anticipate significant impact to interest-bearing assets and borrowings resulted from the changes in interest rate because the interest rates of the above-mentioned interest-bearing assets and borrowings are not expected to change significantly.

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments in unlisted companies held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Each investment is managed by senior management of the Group individually. The sensitivity analysis is performed by management, see Note 3.3 for details.

The Group also mainly invests in low-risk wealth management products and the proposed investment must not interfere with the Group's daily operation and business prospects. The Group makes investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macroeconomic environment, general market conditions and the expected profit or potential loss of the investment.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, term deposits, as well as trade and note receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

To manage this risk, cash and cash equivalents, restricted cash and term deposits are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade and note receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For note receivables and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of note receivables and other receivables based on historical settlement records and past experiences.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash, term deposits;
- Trade and note receivables; and
- Other receivables.

Cash and cash equivalents, restricted cash, term deposits are mainly placed with reputable Chinese and international financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was not material.

While the bank acceptance note receivables are also subject to the impairment requirements of IFRS 9, the expected credit loss was immaterial.

Credit risk of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days outstanding of the trade receivables.

The expected loss rates are based on the historical payment profiles of sales over a period of 27 months, 39 months and 51 months before January 1, 2021, 2022 and 2023 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Products ("GDP") of the People's Republic of China ("PRC") to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

On that basis, the loss allowance as at December 31, 2021, 2022 and 2023 were determined as follows for trade receivables:

As at December 31, 2021, the loss allowance of individually impaired trade receivables and grouped trade receivables are determined as follows:

Individual	**Trade receivables**	**Expected credit loss rate**	**Loss allowance**	**Reason**
	RMB'000		*RMB'000*	
Trade receivables . .	606	100.00%	(606)	The likelihood of recovery

As at December 31, 2021	**Up to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Over 12 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate . .	1.43%	3.73%	9.34%	12.04%	21.89%	–
Gross carrying amount – trade receivables	98,589	30,802	19,009	407	28,915	177,722
Loss allowance . . .	**1,413**	**1,149**	**1,776**	**49**	**6,330**	**10,717**

As at December 31, 2022, the loss allowance of individually impaired trade receivables and grouped trade receivables are determined as follows:

Individual	**Trade receivables**	**Expected credit loss rate**	**Loss allowance**	**Reason**
	RMB'000		*RMB'000*	
Trade receivables . .	811	100.00%	(811)	The likelihood of recovery

As at December 31, 2022	**Up to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Over 12 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate . .	2.24%	4.77%	10.52%	15.66%	31.12%	–
Gross carrying amount – trade receivables	245,507	67,445	23,863	1,443	36,567	374,825
Loss allowance . . .	**5,490**	**3,214**	**2,510**	**226**	**11,380**	**22,820**

As at December 31, 2023, the loss allowance of individually impaired trade receivables and grouped trade receivables are determined as follows:

Individual	Trade receivables	Expected credit loss rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	47	100.00%	(47)	The likelihood of recovery

As at December 31, 2023	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	2.37%	4.55%	11.11%	13.33%	36.39%	–
Gross carrying amount – trade receivables	358,432	89,163	61,020	10,097	62,298	581,010
Loss allowance	**8,495**	**4,060**	**6,779**	**1,346**	**22,673**	**43,353**

The loss allowances for trade receivables for years ended December 31, 2021, 2022 and 2023 reconcile to the opening loss allowances as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	**(6,195)**	**(10,717)**	**(22,820)**
Increase in the loss allowance recognised in profit or loss during the year	(5,128)	(12,914)	(20,580)
Receivables written off during the year as uncollectible	606	811	47
Closing loss allowance	**(10,717)**	**(22,820)**	**(43,353)**

Credit risk of other receivables

Other receivables at the end of each of the periods are mainly comprised of rental and other deposits, amounts due from related party and others. The Group considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognised (Stages 2 and 3):

On that basis, the loss allowances of other receivables as at December 31, 2021, 2022 and 2023 were determined as follows:

	Internal credit rating	Expected credit loss rate	Gross carrying amount	Loss allowance
			RMB'000	*RMB'000*
December 31, 2021 . . .	Performing	0.02%	16,414	3
December 31, 2022 . . .	Performing	0.49%	26,367	128
December 31, 2023 . . .	Performing	0.84%	40,471	341

The loss allowances for other receivables for years ended December 31, 2021, 2022 and 2023 reconcile to the opening loss allowances as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	**(33)**	**(3)**	**(128)**
Reverse/(Increase) in the allowance recognised in profit or loss during the period	30	(125)	(213)
Closing loss allowance	**(3)**	**(128)**	**(341)**

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyse the Group's non-derivative financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2021				
Trade payables	8,040	–	–	8,040
Accruals and other payables (excluding non-financial liabilities)	254,231	–	–	254,231
Lease liabilities	41,307	36,290	47,610	125,207
Preferred shares *(i)*	–	18,994,305	–	18,994,305
Total	**303,578**	**19,030,595**	**47,610**	**19,381,783**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022				
Trade payables	3,822	–	–	3,822
Accruals and other payables (excluding non-financial liabilities)	243,311	–	–	243,311
Lease liabilities	57,889	54,396	111,456	223,741
Borrowings	325	325	13,003	13,653

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Preferred shares *(i)*	21,079,493	–	–	21,079,493
Total	**21,384,840**	**54,721**	**124,459**	**21,564,020**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023					
Trade payables	11,164	–	–	–	11,164
Accruals and other payables (excluding non-financial liabilities)	394,058	–	–	–	394,058
Lease liabilities	58,891	55,084	62,723	–	176,698
Borrowings	2,934	2,934	66,852	53,930	126,650
Preferred shares *(i)*	–	–	30,576,904	–	30,576,904
Convertible loan *(ii)*	–	–	7,140,017	–	7,140,017
Total	**467,047**	**58,018**	**37,846,496**	**53,930**	**38,425,491**

(i) The liquidity risk of preferred shares is the original issue price of preferred shares plus the respective predetermined interest (the "redemption amount"), assuming that no consummation of a [**REDACTED**] of the Company's shares before December 25, 2023, and the holders of the preferred shares request the Company to redeem all of the preferred shares (the "redemption event"). On December 7, 2023, with the effects of the amendments of Memorandum and Articles, the assumption of occurrence of redemption event has been changed to on December 31, 2026.

(ii) The liquidity risk of convertible loan is the principal amount of the convertible loan plus the respective predetermined interest, assuming that no consummation of a [**REDACTED**] of the Company's shares before December 31, 2026 and triggered the redemption event on December 31, 2026.

3.2 Capital management

(a) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, other reserves, preferred shares and other financial liabilities on an as-if-converted basis) by regularly reviewing the capital structure. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

(a) Financial instruments carried at fair value

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's assets and liabilities that were measured at fair value as at December 31, 2021 and 2022 and 2023:

At December 31, 2021	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at FVPL				
Investments in unlisted companies	–	–	46,338	46,338
Total financial assets	**–**	**–**	**46,338**	**46,338**
Financial liabilities				
Preferred shares and other financial liabilities at FVPL				
Preferred shares	–	–	18,341,195	18,341,195
Total financial liabilities	**–**	**–**	**18,341,195**	**18,341,195**

At December 31, 2022	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at FVPL				
Investments in unlisted companies	–	–	68,838	68,838
Commitment derivative	–	–	13,017	13,017
Total financial assets	**–**	**–**	**81,855**	**81,855**
Financial liabilities				
Preferred shares and other financial liabilities at FVPL				
Preferred shares	–	–	26,451,328	26,451,328
Total financial liabilities	**–**	**–**	**26,451,328**	**26,451,328**

At December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at FVPL				
Investments in unlisted companies	–	–	80,825	80,825
Total financial assets	**–**	**–**	**80,825**	**80,825**
Financial liabilities				
Preferred shares and other financial liabilities at FVPL				
Preferred shares	–	–	33,509,674	33,509,674
Convertible loan	–	–	5,729,904	5,729,904
Total financial liabilities	**–**	**–**	**39,239,578**	**39,239,578**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period presented.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The level 3 instruments mainly include investment in unlisted companies and commitment derivative, as well as the financial liabilities at fair value through profit or loss, including the preferred shares and convertible loan. As these instruments are not trade in an active market, their fair values have been determined using various applicable methodologies.

(ii) Valuation techniques used to determine fair values and process

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- the latest round financing, i.e. the prior transaction price or the third-party pricing; and
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability ("DLOM"), market multiples, etc.

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

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets at FVPL for the years ended December 31, 2021, 2022 and 2023:

	Investments in unlisted companies	Wealth management products	Commitment derivative
	RMB'000	*RMB'000*	*RMB'000*
Balance as at January 1, 2021	**41,889**	**–**	**–**
Acquisitions	13,420	1,292,000	–
Disposal	–	(1,295,620)	–
Changes in fair value	(8,906)	3,620	–
Foreign currency translation recorded in other comprehensive loss	(65)	–	–
Balance as at December 31, 2021	**46,338**	**–**	**–**
Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	(8,906)	–	–
Balance as at January 1, 2022	**46,338**	**–**	**–**
Acquisitions	21,877	4,926,860	–
Disposal	–	(4,944,096)	–
Changes in fair value	(837)	17,236	13,316
Foreign currency translation recorded in other comprehensive loss	1,460	–	(299)
Balance as at December 31, 2022	**68,838**	**–**	**13,017**
Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	(837)	–	13,316
Balance as at January 1, 2023	**68,838**	**–**	**13,017**
Acquisitions	8,000	4,391,778	–
Disposal	–	(4,410,095)	–
Changes in fair value	3,511	18,317	(12,976)
Foreign currency translation recorded in other comprehensive loss	476	–	(41)
Balance as at December 31, 2023	**80,825**	**–**	**–**
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	3,511	–	–

The changes of preferred shares and other financial liabilities at FVPL and the valuation techniques and significant unobservable inputs for the years ended December 31, 2021, 2022 and 2023 have been disclosed in Note 28.

(iv) Valuation inputs and relationships to fair value of financial assets

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value:

Description	Fair Value			Significant unobservable inputs	Range of inputs			Relationship of unobservable inputs to fair values
	As at December 31,				As at December 31,			
	2021	2022	2023		2021	2022	2023	
	RMB'000	*RMB'000*	*RMB'000*					
Investments in unlisted companies . .	46,338	68,838	80,825	DLOM	4.6%-12.0%	6.0%-23.5%	5.1%-22.2%	The higher the DLOM, the lower the fair value
				Volatility	36.6%-61.2%	42.2%-75.7%	38.8%-65.0%	The higher the volatility, the higher the fair value
Commitment derivative . .	–	13,017	–	Risk-free rate	N/A	4.73%	4.79%	The higher the risk-free interest rate, the lower the fair value

If the fair values of the investments in unlisted companies held by the Group had been 10% higher/lower, loss for the years ended December 31, 2021, 2022 and 2023 would have been approximately RMB466,000 lower/higher, RMB2,081,000 lower/higher and RMB1,151,000 lower/higher, respectively.

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of commitment derivatives. The changes in unobservable input including risk free rate will result in a significantly higher or lower fair value measurement. If the risk free rate had been 10% higher, loss for the years ended December 31, 2022 and 2023 would have been approximately RMB24,466,000 higher and RMB24,574,000 lower, respectively. If the risk free rate had been 10% lower, loss for the years ended December 31, 2022 and 2023 would have been approximately RMB24,694,000 lower and RMB24,803,000 higher, respectively.

(b) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial assets carried at other than fair value, including cash and cash equivalents, restricted cash, term deposits, trade and note receivables, and other receivables, and the Group's financial liabilities carried at other than fair value, including trade payables, other payables and accruals, borrowings and lease liabilities, approximate to their fair values as of December 31, 2021, 2022 and 2023.

