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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF APT ELECTRONICS CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of APT Electronics Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages IA-4 to IA-120, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 and five months ended 31 May 2024 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 31 May 2024, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IA-4 to IA-120 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 October 2024 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022 and 2023 and 31 May 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2023 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be

identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

31 October 2024

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

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						<i>(unaudited)</i>
REVENUE	5	1,388,380	1,410,632	1,858,032	624,617	843,193
Cost of sales		(1,160,102)	(1,175,447)	(1,519,021)	(520,307)	(688,947)
Gross profit		228,278	235,185	339,011	104,310	154,246
Other income and gains	5	58,425	25,063	26,267	10,303	8,755
Selling and marketing expenses		(20,842)	(30,018)	(45,188)	(16,378)	(20,427)
Administrative expenses		(78,510)	(100,341)	(119,431)	(39,869)	(60,288)
Research and development costs		(62,020)	(88,749)	(87,225)	(36,347)	(37,632)
Other expenses		(8,213)	(23,992)	(36,835)	(16,553)	(8,680)
Finance costs	7	(2,817)	(6,445)	(4,838)	(2,188)	(1,272)
Share of loss of an associate		(23,279)	—	—	—	—
PROFIT BEFORE TAX	6	91,022	10,703	71,761	3,278	34,702
Income tax (expense)/credit	10	(13,022)	28,368	282	4,285	(2,529)
PROFIT FOR THE YEAR/PERIOD		<u>78,000</u>	<u>39,071</u>	<u>72,043</u>	<u>7,563</u>	<u>32,173</u>
Attributable to:						
Owners of the parent		85,896	40,791	66,378	14,146	32,173
Non-controlling interests		(7,896)	(1,720)	5,665	(6,583)	—
		<u>78,000</u>	<u>39,071</u>	<u>72,043</u>	<u>7,563</u>	<u>32,173</u>
EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	<u>0.21</u>	<u>0.10</u>	<u>0.16</u>	<u>0.03</u>	<u>0.06</u>

	Year ended 31 December			Five months ended	
				31 May	
	2021	2022	2023	2023	2024
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Financial assets at fair value through other comprehensive income:					
Changes in fair value	(22)	74	62	16	(35)
Income tax effect	3	(7)	(12)	(4)	6
	(19)	67	50	12	(29)
Exchange differences on translation of foreign operations	(33)	387	1	22	2
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(52)	454	51	34	(27)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	(52)	454	51	34	(27)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>77,948</u>	<u>39,525</u>	<u>72,094</u>	<u>7,597</u>	<u>32,146</u>
Attributable to:					
Owners of the parent	85,844	41,245	66,429	14,180	32,146
Non-controlling interests	(7,896)	(1,720)	5,665	(6,583)	—
	<u>77,948</u>	<u>39,525</u>	<u>72,094</u>	<u>7,597</u>	<u>32,146</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	31 May
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	13	816,861	844,946	877,052	871,982
Right-of-use assets	14	80,983	79,961	77,312	76,208
Goodwill	15	13,523	13,523	13,523	13,523
Other intangible assets	16	39,362	33,457	26,770	25,626
Deferred tax assets	17	9,021	37,722	37,038	37,941
Other non-current assets	20	6,562	5,307	181	4,638
Total non-current assets		966,312	1,014,916	1,031,876	1,029,918
CURRENT ASSETS					
Inventories	18	188,028	211,579	216,026	250,736
Trade and bills receivables	19	508,985	583,171	669,459	747,607
Contract assets		3,685	4,246	5,445	6,144
Prepayments, deposits and other receivables	20	37,457	11,525	12,953	13,947
Financial assets at fair value through profit or loss	21	111,341	98,299	187,479	116,859
Pledged deposits	22	67,270	45,702	67,041	64,291
Cash and cash equivalents	22	96,778	108,231	209,878	280,085
Total current assets		1,013,544	1,062,753	1,368,281	1,479,669
CURRENT LIABILITIES					
Trade and bills payables	23	479,888	507,302	794,203	865,161
Other payables and accruals	24	416,857	456,554	462,732	440,854
Tax payable		—	—	—	1,215
Contract liabilities	25	7,802	13,636	13,995	13,661
Interest-bearing bank borrowings . .	27	15,181	25,147	29,481	454
Lease liabilities	14	—	271	287	293
Total current liabilities		919,728	1,002,910	1,300,698	1,321,638
NET CURRENT ASSETS		93,816	59,843	67,583	158,031
TOTAL ASSETS LESS CURRENT LIABILITIES		1,060,128	1,074,759	1,099,459	1,187,949

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	31 May
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	27	135,000	105,000	50,472	62,110
Lease liabilities	14	—	909	623	637
Deferred income	26	6,976	9,109	14,296	13,139
Deferred tax liabilities	17	8,293	8,659	7,705	7,282
Total non-current liabilities		<u>150,269</u>	<u>123,677</u>	<u>73,096</u>	<u>83,168</u>
Net assets		<u>909,859</u>	<u>951,082</u>	<u>1,026,363</u>	<u>1,104,781</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	28	411,495	411,495	480,078	498,507
Other reserves	30	436,078	479,021	546,285	606,274
Non-controlling interests		<u>62,286</u>	<u>60,566</u>	—	—
Total equity		<u>909,859</u>	<u>951,082</u>	<u>1,026,363</u>	<u>1,104,781</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory reserve*	Retained profits*	Non-controlling interests		Total equity
	RMB'000 (note 28)	RMB'000 (note 30)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	411,495	194,844	2,433	(196)	(127)	13,461	138,150	760,060	—	760,060
Profit for the year	—	—	—	—	—	—	85,896	85,896	(7,896)	78,000
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	—	—	—	(33)	—	—	—	(33)	—	(33)
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	(19)	—	—	(19)	—	(19)
Total comprehensive income for the year	—	—	—	(33)	(19)	—	85,896	85,844	(7,896)	77,948
Share-based payments (note 29)	—	—	1,669	—	—	—	—	1,669	—	1,669
Non-controlling interests on acquisition of a subsidiary	—	—	—	—	—	—	—	—	70,182	70,182
Profit appropriations to statutory reserve	—	—	—	—	—	9,084	(9,084)	—	—	—
At 31 December 2021	<u>411,495</u>	<u>194,844</u>	<u>4,102</u>	<u>(229)</u>	<u>(146)</u>	<u>22,545</u>	<u>214,962</u>	<u>847,573</u>	<u>62,286</u>	<u>909,859</u>

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign translation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory reserve*	Retained profits*	Non-controlling interests		Total equity
	RMB'000 (note 28)	RMB'000 (note 30)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	411,495	194,844	4,102	(229)	(146)	22,545	214,962	847,573	62,286	909,859
Profit for the year	—	—	—	—	—	—	40,791	40,791	(1,720)	39,071
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	387	—	—	—	387	—	387
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	67	—	—	67	—	67
Total comprehensive income for the year	—	—	—	387	67	—	40,791	41,245	(1,720)	39,525
Share-based payments (note 29)	—	—	1,698	—	—	—	—	1,698	—	1,698
Profit appropriations to statutory reserve	—	—	—	—	—	3,808	(3,808)	—	—	—
At 31 December 2022	<u>411,495</u>	<u>194,844</u>	<u>5,800</u>	<u>158</u>	<u>(79)</u>	<u>26,353</u>	<u>251,945</u>	<u>890,516</u>	<u>60,566</u>	<u>951,082</u>

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Special reserve - safety fund*	Statutory reserve*	Retained profits*	Non-controlling interests		Total equity
	RMB'000 (note 28)	RMB'000 (note 30)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	411,495	194,844	5,800	158	(79)	—	26,353	251,945	890,516	60,566	951,082
Profit for the year	—	—	—	—	—	—	—	66,378	66,378	5,665	72,043
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	1	—	—	—	—	1	—	1
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	50	—	—	—	50	—	50
Total comprehensive income for the year	—	—	—	1	50	—	—	66,378	66,429	5,665	72,094
Share-based payments (note 29)	—	—	3,187	—	—	—	—	—	3,187	—	3,187
Profit appropriations to statutory reserve	—	—	—	—	—	—	3,057	(3,057)	—	—	—
Safety fund (note 30)	—	—	—	—	—	7,011	—	(7,011)	—	—	—
Acquisition of non-controlling interests	68,583	(2,352)	—	—	—	—	—	—	66,231	(66,231)	—
At 31 December 2023	<u>480,078</u>	<u>192,492</u>	<u>8,987</u>	<u>159</u>	<u>(29)</u>	<u>7,011</u>	<u>29,410</u>	<u>308,255</u>	<u>1,026,363</u>	<u>—</u>	<u>1,026,363</u>