4 CRITICAL ESTIMATES AND JUDGMENT

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

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

(a) Fair value of financial assets at FVPL

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(b) Fair value of financial liabilities at FVPL

Preferred shares and other financial liabilities at FVPL are not traded in an active market and the respective fair value are determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company, the option-pricing method, equity allocation model and forward pricing model were adopted to determine the fair value of the financial instruments. Key assumptions such as discount rate, risk-free interest rate, DLOM and expected volatility based on the Group's best estimates are disclosed in Note 28.

(c) Credit loss allowances for receivables

The expected credit loss of trade and note receivables, and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

(d) Share-based payment expenses

The Group granted options and restricted share units ("RSU") to employees. The fair value of the options is determined using the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant assumptions, including, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors with reference to valuation reports prepared by a third-party valuer (Note 26).

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant. The discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the ordinary shares. Key assumptions, such as discount rate, risk-free interest rate, volatility and DLOM are disclosed in Note 26.

(e) Current and deferred income tax

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group that makes strategic decisions.

The CODM reviews the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. The Group has the following reportable segments for the Track Record Period:

- Automotive solutions; and
- Non-Automotive solutions

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The research and development expenses, administrative expenses and selling and marketing expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other income, other losses, net, finance income, finance cost, share of results of investments accounted for using the equity method, fair value losses of preferred shares and other financial liabilities and income tax expense are not allocated to individual operating segment, either.

There were no material inter-segment sales during the years ended December 31, 2021, 2022 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statement of profit or loss.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated statements of financial position. There was no segment assets or segment liabilities information provided to the CODM.

The segment information provided to the CODM for the reportable segments for the Track Record Period is as follows:

	Year ended December 31, 2021		
	Automotive solutions	Non-Automotive solutions	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	410,164	56,556	466,720
Cost of sales	(81,599)	(54,135)	(135,734)
Gross profit	328,565	2,421	330,986

	Year ended December 31, 2022		
	Automotive solutions	Non-Automotive solutions	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	801,138	104,538	905,676
Cost of sales	(179,719)	(98,244)	(277,963)
Gross profit	621,419	6,294	627,713

	Year ended December 31, 2023		
	Automotive solutions	Non-Automotive solutions	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue	1,470,364	81,243	1,551,607
Cost of sales	(386,652)	(70,645)	(457,297)
Gross profit	1,083,712	10,598	1,094,310

As at December 31, 2021, 2022 and 2023, substantially all of the non-current assets of the Group were located in the mainland China. Therefore, no geographical segments are presented.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue of the Group from contracts with customers is disaggregated by revenue source and by timing of revenue recognition. The table also includes a reconciliation to the segment information (Note 5).

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Automotive solutions	**410,164**	**801,138**	**1,470,364**
Product solutions	208,083	319,312	506,386
License and services	202,081	481,826	963,978
Non-Automotive solutions	**56,556**	**104,538**	**81,243**
Total Revenue	**466,720**	**905,676**	**1,551,607**

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Automotive solutions	**410,164**	**801,138**	**1,470,364**
At a point in time	360,929	678,654	1,271,858
Over time	49,235	122,484	198,506
Non-Automotive solutions	**56,556**	**104,538**	**81,243**
At a point in time	56,556	104,538	81,243
Total Revenue	**466,720**	**905,676**	**1,551,607**

No geographical segment information is presented as the majority of the revenue and operating losses of the Group are derived within mainland China and the majority of the operating assets of the Group are located in the mainland China, which is considered as one geographic location with similar risks and returns.

The major customers which contributed more than 10% of total revenue of the Group for the years ended December 31, 2021, 2022 and 2023 are listed as below:

	Year ended December 31,		
	2021	2022	2023
Percentage of revenue from the major customers to the total revenue of the Group			
Customer A	–	–	40.43%
Customer B	24.68%	16.04%	12.49%
Customer C	5.78%	11.24%	5.31%
Customer D	11.15%	1.01%	0.78%

(b) Contract liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at January 1,	As at December 31,		
	2021	2021	2022	2023
	RMB'000 *(Unaudited)*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	**8,554**	**5,546**	**63,079**	**24,875**

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year	2,095	916	58,547

(c) Transaction price allocated to the unsatisfied performance obligations

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied	64,846	355,807	592,940

Management expects that the unsatisfied obligations of RMB55,027,000, RMB291,645,000, and RMB565,105,000 as of 31 December 2021, 2022 and 2023, respectively will be recognised as revenue during the next reporting period. The remaining unsatisfied obligations will be recognized in one to three year(s).

(d) Accounting policies and significant judgments

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, at the contract inception date, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company determines standalone selling prices based on the prices charged to customers if it is directly observable. If the standalone selling price is not directly observable, the contractually stated price is believed to best reflect the relative standalone selling price of performance obligations in a contract considering the Company's customary business practices. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Company presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Company's right to consideration in exchange for goods and services that the Company has transferred to a customer. A receivable is recorded when the Company has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

Revenue is recorded net of value-added taxes. During the Track Record Period, the Group generated revenues from sales of automotive (including advanced driver assistance system (ADAS), autonomous driving (AD) and in-carbin) product solutions, license arrangements and provision of design and technical services to customers in automotive business and provision of non-automotive solutions.

(i) Automotive solutions — product solutions

The Group sells automotive product solutions, which combines its self-developed processing hardware with proprietary algorithms and software.

Revenue from sales of automotive product solutions is recognized upon the acceptance of promised product solutions by customers in an amount that reflects the consideration the Group expects to receive in exchange for those product solutions. Revenue is recognized net of discounts and any taxes collected from customers.

The Group generally offers assurance-type warranties to customers and such warranties are not considered a distinct performance obligation to customers. The Group accounts for the warranty in accordance with IAS 37 and the estimated warranty cost was not material for the Track Record Period. (Note 27)

(ii) Automotive solutions — license and services

The Group licenses its customers with a right to use its algorithms and software. Licenses are at times sold along with training services and post-contract service ("PCS"). The training services and the PCS each is considered as a distinct performance obligation and they are not material during the Track Record Period.

The licenses granted by the Group are right to use licenses. Therefore revenue from license arrangements is recognized when the algorithms, or the software is made available to the customer and the customer is able to use and benefit from the license. Revenue from training services is recognized over the training period. PCS revenue is recognized ratably over the service period.

The Group provides customers design and technical services to help them integrate the Group's solutions into their vehicles and design specific features.

For contracts pursuant to which the Group has an enforceable right to payment for performance completed to date, or when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, design and technical services revenue is recognized over a period of time based on the progress towards complete satisfaction in the contracts using input method, which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable. For other design and technical services contracts, revenue is recognized upon customers' acceptance of the service outcome.

(iii) Non-automotive solutions

The Group also offers non-automotive product solutions that combine the Group's processing hardware and algorithms. Related revenues are recognized upon the acceptance of promised product solutions by customers.

(iv) Practical expedients and exemptions

The effect of a significant financing component has not been adjusted for in contracts where the Group expects, at contract inception date, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group elected to expense the incremental costs of obtaining a contract with a customer as incurred when the expected amortization period is one year or less.

7 OTHER INCOME

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Financial subsidies	10,810	30,503	50,238
Tax refund	3,673	13,159	15,984
	14,483	**43,662**	**66,222**

8 OTHER LOSSES, NET

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Fair value changes of financial assets at FVPL	(5,286)	29,715	8,852
Net foreign exchange differences	11,080	(264,660)	(40,334)
Donations	(4,415)	–	(672)
(Losses)/gains on disposal of subsidiaries	(3,142)	–	623
Others	94	(3,110)	(1,860)
	(1,669)	**(238,055)**	**(33,391)**

9 EXPENSES BY NATURE

The expenses charged to cost of sales, selling and marketing expenses, administrative expenses and research and development expenses are analyzed below

		Year ended December 31,		
	Notes	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Employee benefit expenses	*11*	1,067,542	1,602,640	2,014,058
Depreciation and amortization	*16, 18*	151,199	291,316	356,373
Cost of inventories sold	*22*	122,883	240,279	392,101
Technical service fee		115,202	183,414	265,717
Professional service and other consulting fee		100,533	120,135	77,835
Marketing, conference and traveling expenses		89,790	83,957	95,365
Outsourcing fee		66,987	224,522	197,749
Tape-out fee and consumables used		62,525	37,549	136,516
Utilities, property management and administrative expenses		20,781	29,001	28,603
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Other expenses		12,327	17,447	28,070
Total		**1,809,769**	**2,830,260**	**3,594,167**

10 FINANCE INCOME, NET

	Notes	Year ended December 31,		
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Finance income				
Interest income from financial assets held for cash management purposes		28,239	104,528	167,473
Finance income		**28,239**	**104,528**	**167,473**
Finance costs				
Interest for lease liabilities	*17*	(4,711)	(7,548)	(8,651)
Finance charges paid for issuance of preferred shares	*28*	(11,881)	–	–
Finance cost		**(16,592)**	**(7,548)**	**(8,651)**
Net finance income		**11,647**	**96,980**	**158,822**

Interest income on financial assets at amortised cost held for cash management purposes is calculated using the effective interest method.

11 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATIONS)

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	728,727	1,169,812	1,372,307
Share-based payments	196,369	173,698	341,751
Pension costs – defined contribution plans	49,624	96,365	116,649
Housing fund, medical insurance and other social insurance	72,520	128,790	165,079
Other employee benefits	20,302	33,975	18,272
Total employee benefit expenses	**1,067,542**	**1,602,640**	**2,014,058**

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2021, 2022 and 2023 include 3, 2 and 1 directors respectively, whose emoluments are disclosed in the Note 35. The emoluments payable to the remaining 2, 3, and 4 individuals during the respective period are as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses	4,977	22,642	45,515
Share-based payments (i)	8,308	7,325	127,244
Pension costs – defined contribution plans	171	238	267
Housing fund, medical insurance and other social insurance	158	246	377
Other employee benefits	209	226	680
Total employee benefit expense	**13,823**	**30,677**	**174,083**

The emoluments fell within the following bands:

	Number of individuals for the year ended December 31,		
	2021	2022	2023
Emolument bands (in HK$)			
HK$6,000,000 – HK$6,500,000	1	–	–
HK$8,000,001 – HK$8,500,000	–	–	1
HK$8,500,001 – HK$9,000,000	–	–	1
HK$9,500,001 – HK$10,000,000	–	1	–
HK$10,500,001 – HK$11,000,000	1	–	–
HK$11,500,001 – HK$12,000,000	–	1	–
HK$12,500,001 – HK$13,000,000	–	1	–
HK$54,500,001 – HK$55,000,000	–	–	1
HK$120,000,001 – HK$120,500,000	–	–	1
	2	3	4

(i) Represents the amount recognized as an expense during the Track Record Period in accordance with IFRS 2 Share-based Payment.

12 SUBSIDIARIES

(a) Subsidiaries of the Group

The Company's principal subsidiaries during the Track Record Period are set out below. Unless otherwise stated, they have share capital solely held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country/region of incorporation or registration is also their principal place of business.