Five months ended 31 May 2023 (unaudited)

	Attributable to owners of the parent										
	Share capital	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Special reserve — safety fund	Statutory reserve	Retained profits	Non-controlling interests		Total equity
	RMB'000 (note 28)	RMB'000 (note 30)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	411,495	194,844	5,800	158	(79)	—	26,353	251,945	890,516	60,566	951,082
Profit for the period (unaudited)	—	—	—	—	—	—	—	14,146	14,146	(6,583)	7,563
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations (unaudited)	—	—	—	22	—	—	—	—	22	—	22
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax (unaudited).	—	—	—	—	12	—	—	—	12	—	12
Total comprehensive income for the period (unaudited)	—	—	—	22	12	—	—	14,146	14,180	(6,583)	7,597
Share-based payments (note 29) (unaudited)	—	—	724	—	—	—	—	—	724	—	724
Safety fund (note 30) (unaudited)	—	—	—	—	—	2,999	—	(2,999)	—	—	—
At 31 May 2023 (unaudited).	<u>411,495</u>	<u>194,844</u>	<u>6,524</u>	<u>180</u>	<u>(67)</u>	<u>2,999</u>	<u>26,353</u>	<u>263,092</u>	<u>905,420</u>	<u>53,983</u>	<u>959,403</u>

Five months ended 31 May 2024

	Attributable to owners of the parent										
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Special reserve – safety fund*	Statutory reserve*	Retained profits*	Non-controlling interests		Total equity
	RMB'000 (note 28)	RMB'000 (note 30)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	480,078	192,492	8,987	159	(29)	7,011	29,410	308,255	1,026,363	—	1,026,363
Profit for the period	—	—	—	—	—	—	—	32,173	32,173	—	32,173
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	2	—	—	—	—	2	—	2
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	(29)	—	—	—	(29)	—	(29)
Total comprehensive income for the period	—	—	—	2	(29)	—	—	32,173	32,146	—	32,146
Share-based payments (note 29)	—	—	3,101	—	—	—	—	—	3,101	—	3,101
Safety fund (note 30)	—	—	—	—	—	3,262	—	(3,262)	—	—	—
Contributions from shareholders	18,429	24,742	—	—	—	—	—	—	43,171	—	43,171
At 31 May 2024	<u>498,507</u>	<u>217,234</u>	<u>12,088</u>	<u>161</u>	<u>(58)</u>	<u>10,273</u>	<u>29,410</u>	<u>337,166</u>	<u>1,104,781</u>	<u>—</u>	<u>1,104,781</u>

* These reserve accounts comprise the consolidated other reserves of RMB436,078,000, RMB479,021,000, RMB546,285,000 and RMB606,274,000 in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax		91,022	10,703	71,761	3,278	34,702
Adjustments for:						
Finance costs	7	2,817	6,445	4,838	2,188	1,272
Interest income	5	(2,800)	(3,241)	(3,276)	(1,289)	(1,627)
Foreign exchange losses, net		(241)	1,742	—	—	—
Depreciation of property, plant and equipment	13	61,173	97,469	118,489	49,417	50,794
Amortisation of intangible assets	16	7,499	10,087	9,988	4,323	4,133
Depreciation of right-of-use assets	14	1,468	2,478	2,649	1,104	1,104
Net loss on disposal of property, plant and equipment	6	51	4,785	3,057	475	346
Fair value (gain)/loss on financial assets at fair value through profit or loss	5	(441)	142	(1,179)	(496)	(380)
Write-down of inventories to net realisable value	6	4,505	16,343	30,158	16,827	6,650
Investment income from financial assets at fair value through profit or loss	5	(1,092)	(2,191)	(4,040)	(1,134)	(1,355)
Impairment losses on financial assets and contract assets, net	6	3,232	1,950	2,128	(1,054)	1,580
Share of loss of an associate		23,279	—	—	—	—
Share-based payment expenses		1,669	1,698	3,187	724	3,101
Gain on remeasurement of the equity interest in an associate to a subsidiary at the date of acquisition		(22,139)	—	—	—	—
Increase in inventories		(34,308)	(39,892)	(34,605)	(4,631)	(41,359)
(Increase)/decrease in trade and bills receivables		(129,953)	(76,047)	(88,043)	46,663	(79,920)
Increase in contract assets		(2,107)	(572)	(1,223)	—	(714)
(Increase)/decrease in prepayments, deposits and other receivables		(9,638)	6,169	(694)	(935)	(1,522)
Increase in trade and bills payables		46,374	34,315	255,823	72,666	80,313
Increase/(decrease) in other payables and accruals		46,008	40,204	50,179	3,218	(11,919)
Increase/(decrease) in contract liabilities		4,141	5,834	359	5,831	(334)
Increase/(decrease) in deferred income		3,056	2,133	5,179	4,691	(1,160)
Cash generated from operations		93,575	129,554	424,735	201,866	43,705
Interest received		2,800	3,241	3,276	1,289	1,627
Income taxes (paid)/refunded		(9,128)	1,492	3,481	3,481	(3,109)
Net cash flows from operating activities		87,247	125,287	431,492	206,636	42,223

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		1,308	148	1,501	1,182	137
Purchases of items of property, plant and equipment		(223,691)	(118,093)	(165,973)	(80,911)	(68,799)
Purchases of intangible assets		(2,567)	(4,433)	(2,979)	(972)	(3,168)
Proceeds from disposal of financial assets at fair value through profit or loss		381,300	808,400	1,549,000	558,000	462,000
Purchases of financial assets at fair value through profit or loss		(405,900)	(795,500)	(1,637,000)	(694,000)	(391,000)
Acquisition of a subsidiary, net of cash and cash equivalents held by the subsidiary at the acquisition date	32	(13,619)	—	—	—	—
(Increase)/decrease in pledged deposits		(18,947)	21,567	(21,339)	(50,468)	2,750
Investment income from financial assets at fair value through profit or loss		1,092	2,191	4,040	1,134	1,355
Net cash flows (used in)/from investing activities.		(281,024)	(85,720)	(272,750)	(266,035)	3,275
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings	31	252,025	43,905	29,400	29,400	11,637
Capital contribution from shareholders		—	—	—	—	43,170
Repayment of bank borrowings	31	(130,953)	(65,646)	(79,526)	(24,500)	(29,400)
Interest paid		(4,852)	(6,453)	(4,846)	(1,435)	(878)
Payment of lease liabilities		—	(330)	(360)	—	—
Payment of listing expenses		—	—	(1,738)	—	—
Net cash flows from/(used in) financing activities.		116,220	(28,524)	(57,070)	3,465	24,529
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(77,557)	11,043	101,672	(55,935)	70,027
Cash and cash equivalents at beginning of year/period		174,391	96,778	108,231	108,231	209,878
Effect of foreign exchange rate changes, net		(56)	410	(25)	(184)	180
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>96,778</u>	<u>108,231</u>	<u>209,878</u>	<u>52,113</u>	<u>280,085</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	22	164,048	153,933	276,919	148,283	344,376
Less: pledged deposits	22	67,270	45,702	67,041	96,170	64,291
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	22	<u>96,778</u>	<u>108,231</u>	<u>209,878</u>	<u>52,113</u>	<u>280,085</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	31 May
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	13	235,848	197,205	164,560	155,194
Right-of-use assets		8,737	8,506	8,275	8,179
Other intangible assets	16	22,632	16,956	11,562	9,415
Investments in subsidiaries		184,973	335,181	589,217	593,872
Deferred tax assets	17	5,909	5,906	10,439	11,164
Other non-current assets	20	23	1,315	—	2,257
Total non-current assets		458,122	565,069	784,053	780,081
CURRENT ASSETS					
Inventories	18	149,656	84,611	69,234	93,029
Trade and bills receivables	19	465,257	272,284	281,729	333,859
Contract assets		3,685	196	—	—
Prepayments, deposits and other receivables	20	103,582	62,242	94,068	103,711
Financial assets at fair value through profit or loss	21	50,400	20,359	41,314	71,868
Pledged deposits	22	34,534	10,685	10,906	3,467
Cash and cash equivalents	22	53,289	88,509	154,845	114,861
Total current assets		860,403	538,886	652,096	720,795
CURRENT LIABILITIES					
Trade and bills payables	23	371,994	155,231	237,631	248,935
Other payables and accruals	24	125,484	66,066	58,973	52,107
Interest-bearing bank borrowings . .	27	—	25,028	—	—
Contract liabilities	25	752	491	796	315
Total current liabilities		498,230	246,816	297,400	301,357
NET CURRENT ASSETS		362,173	292,070	354,696	419,438
TOTAL ASSETS LESS CURRENT LIABILITIES		820,295	857,139	1,138,749	1,199,519