	Effective interest held								
	As at December 31,			As at the date of this report					
Name of entity	2021	2022	2023		Date and place of incorporation/ establishment and kind of legal entity	Issued/registered share capital	Principal activities	Place of Operation	*Note*
Directly held by the Company:									
Horizon Robotics Holdings Limited	100	100	100	100	August 6, 2015/ Hong Kong, PRC/limited liability company	HK$1	Holding company	Hong Kong, PRC	*(i)*
Horizon Together Holding Ltd.	–	100	100	100	August 29, 2022/ Cayman Islands/limited liability company	US$1	Holding company	Cayman Islands	*(viii)*
Indirectly held by the Company:									
Beijing Horizon Information Technology Co., Ltd. (北京地平線信息技術有限公司)	100	100	100	100	December 28, 2015/PRC/ limited liability company	US$1,500,000,000	Development of software products and provision of related services	Beijing, PRC	*(ii)*
Shanghai Anting Horizon Zhineng Transportation Technology Co., Ltd. (上海安亭地平線智能交通技術有限公司)	100	100	100	100	March 24, 2017/ PRC/limited liability company	US$220,000,000	Development of software products and provision of related services	Shanghai, PRC	*(iii)*

Name of entity	Effective interest held: As at December 31, 2021	2022	2023	As at the date of this report	Date and place of incorporation/ establishment and kind of legal entity	Issued/registered share capital	Principal activities	Place of Operation	Note
Nanjing Horizon Information Technology Co., Ltd. (南京地平線信息技術有限公司)	100	100	100	100	March 30, 2017/ PRC/limited liability company	US$220,000,000	Development of software products and provision of related services	Nanjing, PRC	*(iv)*
Beijing Horizon Robotics Technology Research and Development Co., Ltd. (北京地平線機器人技術研發有限公司)*.	100	100	100	100	July 14, 2015/ PRC/limited liability company	RMB8,000,000,000	Sales of software products and provision of related services	Beijing, PRC	*(v)*
Shenzhen Horizon Robotics Technology Co., Ltd. (深圳地平線機器人科技有限公司)	100	100	100	100	July 2, 2015/ PRC/limited liability company	RMB1,500,000,000	Sales of software products and provision of related services	Shenzhen, PRC	*(vi)*
Horizon Journey (Shanghai) Technology Co., Ltd. (地平線征程(上海)科技有限公司)*.	100	100	100	100	March 26, 2018/ PRC/limited liability company	RMB4,000,000,000	Research and development of technology	Shanghai, PRC	*(vii)*

* Previously these subsidiaries were controlled by the Company through a series of contractual arrangements (collectively, the "Contractual Arrangements"). During the year ended December 31, 2021 and 2022, they became wholly-owned subsidiaries of the Company through equity transfers and termination of the Contractual Arrangements

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

The statutory auditors of these companies for the Track Record Period were as follows:

(i) The financial statements were audited by Sinno International CPA for the years ended December 31, 2021 and 2022.

(ii) The financial statements were audited by Beijing Yongqin Accountant Firm Co., Ltd. for the years ended December 31, 2021 and 2022.

(iii) The financial statements were audited by Beijing Jinruiyongda Accountants LLP. for the years ended December 31, 2021 and 2022.

(iv) The financial statements were audited by Jiangsu Tianning Accountant Firm Co., Ltd for the years ended December 31, 2021 and 2022.

(v) The financial statements were audited by Beijing Yongqin Accountant Firm Co., Ltd. for the years ended December 31, 2021 and 2022.

(vi) The financial statements were audited by Shenzhen Yongming Accountant Firm Co., Ltd. for the years ended December 31, 2021 and 2022.

(vii) The financial statements were audited by Beijing Jinruiyongda Accountants LLP. for the years ended December 31, 2021 and 2022.

(viii) No audited financial statements were issued for the company as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

All companies comprising the Group have adopted December 31 as their financial year end date.

(b) Investments in subsidiaries — the Company

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries (i)	10,196,669	13,973,278	18,831,410
– Equity investments	184,489	278,140	346,600
– Amounts due from subsidiaries	10,012,180	13,695,138	18,484,810
Deemed investments relating to share-based payments (ii)	473,191	646,889	988,640
	10,669,860	**14,620,167**	**19,820,050**

(i) The Company invested US$28,936,000 (RMB184,489,000), US$39,936,000 (RMB278,140,000) and US$48,936,000 (RMB346,600,000) share capital to its directly-owned subsidiaries as at December 31, 2021, 2022 and 2023, respectively. The remaining are receivables due from its subsidiaries that the Company has determined not requiring repayment from these subsidiaries. These balances are in substance part of the Company's net investment in these subsidiaries.

(ii) The Company granted share options and RSUs directly to the employees of its subsidiaries and did not charge the relevant costs to the subsidiaries. In the consolidated financial statements, this transaction is treated as an equity-settled share-based payment expenses. In the separate financial statements of the Company, such amounts are recorded as part of the investments in the subsidiaries.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts of investments accounted for using the equity method recognized in the consolidated statements of financial position are as follows:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Associates	11,697	47,716	19,780
Joint ventures	15,385	16,318	1,087,879
	27,082	**64,034**	**1,107,659**

The movements of investments in associates and joint ventures during the Track Record Period are as below:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	13,921	27,082	64,034
Additions	15,691	71,250	1,453,000
Share of results of associates and joint ventures	(2,530)	(34,298)	(112,074)
Elimination of unrealized profits and losses from downstream transactions	–	–	(297,301)
At the end of the year	**27,082**	**64,034**	**1,107,659**

The associates and joint ventures of the Group have been accounted by using the equity method based on the financial information of the associates and joint ventures prepared under the accounting policies consistent with the Group.

(i) Commitments in respect of associates and joint ventures:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Commitments – joint ventures			
Commitment to provide funding for joint ventures' capital commitments	13,719	13,719	1,729,334
Commitments – associates			
Commitment to provide funding for associates' capital commitments	1,100	1,600	1,600
	14,819	**15,319**	**1,730,934**

Besides the above-mentioned commitments, there are no commitments and contingent liabilities relating to the Group's interests in associates and joint ventures.

(ii) Summarised financial information of material joint venture:

In November 2023, Carizon (Beijing) Technology Co., Ltd ("CARIZON") was established pursuant to a joint venture agreement (the "Joint Venture Agreement") entered into between CARIAD Estonia AS ("CARIAD"), an affiliate of Volkswagen Group ("Volkswagen") and Horizon Together Holding Ltd. ("Horizon Together"), a subsidiary of the Company, dated November 17, 2022. Pursuant to the Joint Venture Agreement, Horizon Together and CARIAD holds 40% and 60% of the equity interest in CARIZON, respectively. The total registered capital of CARIZON is RMB6,757,000,000, of which Horizon Together shall contribute RMB2,703,000,000. As at December 31, 2023, Horizon Together has contributed share capital of RMB1,351,000,000. And it shall pay the second instalment of RMB811,000,000 in the year 2024, and the third instalment of RMB541,000,000 in the year 2025. Neither CARIAD or Horizon Together may transfer equity interests in CARIZON without the other party's prior written consent, subject to customary right of first offer, right of first refusal and transfer among affiliates conditions. At any time after January 1, 2027, CARIAD has the right but not the obligation, at its discretion, to make an offer to Horizon Together to purchase all but not less than all of the equity interest held by Horizon Together as of the date of the offer at fair market value.

CARIZON engages in the business of research and development, manufacture of autonomous driving application software and self-driving systems, and it also provides aftersales services, training, consulting, testing and technical services relating to its products.

As decisions about activities significantly affecting CARIZON's returns require the unanimous consent of Horizon Together and CARIAD, CARIZON is jointly controlled by both parties and therefore the Group applied equity method to account for its investment in CARIZON.

In December 2023, the Group entered into agreements with CARIZON to provide various IP licenses and technical services. For the year ended December 31, 2023, the Group recorded RMB750,000,000 and RMB174,000,000 revenues from the licenses and services delivered to CARIZON, respectively. The licenses were recognized as intangible assets at cost by CARIZON and are being amortized on straight-line basis over its estimated useful life of three years, while the technical services are recorded as research and development expenses in its statement of profit or loss by CARIZON. For the year ended December 31, 2023, RMB296,704,000 unrealised gains from the abovementioned transactions with CARIZON, being 40% of the relevant intangible assets' net carrying amount on the statement of financial position of CARIZON as at December 31, 2023, are eliminated to the extent of the Group's interest in CARIZON.

In addition to the registered capital of CARIZON, Horizon Together and CARIAD each undertakes to make further contributions (the "Further Contributions") to CARIZON by instalment in accordance with the Joint Venture Agreement. The amount of the Further Contributions that Horizon Together undertakes to pay is calculated based on the actual receipts by the Group for specified IPs licensed to CARIZON multiplied by specific ratios. And CARIAD shall further contribute such amounts proportionately to keep relative shareholding percentage between the two parties unchanged. As of December 31, 2023, the Group's commitment of the Further Contributions is RMB350,865,000.

The tables below provide summarised financial information of CARIZON. The information disclosed reflects the amounts presented in the financial statements of CARIZON. They have been amended to reflect adjustments made by the Company when using the equity method before inter-company eliminations.

	Year ended December 31, 2023
	RMB'000
Gross amounts of the material joint venture	
Current assets	
Cash and cash equivalents	2,320,766
Prepayments	78,111
Total current assets	2,398,877
Non-current assets	848,006
Current liabilities	(90,371)
Net assets	3,156,512
Interest income	131
Depreciation and amortization	(21,848)
Loss for the year	(221,488)
Total comprehensive loss	(221,488)
Reconciliation to carrying amount:	
Opening net assets at 1 January	–
Capital injection	3,378,000
Loss for the year	(221,488)
Closing net assets	**3,156,512**
Group's share in %	40%
Group's share in RMB	1,262,605
Elimination of unrealized profits or losses from downstream transactions	(296,704)
Carrying amount	**965,901**

(iii) Individually immaterial associates and joint ventures

In addition to the interests in joint ventures disclosed above, the group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures	27,082	64,034	141,758
Aggregate amounts of the Group's share of Loss for the year	(2,530)	(34,298)	(23,479)

14 INCOME TAX (EXPENSE)/BENEFIT

The income tax benefit of the Group during the Track Record Period is analysed as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	(11)	(4,699)	(5,976)
Deferred income tax *(Note 30)*	26,661	8,972	11,051
Income tax benefit	**26,650**	**4,273**	**5,075**

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

(i) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company in the Cayman Islands to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK$2 million, and 16.5% on any part of assessable profits over HK$2 million. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

(iii) PRC corporate income tax

Under the PRC Enterprise Income Tax Law ("EIT Law"), the standard enterprise income tax rate is 25%. Preferential tax treatments are granted to entities qualify as "Software Enterprises", "Key Software Enterprises" and/or "High and New Technology Enterprises" ("HNTEs").

The aforementioned preferential tax rates are subject to annual review by the relevant tax authorities in mainland China. Five major subsidiaries of the Company were entitled to a preferential corporate income tax rate of 15%. During the Track Record Period they have obtained their High and New Technology Enterprises ("HNTE") status, and hence they are entitled to a preferential tax rate of 15% for a three-year period. This status is subject to a requirement that they reapply for HNTE status every three years. The Company will apply for the renewal of the HNTE status for all of these subsidiaries, and the Company believes it is more likely than not that each of these subsidiaries will continue to qualify as a HNTE after the three-year period. Therefore, deferred tax of these entities were calculated at a rate of 15% starting from the year when they were accredited as HNTEs.

All other major mainland China incorporated entities of the Company were subject to a 25% income tax rate for all the years presented.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to losses of the subsidiaries as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Loss before income tax	**(2,090,200)**	**(8,724,701)**	**(6,744,128)**
Income tax calculated at PRC statutory income tax rate (25%)	(522,550)	(2,181,175)	(1,686,032)
Tax effect of:			
- Effect of different tax rates in other jurisdictions	205,160	1,711,835	1,227,408
- Preferential income tax rates applicable to subsidiaries	127,956	200,571	173,430
- Expense not deductible for tax purposes	21,047	22,737	53,424
- Tax losses and other temporary difference not recognized as deferred tax assets (a)	222,767	414,130	475,953
- Super deduction for research and development	(81,030)	(172,371)	(249,258)
Income tax expense/(benefit)	**(26,650)**	**(4,273)**	**(5,075)**

(a) The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. The Company anticipated that it was more likely than not that RMB9,351,855,000 net operating losses from PRC entities would not be utilized based on its estimate of the operating performance of these PRC entities. RMB8,249,982,000 net operating losses of entities not qualified as HNTEs are expected to expire during periods between the year ended December 31, 2023 and the year ending December 31, 2029. And RMB1,101,873,000 net operating losses of those of entities qualified as HNTEs are expected to expire during periods between the year ended December 31, 2023 and the year ending December 31, 2034.

15 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares issued during the years ended December 31, 2021, 2022 and 2023.

	Year ended December 31,		
	2021	2022	2023
Loss attributable to ordinary shareholders of the Company (RMB'000)	(2,061,293)	(8,719,410)	(6,739,021)
Weighted average number of ordinary shares in issue-basic and diluted (in "000")	2,537,306	2,606,337	2,700,123
Loss per share (expressed in RMB per share)- basic and diluted	(0.81)	(3.35)	(2.50)

Basic and diluted loss per ordinary share is computed using the weighted average number of ordinary shares outstanding during the year. Both Class A, Class B ordinary shares and vested RSUs are included in the calculation of the weighted average number of ordinary shares outstanding.

The Company has four categories of dilutive potential ordinary shares: preferred shares, convertible loan, unvested RSU, and share options. As the Group incurred losses for the years ended December 31, 2021, 2022 and 2023, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021, 2022 and 2023 are the same as basic loss per share of the respective years.

16 PROPERTY, PLANT AND EQUIPMENT

	Computers and electronic equipment	Leasehold improvements	Vehicles and vehicle devices	Office furniture and equipment	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021 (Unaudited)						
Cost	135,844	26,118	13,353	5,825	–	181,140
Accumulated depreciation	(74,305)	(7,169)	(4,917)	(2,312)	–	(88,703)
Net book amount	**61,539**	**18,949**	**8,436**	**3,513**	**–**	**92,437**
Year ended December 31, 2021						
Opening net book amount	61,539	18,949	8,436	3,513	–	92,437
Additions	56,784	5,481	11,627	317	4,877	79,086
Disposals	(376)	(26)	(22)	(284)	–	(708)
Depreciation charge	(36,638)	(5,932)	(3,369)	(1,049)	–	(46,988)
Currency translation differences	56	–	(8)	(9)	–	39
Closing net book amount	**81,365**	**18,472**	**16,664**	**2,488**	**4,877**	**123,866**
At December 31, 2021						
Cost	190,914	31,208	24,924	5,703	4,877	257,626
Accumulated depreciation	(109,549)	(12,736)	(8,260)	(3,215)	–	(133,760)
Net book amount	**81,365**	**18,472**	**16,664**	**2,488**	**4,877**	**123,866**
Year ended December 31, 2022						
Opening net book amount	81,365	18,472	16,664	2,488	4,877	123,866
Additions	82,526	22,516	15,213	3,561	36,812	160,628
Increase in capitalized interest	–	–	–	–	10	10
Disposals	(102)	–	(433)	(258)	–	(793)
Depreciation charge	(44,010)	(10,978)	(6,563)	(1,386)	–	(62,937)
Currency translation differences	73	–	85	13	–	171
Closing net book amount	**119,852**	**30,010**	**24,966**	**4,418**	**41,699**	**220,945**
At December 31, 2022						
Cost	272,290	53,724	37,754	8,452	41,699	413,919
Accumulated depreciation	(152,438)	(23,714)	(12,788)	(4,034)	–	(192,974)
Net book amount	**119,852**	**30,010**	**24,966**	**4,418**	**41,699**	**220,945**
Year ended December 31, 2023						
Opening net book amount	119,852	30,010	24,966	4,418	41,699	220,945
Additions	116,603	1,143	20,942	797	154,295	293,780
Increase in capitalized interest	–	–	–	–	1,304	1,304

	Computers and electronic equipment	Leasehold improvements	Vehicles and vehicle devices	Office furniture and equipment	Construction in Progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disposals	(1,710)	–	(4,829)	(5)	–	(6,544)
Depreciation charge	(56,096)	(12,021)	(6,705)	(1,440)	–	(76,262)
Currency translation differences	24	–	11	3	–	38
Closing net book amount	**178,673**	**19,132**	**34,385**	**3,773**	**197,298**	**433,261**
At December 31, 2023						
Cost	378,116	54,867	48,499	9,185	197,298	687,965
Accumulated depreciation	(199,443)	(35,735)	(14,114)	(5,412)	–	(254,704)
Net book amount	**178,673**	**19,132**	**34,385**	**3,773**	**197,298**	**433,261**

Property, plant, and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Computer and electronic equipment . . . . 3-5 years
- Leasehold improvements . . . . Shorter of the lease terms or 5 years
- Vehicles and vehicle devices . . . . 5 years
- Office furniture and equipment . . . . 5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statement of profit or loss.

17 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land-use right	69,707	68,311	66,915
Office buildings	100,519	188,379	135,934
Others	758	1,667	14,520
	170,984	**258,357**	**217,369**
Lease liabilities			
Current	38,248	50,615	52,010
Non-current	77,266	154,176	112,346
	115,514	**204,791**	**164,356**

During the year ended December 31, 2021, the Group obtained a land-use-right at the cost of RMB69,823,000. The land-use right was mortgaged as collaterals for the Group's borrowings (Note 29).

Additions to office buildings leases during the years ended December 31, 2021, 2022 and 2023 were RMB52,155,000, RMB75,493,000 and RMB1,486,000, respectively. Additions to others during the years ended December 31, 2021, 2022 and 2023 were RMB779,000, RMB1,480,000 and RMB14,264,000, respectively.

Modifications to office buildings leases during the year ended December 31, 2022 were RMB54,792,000. There's no significant modification for the year ended December 31, 2023 and 2021.

(ii) Amounts recognized in the consolidated statements of profit or loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets			
Land-use right	116	1,396	1,396
Office buildings	29,924	41,940	49,346
Others	22	571	1,411
	30,062	**43,907**	**52,153**

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest expense (included in finance cost)	4,711	7,548	8,651
Expense relating to short-term leases not included in lease liabilities	3,904	4,647	3,910

The total cash outflows for lease payments during the years ended 31 December 2021, 2022 and 2023 were RMB110,859,000, RMB53,657,000 and RMB64,285,000, respectively.

(iii) The Group's leasing activities and how these are accounted for

The Group leases properties, offices and land-use right as lessee. Lease contracts are typically made for fixed periods from 1 to 50 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

18 INTANGIBLE ASSETS

	Licensed technology	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021 (Unaudited)			
Cost	179,864	59,804	239,668
Accumulated amortization	(101,059)	(29,464)	(130,523)
Net book amount	**78,805**	**30,340**	**109,145**
Year ended December 31, 2021			
Opening net book amount	78,805	30,340	109,145
Additions	130,962	33,983	164,945
Amortization charge	(57,046)	(19,604)	(76,650)
Closing net book amount	**152,721**	**44,719**	**197,440**
At December 31, 2021			
Cost	310,826	93,787	404,613
Accumulated amortization	(158,105)	(49,068)	(207,173)
Net book amount	**152,721**	**44,719**	**197,440**
Year ended December 31, 2022			
Opening net book amount	152,721	44,719	197,440
Additions	219,559	88,197	307,756
Amortization charge	(129,838)	(56,283)	(186,121)
Closing net book amount	**242,442**	**76,633**	**319,075**
At December 31, 2022			
Cost	530,386	181,984	712,370
Accumulated amortization	(287,944)	(105,351)	(393,295)
Net book amount	**242,442**	**76,633**	**319,075**
Year ended December 31, 2023			
Opening net book amount	242,442	76,633	319,075
Additions	143,767	68,380	212,147
Amortization charge	(160,459)	(67,857)	(228,316)
Closing net book amount	**225,750**	**77,156**	**302,906**
At December 31, 2023			
Cost	674,153	250,364	924,517
Accumulated amortization	(448,403)	(173,208)	(621,611)
Net book amount	**225,750**	**77,156**	**302,906**

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Research and development expenses	76,030	181,106	222,599
Administrative expenses	620	5,015	5,712
Selling and marketing expense	–	–	5
Total amortization expenses charged to profit or loss	**76,650**	**186,121**	**228,316**

(i) Licensed technology

Separately acquired licensed technologies are shown at historical cost. They have limited useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(iii) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(iv) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Licensed technology . . . . 3-5 years
- Computer software . . . . 3-5 years

19 FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during Track Record Period is as below:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at FVPL:			
Investments in unlisted companies	46,338	68,838	80,825
Commitment derivative	–	13,017	–
Financial assets measured at amortized cost:			
Trade and note receivables	169,355	420,672	541,091

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Other receivables and other current and non-current assets (excluding deductible input VAT)	16,414	26,367	40,471
Term deposits	1,284,293	1,204,365	–
Restricted cash	18,368	8,566	717,814
Cash and cash equivalents	8,050,034	6,608,657	11,359,641
	9,584,802	**8,350,482**	**12,739,842**

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities at amortised cost:			
Trade payables and accruals and other payables (excluding non-financial liabilities)	262,271	247,133	405,222
Lease liabilities	115,514	204,791	164,356
Borrowings	–	12,515	112,844
Financial liabilities at fair value through profit or loss:			
Preferred shares	18,341,195	26,451,328	33,509,674
Convertible loan	–	–	5,729,904
	18,718,980	**26,915,767**	**39,922,000**

20 TRADE AND NOTE RECEIVABLES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Note receivables	2,350	68,666	3,434
Trade receivables			
Third party debtors	169,332	336,385	504,820
Related parties	8,390	38,440	76,190
Total trade and note receivables, gross	180,072	443,491	584,444
Less: Credit loss allowance	(10,717)	(22,819)	(43,353)
Total trade and note receivables, net	**169,355**	**420,672**	**541,091**

The aging analysis of trade and note receivables based on revenue recognition date is as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	100,939	314,173	361,866
3 to 6 months	30,802	67,445	89,163
6 to 9 months	19,009	23,863	61,020
9 to 12 months	407	1,443	10,097
Over 12 months	28,915	36,567	62,298
Total	**180,072**	**443,491**	**584,444**

The Group's credit risk management is disclosed in Note 3.1 to the consolidated statement of financial position.

21 PREPAYMENTS, OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Rental deposits	13,359	17,067	16,856
Other receivables	2,627	2,058	1,544
Prepayments for property, plant and equipment	16,151	6,266	12,826
Prepayments for intangible assets	142	4,027	2,824
Prepayments for construction in progress	–	33,401	61
Prepaid bonuses	–	–	51,602
Total prepayments and other non-current assets	32,279	62,819	85,713
Current:			
Input VAT to be deducted	61,449	32,169	23,345
Prepayments to suppliers	221,118	154,152	65,284
Prepaid bonuses	–	–	26,370
Rental and other deposits	80	399	1,332
Other receivables	348	6,843	2,356
Amounts due from a related party	–	–	18,383
Commitment derivative *(i)*	–	13,017	–
Less: Credit loss allowance	(3)	(128)	(341)
Total prepayments and other current assets	282,992	206,452	136,729
Total prepayments, other current assets and other non-current assets	**315,271**	**269,271**	**222,442**

Total prepayments, other current assets and other assets are mainly denominated in RMB.