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	31 May
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES					
Deferred income	26	6,976	3,952	1,635	1,400
Deferred tax liabilities	17	60	54	197	280
Total non-current liabilities		7,036	4,006	1,832	1,680
Net assets		813,259	853,133	1,136,917	1,197,839
EQUITY					
Share capital	28	411,495	411,495	480,078	498,507
Other reserves	30	401,764	441,638	656,839	699,332
Total equity		813,259	853,133	1,136,917	1,197,839

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at 33 South Huanshi Avenue, Nansha District, Guangzhou, Guangdong Province, China.

During the Relevant Periods, the Group was involved in the following principal activities:

- manufacture and sale of light-emitting diode ("LED") related products
- manufacture and sale of automotive intelligent vision products

As at 31 May 2024, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
聯晶智能電子有限公司 Linlux Electronics Co., Ltd.* (note (a)(d)) . . .	PRC/Chinese Mainland 9 October 2018	RMB250,000,000	100%	—	LED related modules
晶科光電科技(香港)有限公司 APT Electronics (HK) Co., Limited (note (b)(c))	Hong Kong 26 June 2017	USD5,000,000	100%	—	Research and development
領為視覺智能科技(寧波)有限公司 Lynway Vision Technology (NB) Co., Ltd.* ("Lynway Vision") (note (a)(d))	PRC/Chinese Mainland 26 October 2018	RMB104,100,000	100%	—	Automotive intelligent vision products
廣州領為汽車照明有限公司 Guangzhou Lynway Automotive Lighting Co., Ltd.* (note (e))	PRC/Chinese Mainland 19 October 2022	RMB10,000,000	—	100%	Automotive intelligent vision products

* The English names of the above company registered in the PRC represents the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

Notes:

- (a) The statutory financial statements of these entities for the years ended 31 December 2021 and 2022 prepared under PRC Generally Accepted Accounting Principles (“**PRC GAAP**”) were audited by Pan-China Certified Public Accountants, certified public accountants registered in the PRC.
- (b) The statutory financial statements of this entity for the years ended 31 December 2021 and 2022 prepared under Hong Kong Financial Reporting Standards were audited by Confucius International CPA Limited registered in Hong Kong.
- (c) The statutory financial statements of these entities for the year ended 31 December 2023 have not yet been issued as at the date of this report.
- (d) The statutory financial statements of these entities for the year ended 31 December 2023 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP Guangzhou Branch (安永華明會計師事務所(特殊普通合夥)廣州分所), certified public accountants registered in the PRC.
- (e) No audited financial statements have been prepared for this entity for the years ended 31 December 2021, 2022 and 2023.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Financial Information.