(i) The Company's commitment derivative represents its commitment to issue convertible loan to CARIAD at a predetermined loan amount commencing from sign-off of corresponding agreements till the Company received the loan amount. The commitment is accounted for as a derivative and recorded as a financial asset at FVPL.

22 INVENTORIES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	61,842	100,675	359,755
Working in progress	57,208	267,271	431,649
Raw materials	11,845	11,309	22,763
Contract fulfilment costs	159	1,687	1,455
Inventories, gross	131,054	380,942	815,622
Less: provision for impairment	(17,142)	(17,410)	(24,724)
	113,912	**363,532**	**790,898**

The provision for impairment of inventories recorded as cost of sales during the years ended December 31, 2021, 2022, and 2023 were RMB4,896,000, RMB369,000, RMB7,314,000, respectively.

The reversal of provision for impairment of inventories recorded as cost of sales during the years ended December 31, 2021, 2022, and 2023 were RMB1,088,000, RMB101,000 and nil, respectively.

During the years ended December 31, 2021, 2022 and 2023, the cost of inventories sold included in "cost of sales" amounted to RMB119,075,000, RMB240,011,000, RMB384,787,000 respectively.

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises bill of materials for processing hardware. Net realisable 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.

23 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	9,352,695	7,821,588	12,077,455
Less: restricted cash	(18,368)	(8,566)	(717,814)
Less: term deposits with initial term of over three months	(1,284,293)	(1,204,365)	–
Cash and cash equivalents	8,050,034	6,608,657	11,359,641
Balances per consolidated statement of cash flows	**8,050,034**	**6,608,657**	**11,359,641**

The Group

Cash and cash equivalents are denominated in:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
RMB	2,064,881	4,851,799	4,231,031
US$	5,985,064	1,756,766	7,128,517
HK$	89	92	93
	8,050,034	**6,608,657**	**11,359,641**

Restricted cash is denominated in:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
RMB	14,055	5,425	5,423
US$	4,313	3,141	712,391
	18,368	**8,566**	**717,814**

The restricted cash balance as at December 31, 2023 mainly included a US$100,000,000 deposit in an escrow account set up according to the Joint Venture Agreement with CARIAD in order to secure and compensate CARIAD if the Group commits any material breach of the Joint Venture Agreement until the completion of a [**REDACTED**].

Term deposits is denominated in:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
US$	1,284,293	1,204,365	–
	1,284,293	**1,204,365**	**–**

The Company

Cash and cash equivalents are denominated in:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
RMB	170,413	7,260	43,153
US$	2,986,910	724,355	3,192,369
HK$	44	45	46
	3,157,367	**731,660**	**3,235,568**

24 SHARE CAPITAL AND SHARE PREMIUM

Share capital

	Class A ordinary shares		Class B ordinary shares	
	Number	Nominal value	Number	Nominal value
		USD		*USD*
Authorised, US$0.0000025 each *(a)*:				
At January 1, 2021, December 31, 2021, 2022 and 2023	**2,350,582,688**	**5,876**	**9,271,123,237**	**23,178**

	Class A ordinary shares		Class B ordinary shares	
	Number	Amount	Number	Amount
		RMB'000		*RMB'000*
Issued and fully paid, US$0.0000025 each *(b)*:				
At January 1, 2021 (Unaudited)	**2,350,582,688**	**38**	**80,821,352**	**1**
Transfer of shares among shareholders *(b)(ii)*	(18,174,122)	–	18,174,122	–
At December 31, 2021	**2,332,408,566**	**38**	**98,995,474**	**1**
Transfer of shares among shareholders *(b)(iii)*	(26,476,041)	–	26,476,041	–
At December 31, 2022 and 2023	**2,305,932,525**	**38**	**125,471,515**	**1**

Share premium

	RMB'000
At January 1, 2021 (Unaudited)	**99,593**
Transfer of shares among shareholders *(b)(ii)*	24,527
At December 31, 2021	**124,120**
Transfer of shares among shareholders *(b)(iii)*	22,137
At December 31, 2022 and 2023	**146,257**

(a) Authorized

During the Track Record Period, the authorized ordinary shares include 2,350,582,688 Class A ordinary shares of par value US$0.0000025 each, and 9,271,123,237 Class B ordinary shares of par value US$0.0000025 each. Each Class A ordinary share carries ten (10) votes at meetings of shareholders while each Class B ordinary share is entitled to one (1) vote. Each Class A ordinary share is convertible into one (1) Class B ordinary share at any time by the holder thereof, and Class B ordinary shares are not convertible into Class A ordinary shares or preferred shares under any circumstances. Upon any transfer of Class A ordinary shares by a holder thereof to any person or entity which is not an affiliate of such person, such Class A ordinary shares shall be automatically and immediately converted the equal number of Class B ordinary shares.

Share Splits

Prior to the Track Record Period, the Company underwent two share splits. On December 11, 2017, the Company effected a 4-for-1 share split of all the issued and unissued ordinary shares and redeemable convertible preferred shares. On December 25, 2018, the Company effected another 10-for-1 share split of all issued and unissued ordinary shares and redeemable convertible preferred shares. After the two share splits, all information related to the Company's ordinary shares, redeemable convertible preferred shares and share-based awards has been retroactively adjusted to give effect to the share splits.

(b) Issued and fully paid share capital

(i) In March 2019, the Company issued 200,000,000 Class B ordinary shares to one of the founders, which were reserved for the future exercise of certain options granted to employees. These ordinary shares were not considered outstanding from accounting perspective and are disclosed as treasury shares and deducted from contributed equity. On December 1, 2021, these reserved ordinary shares were cancelled by the Company.

(ii) In October 2021, 18,174,122 Class A ordinary shares held by a founder were transferred to an investor. These transferred Class A ordinary shares were automatically converted to Class B ordinary shares. The RMB24,527,000 excess of the transaction price over the fair value of the Class A ordinary shares, with reference to a third-party valuation report, was considered compensatory in nature in exchange for service of the founder, and therefore was recognized as share-based payment expense and credited to share premium.

(iii) In April 2021, the founders of the Company agreed to transfer 26,476,041 Class A ordinary shares then held by them to an investor. The RMB22,137,000 excess of the transaction price over the fair value of the Class A ordinary shares, with reference to a third-party valuation report, on the date of the agreement was considered compensatory in nature in exchange for service of the founders, and therefore was recognized as share-based payment expense and credited to other reserve. In April 2022, the transfer of these 26,476,041 Class A ordinary shares were completed, related other reserve was then transferred to share premium.

25 OTHER RESERVES

	Share-based payments	Changes in the fair value attributable to credit risk changes	Statutory reserves	Currency Translation differences	Repurchase of non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021 (Unaudited)	187,610	304,672	1,198	401,801	–	895,281
Share-based payments – Share Incentive Plans *(Note 26(a))*	149,705	–	–	–	–	149,705
Share-based payments – Transfer of founders' ordinary shares *(Note 24(b)(iii))*	22,137	–	–	–	–	22,137
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	257,022	–	–	–	257,022
Currency translation differences	–	–	–	270,243	–	270,243
Appropriations to statutory reserves	–	–	36	–	–	36
As at December 31, 2021	**359,452**	**561,694**	**1,234**	**672,044**	**–**	**1,594,424**

	Share-based payments	Changes in the fair value attributable to credit risk changes	Statutory reserves	Currency Translation differences	Repurchase of non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Share-based payments – Share Incentive Plans *(Note 26(a))*	173,698	–	–	–	–	173,698
Share-based payments – Transfer of founders' ordinary shares *(Note 24(b)(iii)))*	(22,137)	–	–	–	–	(22,137)
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	406,335	–	–	–	406,335
Currency translation differences	–	–	–	(898,171)	–	(898,171)
Appropriations to statutory reserves	–	–	103	–	–	103
Purchase of non-controlling interests	–	–	–	–	(6,743)	(6,743)
As at December 31, 2022	**511,013**	**968,029**	**1,337**	**(226,127)**	**(6,743)**	**1,247,509**
Share-based payments – Share Incentive Plans *(Note 26(a))*	341,751	–	–	–	–	341,751
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	(457,686)	–	–	–	(457,686)
Currency translation differences	–	–	–	(371,859)	–	(371,859)
Appropriations to statutory reserves	–	–	127	–	–	127
As at December 31, 2023	**852,764**	**510,343**	**1,464**	**(597,986)**	**(6,743)**	**759,842**

The Company

	Share-based payments	Changes in the fair value attributable to credit risk change	Currency translation differences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021 (Unaudited)	187,610	304,672	269,041	761,323
Share-based payments – Share Incentive Plans *(Note 26(a))*	149,705	–	–	149,705
Share-based payments – Transfer of founders' ordinary shares *(Note 24(b)(iii))*	22,137	–	–	22,137
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	257,022	–	257,022
Currency translation differences	–	–	179,417	179,417
As at December 31, 2021	**359,452**	**561,694**	**448,458**	**1,369,604**
Share-based payments – Share Incentive Plans *(Note 26(a))*	173,698	–	–	173,698
Share-based payments – Transfer of founders' ordinary shares *(Note 24(b)(iii))*	(22,137)	–	–	(22,137)
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	406,335	–	406,335
Currency translation differences	–	–	(364,352)	(364,352)
As at December 31, 2022	**511,013**	**968,029**	**84,106**	**1,563,148**
Share-based payments – Share Incentive Plans *(Note 26(a))*	341,751	–	–	341,751
Fair value changes on convertible redeemable preferred shares due to own credit risk *(Note 28)*	–	(457,686)	–	(457,686)
Currency translation differences	–	–	(162,805)	(162,805)
As at December 31, 2023	**852,764**	**510,343**	**(78,699)**	**1,284,408**

26 SHARE-BASED PAYMENTS

Total expenses arising from share-based payment transactions recognised during the Track Record Period were as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Share Incentive Plans *(a)*	149,705	173,698	341,751
Transfer of founders' ordinary shares *(b)*	46,664	–	–
	196,369	**173,698**	**341,751**

(a) Share Incentive Plans

In November 2015, the Company adopted the 2015 share incentive plan (the "2015 Share Incentive Plan"). On November 16, 2018, the 2018 share incentive plan (the "2018 Share Incentive Plan") was adopted by the Company to replace the 2015 Share Incentive Plan. As of December 31, 2023, the maximum number of shares that may be issued under the 2018 Share Incentive plan was 1,516,134,974 Class B ordinary shares.

Under the 2015 Share Incentive Plan and the 2018 Share Incentive Plan, the Company have granted share options and RSUs to relevant directors and employees of the Company. The fair value of the services received in exchange for the grant of equity instruments (share options and RSUs) is recognised as an expense in the consolidated statements of profit or loss with a corresponding increase in other reserve.

The total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

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

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. The expected retention rate of grantees was 94%, 92% and 92% respectively in 2021, 2022 and 2023. The Company recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised or the RSUs are settled, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Most of options and RSUs vest over a one-year or four-year requisite service period, depending on the terms of each award agreement. And granted options and RSUs generally follow one of the three vesting schedules ("Schedule A", "Schedule B", "Schedule C") below:

- Schedule A: 25% of the awards vest upon each of the four anniversaries of vesting commencement date;
- Schedule B: 50% of the awards vest upon the second anniversary of vesting commencement date, and 25% of the awards vest upon the third and fourth anniversary respectively;
- Schedule C: 100% of the awards vest on the first anniversary of vesting commencement date.

Set out below are summaries of options granted under the 2018 Share Incentive Plan:

	Weighted Average exercise price per share option	Number of options	Weighted-average remaining contract life	Weighted average fair value of options granted during the period
	US$			*US$*
Outstanding at January 1, 2021	0.11	378,086,175	6.52	
Granted	0.39	33,653,560		0.09
Forfeited	0.41	(9,283,810)		
Outstanding at December 31, 2021	0.13	402,455,925	5.75	
Exercisable as of December 31, 2021	0.09	316,741,063		
Granted	0.47	4,570,000		0.08
Forfeited	0.40	(4,075,000)		
Outstanding at December 31, 2022	0.13	402,950,925	4.77	
Exercisable as of December 31, 2022	0.11	367,420,775		
Granted	–	–		–
Forfeited	0.39	(3,416,450)		
Outstanding at December 31, 2023	0.13	399,534,475	3.74	
Exercisable as of December 31, 2023	0.12	391,540,725		

Share options outstanding at the end of the year have the following expiry date and exercise prices:

			Number of share options		
Grant Date	Expiry date	Exercise price per share option	December 31, 2021	December 31, 2022	December 31, 2023
		US$			
2015	2025	0.000025	128,875,150	128,875,150	128,875,150
2016	2026	0.000025-0.0625	46,726,740	46,726,740	46,726,740
2017	2027	0.000025-0.09175	19,706,960	19,706,960	19,706,960
2018	2028	0.00025-0.302	89,377,415	88,972,415	88,972,415
2019	2029	0.001-0.3777	71,518,600	70,403,600	70,017,800
2020	2030	0.05408-0.3777	17,140,000	16,465,000	16,084,350
2021	2031	0.10249-0.4677	29,111,060	27,831,060	25,771,060
2022	2032	0.4677	–	3,970,000	3,380,000
Total			**402,455,925**	**402,950,925**	**399,534,475**

Set out below are summaries of RSUs granted under the 2018 Share Incentive Plan:

	Number of RSUs	Weighted-average remaining contract life	Weighted average fair value of RSUs granted during the period
			US$
Outstanding at January 1, 2021	239,826,085	8.57	
Granted	82,172,450		0.25
Forfeited	(8,567,966)		
Outstanding at December 31, 2021	313,430,569	8.13	
Exercisable as of December 31, 2021	137,225,581		
Granted	178,928,963		0.26
Forfeited	(24,836,470)		
Outstanding at December 31, 2022	467,523,062	7.84	
Exercisable as of December 31, 2022	216,935,459		
Granted	215,740,216		0.37
Forfeited	(22,701,502)		
Outstanding at December 31, 2023	660,561,776	7.58	
Exercisable as of December 31, 2023	342,725,801		

RSUs outstanding at the end of the year have the following expiry date:

		Number of RSUs		
Grant Date	Expiry date	December 31, 2021	December 31, 2022	December 31, 2023
2015	2025	–	–	–
2016	2026	7,967,430	7,967,430	7,967,430
2017	2027	–	–	–
2018	2028	89,478,400	89,478,400	89,478,400
2019	2029	20,013,439	19,863,439	19,713,439
2020	2030	116,848,850	110,264,700	109,128,138
2021	2031	79,122,450	76,530,965	71,322,215
2022	2032	–	163,418,128	151,189,468
2023	2033	–	–	211,762,686
Total		**313,430,569**	**467,523,062**	**660,561,776**

Fair value of options and RSUs granted

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as projections of future performance, are determined by the directors with best estimate.

Based on fair value of the underlying ordinary shares, the directors use binomial model to determine the fair value of the share options as of the grant date.

Key assumptions used by directors are set as below:

	Year ended December 31,		
	2021	2022	2023
Risk-free interest rate	1%~2%	1%~2%	N/A
Contractual term (in years)	10	10	N/A
Volatility	32.2%~32.7%	36.7%~37.2%	N/A
Expected dividend yield	0%	0%	N/A

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant.

	Year ended December 31,		
	2021	2022	2023
Fair value of underlying ordinary shares (US$)	0.25~0.26	0.27~0.37	0.37~0.47

Key assumptions used by directors to estimate the underlying ordinary shares' fair value are set as below:

	Year ended December 31,		
	2021	2022	2023
Discount rate	21%	20%	20%
Risk-free interest rate	0.26%-0.73%	2.94%-4.11%	3.73%-4.40%
DLOM	8.0%	5.5%-10.0%	8.0%-9.5%
Volatility	45.78%-50.50%	41.38%-47.17%	40.77%-48.79%

(b) Transfer of founders' ordinary shares

The Group recognized share-based payment expenses in 2021 arising from certain ordinary shares transfer between founders and certain investors. For details please see Note 24 (b) (ii) & (iii).

27 TRADE PAYABLES, ACCRUALS, OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Trade payables *(i)*	8,040	3,822	11,164
Tax liabilities			
– Income tax payable	3	1,181	170
– Other taxes payable	13,791	31,263	142,448
Other payables			
– Payables for purchase of intangible assets	165,068	142,413	171,559
– Payables for third-party service fees and deposit	49,753	74,539	173,775
– Payables to certain former investors for preferred shares repurchase before Track Record Period	9,433	10,304	583
– Payables for construction in progress	12	3,812	30,803
– Accrued warranty liabilities	2,500	2,490	3,768
– Others	29,965	12,243	17,338
Total trade payables and accruals and other payables	**278,565**	**282,067**	**551,608**

(i) The aging analysis of the trade payables based on purchase date were as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 3 months	7,635	3,381	10,647
3 to 6 months	117	54	–
6 months to 1 year	18	33	262
1 to 2 years	259	119	12
Over 2 years	11	235	243
Total trade payables	**8,040**	**3,822**	**11,164**

Other non-current liabilities

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Deferred income in relation to financial subsidies	7,570	15,652	61,954

28 PREFERRED SHARES AND OTHER FINANCIAL LIABILITIES AT FVPL

The Group and the Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Preferred shares *(a)*	18,341,195	26,451,328	33,509,674
Convertible loan *(b)*	–	–	5,729,904
	18,341,195	**26,451,328**	**39,239,578**

(a) Preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing preferred shares to investors.

The details of the issuance are set out in the table below (after taking into consideration of share splits):

	Issue price per share	Number of shares as of January 1, 2021	Number of shares as of December 31, 2023	Total consideration received by December 31, 2023
	US$			*US$'000*
Series Seed-1 Preferred Shares	0.02	820,000,000	820,000,000	12,551
Series Seed-2 Preferred Shares	0.03	80,000,000	80,000,000	2,400
Series A Preferred Shares	0.06	614,300,320	614,300,320	39,302
Series A1 Preferred Shares	0.09	547,100,600	547,100,600	50,214
Series A3 Preferred Shares	0.10	404,327,650	404,327,650	40,805
Series A5 Preferred Shares	0.10	97,570,490	97,570,490	10,000
Series B1 Preferred Shares	0.25	1,244,898,062	1,244,898,062	313,739
Series B2 Preferred Shares	0.30	247,532,056	247,532,056	74,405
Series B3 Preferred Shares	0.38	105,904,158	105,904,158	38,936
Series C Preferred Shares	0.47	1,162,309,965	3,353,574,611	1,568,460
Series D Preferred Shares	0.74	–	283,197,279	210,000
		5,323,943,301	7,798,405,226	2,360,812

The details of the movements of number of preferred shares issued during the Track Record Period are as follows:

	Number of shares
Opening as of January 1, 2021	**5,323,943,301**
Issuance of Series C preferred shares	2,105,739,361
Outstanding as of December 31, 2021	**7,429,682,662**
Opening as of January 1, 2022	**7,429,682,662**
Issuance of Series C preferred shares	85,525,285
Outstanding as of December 31, 2022	**7,515,207,947**
Opening as of January 1, 2023	**7,515,207,947**
Issuance of Series D preferred shares	283,197,279
Outstanding as of December 31, 2023	**7,798,405,226**

The key terms of the preferred shares are as follows:

Conversion rights

Unless converted earlier pursuant to the provisions with respect to automatic conversion as set out below, preferred shares shall be convertible, at the option of the holder thereof, at any time into such number of fully paid Class B ordinary shares at an initial conversion ratio of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time for (a) share splits and combinations, (b) ordinary share dividends and distributions, (c) other dividends, (d) reorganizations, mergers, consolidations, reclassifications, exchanges, substitution, (e) dilutive issuance.

Each preferred share shall automatically be converted, based on the then-effective conversion price, without the payment of any additional consideration, into fully-paid Class B ordinary shares upon the earlier of (i) the consummation of the [**REDACTED**] ("[**REDACTED**]"), or (ii) the date specified by the written consent of at least two-thirds (2/3) of the voting power of the then outstanding preferred shares of each class with respect to conversion of each class.

Redemption rights

Preferred shareholders may redeem of all or any part of the then outstanding shares held, at any time after the occurrence of (i) the failure by the Company to consummate a [**REDACTED**] prior to December 31, 2026, (ii) any occurrence of a material breach or violation of the transaction documents or relevant laws or (iii) occurrence of any other factors, which has resulted in the Company's chief executive officer terminating his employment relationship with the Group or losing control of the Company.

The redemption price of each share to be redeemed shall equal to (i) 100% of each series stated issue price with a compounded rate of ten percent (10%) per annum return, plus (ii) any accrued but unpaid dividends on each applicable preferred shares.

Under the redemption, the redemption price will be paid to the preferred shareholders in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of Series B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, and lastly to holders of Series Seed-1/Seed-2 preferred shares.

Voting rights

Each preferred share has voting rights equivalent to the number of Class B ordinary shares into which such preferred shares could be then convertible.

Dividend rights

Each preferred shareholder shall be entitled to receive the dividends at a simple annual rate of eight percent (8%) on pro-rata basis according to the relative number of shares held by them on an as-converted basis, only when, as and if declared by the Board of Directors and shall be non-cumulative. The distribution sequence should be in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, sixth to holders of Series Seed-1/Seed-2 preferred shares and lastly to holders of ordinary shareholders.

Liquidation preference

In the event of any liquidation or deemed liquidation, dissolution, winding up of the Company, either voluntary or involuntary, the assets and funds of the Company legally available for distribution to the shareholders shall be distributed to shareholders in the following manner and order:

Each preferred shareholder shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any previous preferred shares and ordinary shares, the amount equal to one hundred and ten percent (110%) of the original issue price on each preferred shares, plus all declared but unpaid dividends thereon up to the date of liquidation. The liquidation preference amount will be paid in the following order: first to holders of Series D preferred shares, second to holders of Series C preferred shares, third to holders of Series B1/B2/B3/B4 preferred shares, fourth to holders of Series A1/A2/A3/A4/A5 preferred shares, fifth to holders of Series A preferred shares, and lastly to holders of Series Seed-1/Seed-2 preferred shares. After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, the remaining assets of the Company available for distribution, if any, shall distributed to the holders of ordinary shares and the preferred shareholders on a pro rata basis, based on the number of ordinary shares then held by each shareholder on an as-converted basis. If the value of the remaining assets of the Company is less than aggregate liquidation preference amount payable to the holders of a particular series of preferred shares, then the remaining assets of the Company shall be distributed pro rata amongst the holders of all outstanding preferred shares of that series.

Deemed Liquidation Events

Deemed Liquidation Events (as defined in the Company's memorandum and articles of association) include: (1) any consolidation, amalgamation, scheme of arrangement or merger of the Company and/or its subsidiaries with or into any other person or other reorganization in which the shareholders of the Company and/or its subsidiaries immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of the voting power of the surviving company immediately after such transaction; or (2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Company and/or its subsidiaries; or (3) exclusive and irrevocable licensing of all or substantially all of the Company and/or its subsidiaries' intellectual property to a third party.