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

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised and new IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IAS 21	<i>Lack of Exchangeability²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements⁴</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures⁴</i>

Notes:

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making a detailed assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that these revised IFRSs may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations and goodwill

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities

assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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

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

Fair value measurement

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

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

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	4.75% to 4.85%
Machinery and others	9.50% to 32.33%
Leasehold improvements	Over the shorter of the lease terms and 33.33%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	3-10 years
Trademarks and patents	3-16 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	5 years
Leasehold land	20-50 years

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

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains in the consolidated statements of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing bank borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The amount of write-down of inventories to net realisable value and all losses of inventories are recognised as other expenses in the period the write-down or loss occurs.

Cash and cash equivalents

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

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

Provisions

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

The Group provides for warranties in relation to the sale of intelligent vision products and systems. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

Revenue recognition

Revenue from contracts with customers

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

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

Sale of intelligent vision products and systems

Revenue from the sale of intelligent vision products and systems is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products and systems.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Rendering of services

Revenue from the services is primarily generated through the development of several intelligent automotive projects and is recognised at a point in time as the control of services is delivered to the customer.

Other income

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

Rental income is recognised on a time proportion basis over the lease terms.

Contract assets

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

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Employee benefits***Pension scheme***

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

Housing fund — Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

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

Share-based payments

The Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

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

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

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

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

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

The functional currency of one overseas subsidiary is currency other than RMB. As at the end of the reporting period, the assets and liabilities of this entity is translated into RMB at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rates for each of the year or period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year or period is translated into RMB at the weighted average exchange rates for each of the reporting period.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15.

Provision for expected credit losses on trade and bills receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 17 to the Historical Financial Information.

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group's financial position.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the waiting period. Share-based payment expenses are recognised based on the fair value on the grant date and the latest subsequent information obtained. The Group has evaluated the fair value of the equity instruments on the grant date based on the recent transaction price, and also estimated the number of exercisable equity instruments.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information*(a) Revenue from external customers*

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical segment based on the locations of customers for each of the Relevant Periods and five months ended 31 May 2023 are presented as follows:

Segments	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Chinese Mainland	1,058,750	1,136,009	1,576,756	515,804	707,518
Outside Chinese Mainland	329,630	274,623	281,276	108,813	135,675
Total revenue	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>

(b) Non-current assets

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chinese Mainland	957,279	976,598	993,693	990,877
Outside Chinese Mainland	12	596	1,145	1,100
Total non-current assets	<u>957,291</u>	<u>977,194</u>	<u>994,838</u>	<u>991,977</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from the major customers which amounted to 10% or more of the Group's revenue is set out below:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Customer I	423,585	288,982	229,076	87,074	98,588
Customer II	255,095	140,924	N/A	65,413	N/A
Customer III	148,784	N/A	N/A	N/A	N/A
Customer IV	N/A	350,129	705,774	211,389	326,739
Customer V	N/A	140,250	192,211	66,080	100,022

N/A represents revenue from the customers which amounted to less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Revenue from contracts with customers	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Types of products					
Automotive intelligent vision . .	74,251	399,674	770,973	225,676	365,445
High-end lighting	1,033,857	670,242	650,821	253,630	254,103
Advanced display	280,272	340,716	436,238	145,311	223,645
Total revenue from contracts with customers	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>
Geographical markets					
Chinese Mainland	1,058,750	1,136,009	1,576,756	515,804	707,518
Outside Chinese Mainland	329,630	274,623	281,276	108,813	135,675
Total revenue from contracts with customers	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>
Sales Channels					
Direct sales	1,220,663	1,261,897	1,718,451	585,254	780,251
Channel partners	167,717	148,735	139,581	39,363	62,942
Total revenue from contracts with customers	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>
Timing of revenue recognition					
Goods or services transferred at a point in time	<u>1,388,380</u>	<u>1,410,632</u>	<u>1,858,032</u>	<u>624,617</u>	<u>843,193</u>

The following table shows the amounts of revenue recognised during the Relevant Periods and five months ended 31 May 2023 that were included in the contract liabilities at the beginning of each reporting period.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Automotive intelligent vision . .	—	—	5,100	—	—
High-end lighting	900	752	491	367	795
Advanced display	—	—	956	956	239
Total	<u>900</u>	<u>752</u>	<u>6,547</u>	<u>1,323</u>	<u>1,034</u>