A Deemed Liquidation Event shall be deemed to be a liquidation, dissolution or winding up of the Company, and any proceeds, whether in cash or properties, resulting from a Deemed Liquidation Event shall be distributed.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire preferred share instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statements of profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss but are transferred to retaining earnings when realized. Any directly attributable transaction costs are expensed as incurred.

The preferred shares have been presented as current liabilities as the preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time, and the conversion option doesn't meet the definition of equity instrument.

The movements of the preferred shares carrying amount are set out as below:

	RMB'000
At January 1, 2021 (Unaudited)	11,833,371
Issuance of Series C Preferred Shares	6,348,190
Change in fair value through profit or loss	763,984
Change in fair value through other comprehensive income	(257,022)
Currency translation differences	(347,328)
At December 31, 2021	**18,341,195**
At January 1, 2022	18,341,195
Issuance of Series C Preferred Shares	254,796
Change in fair value through profit or loss	6,655,367
Change in fair value through other comprehensive income	(406,335)
Currency translation differences	1,606,305
At December 31, 2022	**26,451,328**
At January 1, 2023	26,451,328
Issuance of Series D Preferred Shares	1,494,494
Change in fair value through profit or loss	4,695,950
Change in fair value through other comprehensive income	457,686
Currency translation differences	410,216
At December 31, 2023	**33,509,674**

(b) Convertible loan

In November 2022, the Company entered into an agreement to issue a convertible loan with the principal amount of US$924,855,000 with CARIAD, which is also a Series D preferred share investor. The convertible loan has a repayment term of three years from the closing date ("Maturity date") and with an interest rate of 2% for the first two annum and an 5% for the remaining annum.

Pursuant to the agreement, at any time after the date of closing and prior to the repayment in full, the convertible loan shall be automatically and mandatorily converted into the relevant equity interests in the Company when any of the following events occurs:

- In the event the Company consummates a [**REDACTED**] prior to the Maturity Date, upon the closing of the [**REDACTED**], all the principal amount and accrued interest (the "Conversion Amount") shall be automatically and mandatorily converted into Class B Ordinary shares of the Company at a conversion price equal to the final per share [**REDACTED**] for the [**REDACTED**], subject to the total beneficial interests cap of CARIAD in the Company being [**REDACTED**]% upon [**REDACTED**]. The Company will repay the remaining Conversion Amount by cash on the [**REDACTED**], if any.

- In the event the Company fails to consummate a [**REDACTED**] but one or more rounds of Qualified Financing occurs prior to the Maturity Date, on the Maturity Date, the convertible loan shall be automatically and mandatorily converted into the same class of shares issued by the Company to the investors in the Qualified Financing at a conversion price equal to the price per share for the relevant class of shares.

- In the event neither a [**REDACTED**] nor a Qualified Financing occurs prior to the Maturity Date, on the Maturity Date, the convertible loan shall be automatically and mandatorily converted into the most senior series shares at a conversion price which implies a pre-determined valuation agreed by both parties.

Qualified Financing means a bona fide equity financing of the Company that takes place after the closing of the share purchase transaction under the Series D Preferred Share Purchase Agreement, the amount of total proceeds to the Company from which shall be no less than US$350,000,000 and at least US$100,000,000 of such total proceeds shall be invested by a single external investor.

The lender has rights to ask the Company to repay all outstanding and unpaid principal amount when some default event occurs. Therefore, the Company does not have the unconditional right to avoid delivering cash to settle the loan.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire convertible loan as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statements of profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income.

In December 2023, the closing conditions of the convertible loan agreement have been satisfied and the Company received the total cash consideration of US$800,000,000 from the lender.

The movements of the convertible loan carrying amount are set out as below:

	RMB'000
At January 1, 2023	–
Issuance of convertible loan	5,694,080
Change in fair value through profit or loss	64,404
Currency translation differences	(28,580)
At December 31, 2023	5,729,904

(c) Fair value measurements

Fair value of the preferred shares

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set as below:

	As at December 31,		
	2021	2022	2023
Discount rate	21%	20%	20%
Risk-free interest rate	0.73%	4.11%	4.01%
DLOM	8.0%	10.0%	8.0%
Volatility	50.50%	47.17%	41.26%

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. Management estimated the risk-free interest rate based on the yield to maturity of U.S. treasury bonds denominated in US$ with maturity close to expected liquidation date/redemption date as at the valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of preferred shares on each valuation date.

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the preferred shares. The changes in unobservable inputs including discount rate will result in a significantly higher or lower fair value measurement. The increase in the fair value of the preferred shares would increase the loss of fair value change of preferred shares and other financial liabilities in the consolidated income statements. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

If the Company's key valuation assumptions used to determine the fair value of the preferred shares had increased/decreased certain percentage, the estimated fair value changes from carrying amount ended December 31, 2021, 2022 and 2023 respectively listed in below table (assuming the change of key assumptions would not have significant impact on fair value change attributable to credit risk)

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Discount rate + 1%	(1,487,507)	(2,147,973)	(2,653,152)
Discount rate - 1%	1,717,626	2,483,544	3,051,033

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Risk-free interest rate + 10%	(2,123)	(22,382)	(20,733)
Risk-free interest rate - 10%	2,149	22,584	20,987

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
DLOM + 10%	(161,463)	(283,926)	(289,834)
DLOM - 10%	161,450	283,858	289,834

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Volatility + 10%	(43,432)	(47,212)	(12,350)
Volatility - 10%	41,605	41,972	4,389

Fair value of the convertible loan

The Company estimated the fair value using the scenario analysis method with key assumptions as follows:

	As at December 31,		
	2021	2022	2023
Risk-free interest rate	N/A	N/A	4.02%
Bond yield	N/A	N/A	11.13%

The changes in unobservable input including bond yield will result in a significantly higher or lower fair value measurement. If the bond yield had been 10% higher, loss for the years ended December 31, 2023 would have been approximately RMB 114,496,000 lower. If the bond yield had been 10% lower, loss for the years ended December 31, 2023 would have been approximately RMB 121,652,000 higher.

29 BORROWINGS

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Bank loan – secured	–	12,515	112,844

A subsidiary of the Company entered into a bank loan agreement in December 2022. Under this loan agreement, the bank agreed to lend RMB844,500,000 to this subsidiary for a construction project, with a land use right mortgaged as the collateral for the loan (Note 17(i)(a)). The loan period is from December 15, 2022 until December 14, 2037, and all drawdowns shall be made by December 14, 2025. The interest rate is reset on January 1 of each year during the loan period. The interests are paid quarterly, while the principal will be paid in instalments as agreed starting from June 15, 2026 until the end of the loan period.

As at the end of each reporting period, the Group's borrowings were repayable as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Between 2 and 5 years	–	12,515	60,000
Over 5 years	–	–	52,844
	–	12,515	112,844

As at December 31, 2022 and 2023, the weighted average effective interest rate for borrowings was 2.70% and 2.60%, respectively.

30 DEFERRED INCOME TAX

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

The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

(i) Deferred tax assets

The balance comprises temporary differences attributable to:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	12,853	22,699	18,941
Tax losses carried forward	80,050	88,714	99,537
Total gross deferred tax assets	**92,903**	**111,413**	**118,478**
Deferred tax assets:			
– to be realized within 12 months	4,137	5,355	5,502
– to be realized after 12 months	88,766	106,058	112,976
Set-off of deferred tax assets pursuant to set-off provisions	(12,959)	(22,497)	(18,511)
Net deferred tax assets	**79,944**	**88,916**	**99,967**

(ii) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets	11,072	20,855	17,173
Financial assets measured at fair value	1,887	1,642	1,338
Total gross deferred tax liabilities	**12,959**	**22,497**	**18,511**
Set-off of deferred tax liabilities pursuant to set-off provisions	(12,959)	(22,497)	(18,511)
Net deferred tax liabilities	–	–	–

(iii) The movement on the carrying amount of deferred income tax assets is as follows:

	Lease liabilities	Tax losses carried forward	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021 (Unaudited)	12,533	54,151	66,684
Credited to profit or loss	320	25,899	26,219
At December 31, 2021	**12,853**	**80,050**	**92,903**
At January 1, 2022	12,853	80,050	92,903
Credited to profit or loss	9,846	8,664	18,510
At December 31, 2022	**22,699**	**88,714**	**111,413**
At January 1, 2023	22,699	88,714	111,413
Credited/(charged) to profit or loss	(3,758)	10,823	7,065
At December 31, 2023	**18,941**	**99,537**	**118,478**

(iv) The movement on the carrying amount of deferred income tax liabilities is as follows:

	Right-of-use assets	Financial assets measured at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021 (Unaudited)	10,252	3,149	13,401
Charged/(credited) to profit or loss	820	(1,262)	(442)
At December 31, 2021	**11,072**	**1,887**	**12,959**
At January 1, 2022	11,072	1,887	12,959
Charged/(credited) to profit or loss	9,783	(245)	9,538
At December 31, 2022	**20,855**	**1,642**	**22,497**
At January 1, 2023	20,855	1,642	22,497
Charged/(credited) to profit or loss	(3,682)	(304)	(3,986)
At December 31, 2023	**17,173**	**1,338**	**18,511**

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

31 DIVIDENDS

No dividend has been paid or declared by the Company during each of the years ended December 31, 2021, 2022 and 2023.

32 CASH FLOW INFORMATION

(a) Cash used in operating activities

	Note	Year ended December 31,		
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Loss before income tax		**(2,090,200)**	**(8,724,701)**	**(6,744,128)**
Adjustments for				
Depreciation of property, plant and equipment	*16*	46,988	62,937	76,262
Amortisation of intangible assets	*18*	76,650	186,121	228,316
Depreciation of right-of-use assets	*17*	30,062	43,907	52,153
Provision for impairment of financial assets	*3.1(b)*	5,098	13,039	20,793
Provision for impairment of inventories	*22*	3,808	268	7,314
Share based payments	*26*	196,369	173,698	341,751
Fair value changes of financial assets at FVPL	*8*	5,286	(29,715)	(8,852)
Losses/(gains) on disposal of subsidiaries	*8*	3,142	–	(623)
Share of net losses of investments accounted for using the equity method	*13*	2,530	34,298	112,074
Elimination of unrealised profits and losses from downstream transactions with equity method investees	*13*	–	–	297,301
Fair value changes of preferred shares and other financial liabilities	*28*	763,984	6,655,367	4,760,354
Losses on disposal of property, plant and equipment		344	238	1,912
Finance costs	*10*	16,592	7,548	8,651
Net foreign exchange differences	*8*	(11,080)	264,660	40,334
Change in operating assets and liabilities:				
Increase in trade and note receivables		(33,165)	(264,230)	(141,000)
Increase in inventories		(88,893)	(249,888)	(434,680)
(Increase)/decrease in restricted cash		(14,409)	9,802	(709,248)
(Increase)/decrease in other operating assets		(238,463)	46,241	(9,181)
Increase/(decrease) in trade payables		40	(4,218)	7,342
Increase in other payables		75,977	95,381	260,718
(Decrease)/increase in contract liabilities		(3,008)	57,533	(38,204)
Increase in other operating liabilities		141,332	64,429	126,133
Cash used in operating activities		**(1,111,016)**	**(1,557,285)**	**(1,744,508)**

(b) Non-cash investing activities

There were no material non-cash investing transactions for the years ended December 31, 2021, 2022 and 2023.

(c) Reconciliation of liabilities generated from financing activities

	Preferred shares	Convertible loan	Lease liabilities	Borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as at January 1, 2021 (Unaudited)	**11,833,371**	**–**	**94,899**	**–**	**11,928,270**
Financing cash flows	6,348,190	–	(36,896)	–	6,311,294
Changes in fair values	506,962	–	–	–	506,962
Other changes *(i)*	–	–	57,645	–	57,645
Currency translation differences	(347,328)	–	(134)	–	(347,462)
Liabilities from financing activities as at December 31, 2021	**18,341,195**	**–**	**115,514**	**–**	**18,456,709**
Financing cash flows	254,796	–	(48,849)	12,515	218,462
Changes in fair values	6,249,032	–	–	–	6,249,032
Other changes *(i)*	–	–	138,529	–	138,529
Currency translation differences	1,606,305	–	(403)	–	1,605,902
Liabilities from financing activities as at December 31, 2022	**26,451,328**	**–**	**204,791**	**12,515**	**26,668,634**
Financing cash flows	1,494,494	5,694,080	(60,140)	100,329	7,228,763
Changes in fair values	5,153,636	64,404	–	–	5,218,040
Other changes *(i)*	–	–	19,370	–	19,370
Currency translation differences	410,216	(28,580)	335	–	381,971
Liabilities from financing activities as at December 31, 2023	**33,509,674**	**5,729,904**	**164,356**	**112,844**	**39,516,778**

(i) Other changes mainly include new leases, early termination and interest accruals.

33 COMMITMENTS

(a) Capital commitments

Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities yet are as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	17,093	23,585	38,167
Intangible assets	5,621	64,085	33,920
Total	**22,714**	**87,670**	**72,087**

(b) Operating commitments

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Inventory procurement	145,165	255,020	103,070
Others	13,094	107,456	85,636
Total	**158,259**	**362,476**	**188,706**

For commitments in respect of associates and joint ventures please see Note 13 (i).

34 RELATED PARTY TRANSACTIONS

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

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

(a) Names and relationships with related parties

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

Company	Relationship
SAIC Motor Co., Ltd, and its subsidiaries ("SHAIC")	Shareholder of the Company
SPACE and its subsidiaries ("SPACE")	An Associate of the Company
Continental Smart Core Technology (Shanghai) Co., Ltd ("CSC")	An Associate of the Company
Nanjing Yuxin Technology Co., Ltd. ("NYX")	An Associate of the Company
Carizon (Beijing) Technology Co., Ltd. ("CARIZON")	A Joint venture of the Company
Chongqing Juchuangzhixing Technology Co., Ltd. ("JC")	An Associate of the Company

(b) Significant transactions with related parties

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Sales to related parties			
License and services to SHAIC	26,955	101,817	82,422
Products and services to CSC	–	3,398	8,458
License and services to CARIZON	–	–	924,000
License and services to JC	–	–	3,437
Total	**26,955**	**105,215**	**1,018,317**

The transactions with CSC in 2023 include RMB597,000 unrealized profits from downstream transactions eliminated when applying equity method accounting.

The transactions with CARIZON in 2023 include RMB296,704,000 unrealized profits from downstream transactions eliminated when applying equity method accounting.

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Purchases from related parties			
Products and services from SPACE	2,005	–	–
Services from NYX	–	48,232	29,076
Services from JC	–	–	36,140
Total	**2,005**	**48,232**	**65,216**

(c) Year end balances with related parties

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Account receivables due from related parties			
Due from SHAIC	8,390	37,098	20,998
Due from CSC	–	1,342	4,262
Due from CARIZON	–	–	50,850
Due from JC	–	–	80
Total	**8,390**	**38,440**	**76,190**
Other receivables due from related parties			
Due from CARIZON	–	–	18,383
Total	**–**	**–**	**18,383**
Other payables due to related parties			
Due to NYX	–	7,318	5,268
Due to JC	–	–	6,614
Total	**–**	**7,318**	**11,882**
Contract liabilities due to related parties			
Due to SHAIC	140	53,053	924
Due to CSC	–	453	–
Due to CARIZON	–	–	17,775
Total	**140**	**53,506**	**18,699**

(c) Key management personnel compensation

The compensations to key management personnel as directors are shown below:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Director fees	446	493	498
Wages, salaries and bonuses	5,030	12,581	8,064
Share-based payments *(i)*	63,941	14,630	7,525
Pension costs-defined contribution plans	275	299	319
Housing fund, medical insurance and other social insurance	372	373	377
Other employee benefits	165	193	228
Total	**70,229**	**28,569**	**17,011**

(i) Represents the amount recognized as expense during the Track Record Period in accordance with IFRS 2 Share-based Payment.

35 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director during the Track Record Period is set out below:

For the year ended December 31, 2021:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses (a)	Social security costs, housing benefits and other employee welfare	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. Kai Yu *(i)*	–	510	–	41,474	133	42,117
Dr. Chang Huang *(ii)*	–	485	–	3,756	146	4,387
Ms. Feiwen Tao *(iii)*	–	1,085	–	1,434	203	2,722
Mr. Feng Zhou *(iv)*	–	1,504	228	11,761	161	13,654
Mr. Yufeng Zhang *(v)*	–	801	417	5,244	169	6,631
Mr. Jin'an Feng *(vi)*	–	–	–	–	–	–
Mr. Liang Li *(vii)*	–	–	–	–	–	–
Mr. Qin Liu *(viii)*	–	–	–	–	–	–
Mr. Zuoyi Wu *(ix)*	–	–	–	–	–	–
Mr. Xin Zhang *(x)*	–	–	–	–	–	–
Dr. Ya-Qin Zhang *(xi)*	446	–	–	272	–	718
Total	**446**	**4,385**	**645**	**63,941**	**812**	**70,229**

For the year ended December 31, 2022:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses (a)	Social security costs, housing benefits and other employee welfare	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. Kai Yu *(i)*	–	688	–	–	176	864
Dr. Chang Huang *(ii)*	–	426	–	–	154	580
Ms. Feiwen Tao *(iii)*	–	1,165	–	–	199	1,364
Mr. Feng Zhou *(iv)*	–	1,447	–	8,291	152	9,890
Mr. Yufeng Zhang *(v)*	–	997	7,858	6,206	184	15,245
Mr. Jin'an Feng *(vi)*	–	–	–	–	–	–
Mr. Liang Li *(vii)*	–	–	–	–	–	–
Mr. Qin Liu *(viii)*	–	–	–	–	–	–
Mr. Zuoyi Wu *(ix)*	–	–	–	–	–	–
Dr. Juehui Zhang (xii)	–	–	–	–	–	–
Mr. Xin Zhang *(x)*	–	–	–	–	–	–
Dr. Ya-Qin Zhang *(xi)*	493	–	–	133	–	626
Total	**493**	**4,723**	**7,858**	**14,630**	**865**	**28,569**

For the year ended December 31, 2023:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation expenses (a)	Social security costs, housing benefits and other employee welfare	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. Kai Yu *(i)*	–	1,506	–	–	189	1,695
Dr. Chang Huang *(ii)*	–	1,226	–	–	167	1,393
Ms. Feiwen Tao *(iii)*	–	1,597	–	–	195	1,792
Mr. Feng Zhou *(iv)*	–	1,516	–	16	159	1,691
Mr. Yufeng Zhang *(v)*	–	1,734	485	7,440	214	9,873
Mr. Liang Li *(vii)*	–	–	–	–	–	–
Mr. Qin Liu *(viii)*	–	–	–	–	–	–
Dr. André Stoffels *(xiii)*	–	–	–	–	–	–
Dr. Juehui Zhang *(xii)*	–	–	–	–	–	–
Mr. Xin Zhang *(x)*	–	–	–	–	–	–
Dr. Ya-Qin Zhang *(xi)*	498	–	–	69	–	567
Total	**498**	**7,579**	**485**	**7,525**	**924**	**17,011**

(a) Represents the amount recognized as an expense during the Track Record Period in accordance with IFRS 2 Share-based Payment.

(i) Dr. Kai Yu was appointed as a director of the Company on July 21, 2015 and re-designated as an executive director on March 18, 2024.

(ii) Dr. Chang Huang was appointed as a director of the Company on November 1, 2017 and re-designated as an executive director on March 18, 2024.

(iii) Ms. Feiwen Tao was appointed as a director of the Company on September 7, 2017 and re-designated as an executive director on March 18, 2024.

(iv) Mr. Feng Zhou was appointed as a director of the Company on August 13, 2018 and resigned from directorship on March 8, 2023.

(v) Mr. Yufeng Zhang was appointed as a director of the Company on May 20, 2020 and resigned from directorship in March 2024.

(vi) Mr. Jin'an Feng was appointed as a director of the Company on November 3, 2020 and resigned from directorship on January 20, 2022.

(vii) Mr. Liang Li was appointed as a director of the Company on November 1, 2017 and re-designated as a non-executive director on March 18, 2024.

(viii) Mr. Qin Liu was appointed as a director of the Company on October 15, 2015 and re-designated as a non-executive director on March 18, 2024.

(ix) Mr. Zuoyi Wu was appointed as a director of the Company on August 13, 2018 and resigned from directorship on November 14, 2022.

(x) Mr. Xin Zhang was appointed as a director of the Company on February 8, 2021.

(xi) Dr. Ya-Qin Zhang was appointed as a director of the Company on January 23, 2020 and re-designated as an independent non-executive director on March 18, 2024.

(xii) Dr. Juehui Zhang was appointed as a director of the Company on January 20, 2022 and re-designated as a non-executive director on March 18, 2024.

(xiii) Dr. André Stoffels was appointed as a director of the Company on December 7, 2023 and re-designated as a non-executive director on March 18, 2024.

36 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events subsequent to the Track Record Period.

37 SUMMARY OF OTHER ACCOUNTING POLICIES

37.1 Principles of consolidation and equity accounting

(i) Subsidiaries

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or has board seats. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint ventures

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangement and determined it to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

(iv) Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 13.

37.2 Separate financial statements

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

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

37.3 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company and its subsidiaries outside the Chinese mainland are US$ as their key activities and transactions are denominated in US$. The Company's primary subsidiaries are incorporated in the PRC Chinese mainland and for these subsidiaries, RMB is the functional currency. As the major operations of the Group during the Track Record Period are within the Chinese mainland, the Group determined to present its Historical Financial Information in RMB (unless otherwise stated).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in consolidated statements of profit or loss as part of the "other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income or loss.

The Group has monetary items that are receivables from or payables to foreign operations. The items for which settlements are neither planned nor likely to occur in the foreseeable future are, in substance, part of the Group's net investment in foreign operations. Such monetary items include long-term receivables or loans. They do not include trade receivables or trade payables. On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, are recognised in the consolidated statement of comprehensive income. When a foreign operation is disposed, the related foreign exchange gains or losses are reclassified into consolidated statements of profit or loss as part of the "other (losses)/gains, net". The accumulative translation adjustments related to subsidiaries with same functional currency as the Company are presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

37.4 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

37.5 Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

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

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

- *Debt instruments*

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

  – Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

During the Track Record Period, no amount is recognised in respect of financial assets at FVOCI.

• *Equity instruments*

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

37.6 Trade and note receivables, net

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

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

37.7 Cash and cash equivalents and term deposits

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

Bank deposits with initial terms of over three months are presented as term deposits on the consolidated statement of financial positions.

37.8 Share capital

Ordinary shares are classified as equity.

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

Preferred shares are classified as financial liabilities based on the respective contract terms.

37.9 Trade, accruals and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the periods presented which are unpaid. Trade, accruals and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

37.10 Current and deferred income tax

The income tax expense for the period presented is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

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

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

37.11 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

(iii) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Employee leave entitlement

Employee entitlement to annual leave is recognized when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlement to sick leave and maternity leave are not recognized until the time of leave.

(iv) Bonus plans

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

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

37.12 Provisions

Provisions for legal claims, warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

37.13 Government grants

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

Where the grants related to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants related to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset on straight-line basis.

37.14 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other gains.

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

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to December 31, 2023 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2023.