(b) Performance obligations

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

Sale of intelligent vision products and systems

The performance obligation is satisfied upon delivery of the intelligent vision products and systems, and payment is generally due within 60 to 120 days from delivery, except for new customers and intelligent automotive vision development services, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the Relevant Periods and five months ended 31 May 2023 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Amounts expected to be recognised as revenue:					
Within one year	752	9,136	10,995	14,327	10,661
After one year	7,050	4,500	3,000	5,139	3,000
Total	<u>7,802</u>	<u>13,636</u>	<u>13,995</u>	<u>19,466</u>	<u>13,661</u>

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Other income					
Interest income	2,800	3,241	3,276	1,289	1,627
Government grants*	29,881	12,650	11,204	6,220	1,426
Rental income	391	1,445	1,257	813	276
Others	685	329	5,106	147	3,028
Total other income	<u>33,757</u>	<u>17,665</u>	<u>20,843</u>	<u>8,469</u>	<u>6,357</u>
Gains					
Gain on foreign exchange differences	648	5,349	205	204	663
Gain on remeasurement of the equity interest in an associate to a subsidiary at the date of acquisition	22,139	—	—	—	—
Investment income from financial assets at FVTPL	1,092	2,191	4,040	1,134	1,355
Fair value gain/(loss) on financial assets at FVTPL	441	(142)	1,179	496	380
Others	348	—	—	—	—
Total gains	<u>24,668</u>	<u>7,398</u>	<u>5,424</u>	<u>1,834</u>	<u>2,398</u>
Total other income and gains	<u>58,425</u>	<u>25,063</u>	<u>26,267</u>	<u>10,303</u>	<u>8,755</u>

* Government grants mainly represent incentives received from local governments for the purpose of compensation on R&D contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cost of inventories sold		1,160,102	1,174,395	1,490,317	520,307	688,947
Cost of services provided		—	1,052	28,704	—	—
Depreciation of property, plant and equipment	13	61,173	97,469	118,489	49,417	50,794
Depreciation of right-of-use assets	14(a)	1,468	2,478	2,649	1,104	1,104
Amortisation of intangible assets	16	7,499	10,087	9,988	4,323	4,133
Research and development costs		62,020	88,749	87,225	36,347	37,632
Lease payments not included in the measurement of lease liabilities	14(c)	518	366	427	73	166
Listing expenses		—	—	6,590	—	11,569
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8)):						
Wages, salaries and other allowances		160,670	219,310	240,646	93,161	114,114
Pension scheme contributions and social welfare*		15,638	23,831	27,392	10,654	13,386
Share-based payment expenses		1,233	1,233	2,257	337	2,335
Total		177,541	244,374	270,295	104,152	129,835

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Notes					
Foreign exchange differences, net	(648)	(5,349)	(205)	(204)	(663)
Impairment losses on financial and contract assets, net	3,232	1,950	2,128	(1,054)	1,580
Write-down of inventories to net realisable value	4,505	16,343	30,158	16,827	6,650
Gain on remeasurement of the equity interest in an associate to a subsidiary at the date of acquisition	(22,139)	—	—	—	—
Loss on derecognition of financial assets measured at amortised cost	—	79	—	—	—
Investment income from financial assets at FVTPL	(1,092)	(2,191)	(4,040)	(1,134)	(1,355)
Fair value (gain)/loss on financial assets at FVTPL	(441)	142	(1,179)	(496)	(380)
Loss on disposal of items of property, plant and equipment	51	4,785	3,057	475	346

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest on bank and other borrowings	4,996	6,418	4,778	2,161	1,252
Interest on lease liabilities	—	27	60	27	20
Less: Interest capitalised	(2,179)	—	—	—	—
Total	2,817	6,445	4,838	2,188	1,272

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and five months ended 31 May 2023, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees	160	256	300	126	296
Other emoluments:					
— Salaries, allowances and benefits in kind	1,608	1,614	1,680	687	689
— Performance related bonuses	781	454	659	72	74
— Share-based payment expenses	436	465	930	387	766
— Pension scheme contributions	34	35	53	15	29
Subtotal	2,859	2,568	3,322	1,161	1,558
Total fees and other emoluments	3,019	2,824	3,622	1,287	1,854

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and five months ended 31 May 2023 were as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Ms. ZHANG He	80	92	100	42	67
Ms. LIN Nan	—	72	100	42	67
Ms. DING Hui	80	92	100	42	67
Mr. CHAN Chi Kong	—	—	—	—	95
Total	160	256	300	126	296

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and five months ended 31 May 2023.

(b) Executive director and non-executive directors

	Salaries, allowances and benefits in kind					Total remuneration
	Fees	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Year ended 31 December 2021						
Executive director:						
Mr. XIAO Guowei	—	1,608	781	436	34	2,859
Non-executive directors:						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Total	—	1,608	781	436	34	2,859

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022						
Executive director:						
Mr. XIAO Guowei	—	1,614	454	465	35	2,568
Non-executive directors:						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Total	—	1,614	454	465	35	2,568

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023						
Executive director:						
Mr. XIAO Guowei	—	1,680	659	930	53	3,322
Non-executive directors:						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Total	—	1,680	659	930	53	3,322

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Five months ended 31 May 2023						
Executive director:						
Mr. XIAO Guowei	—	687	72	387	15	1,161
Non-executive directors:						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Total	—	687	72	387	15	1,161

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Five months ended 31 May 2024						
Executive director:						
Mr. XIAO Guowei	—	689	74	766	29	1,558
Non-executive directors:						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Mr. ZHENG Xin	—	—	—	—	—	—
Total	—	689	74	766	29	1,558

There were no emoluments payable to the non-executive directors during the Relevant Periods and five months ended 31 May 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and five months ended 31 May 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included one director of the Company during the Relevant Periods and five months ended 31 May 2023, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Salaries, allowances and					
benefits in kind	4,032	4,723	5,434	2,199	2,308
Performance related bonuses . .	1,602	1,407	1,890	406	405
Share-based payment expenses .	663	598	1,099	458	594
Pension scheme contributions . .	152	268	292	115	98
Total	<u>6,449</u>	<u>6,996</u>	<u>8,715</u>	<u>3,178</u>	<u>3,405</u>

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

	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
				2023	2024
				<i>(unaudited)</i>	
HK\$500,001 to HK\$1,000,000	—	—	—	3	2
HK\$1,000,001 to HK\$1,500,000 . . .	1	—	—	1	2
HK\$1,500,001 to HK\$2,000,000 . . .	1	2	1	—	—
HK\$2,000,001 to HK\$2,500,000 . . .	2	2	1	—	—
HK\$2,500,001 to HK\$3,000,000 . . .	—	—	2	—	—
Total	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

10. INCOME TAX

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

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods and five months ended 31 May 2023.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

- (a) In 2021, the Company was accredited as a “High and New Technology Enterprise” (“HNTE”), and was entitled to a preferential CIT rate of 15% for the Relevant Periods.
- (b) In 2022, a certain subsidiary was accredited as an HNTE, and is entitled to a preferential CIT rate of 15% from 2022 to 2024.

The income tax expense of the Group for the Relevant Periods and five months ended 31 May 2023 is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Current income tax	7,809	(26)	—	—	3,849
Deferred income tax	5,213	(28,342)	(282)	(4,285)	(1,320)
Total	13,022	(28,368)	(282)	(4,285)	2,529

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rate for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	91,022	10,703	71,760	3,277	34,702
Tax at the statutory tax rate	13,653	1,605	10,764	492	5,205
Effect on different tax rate	—	(5,221)	(427)	(1,655)	1,335
Adjustments in respect of current tax of previous periods	15	(26)	—	—	1,221
Expenses not deductible for tax	179	294	265	149	93
Additional deductible allowance for qualified research and development costs	(8,730)	(11,934)	(12,523)	(4,303)	(4,635)
Additional deductible allowance for disabled people	—	(49)	(67)	(25)	(39)
Additional deductible allowance for high-tech enterprise equipment cost	—	(2,151)	—	—	—
Deductible temporary differences in unrecognised deferred tax assets . .	398	294	462	546	—
Recognition of tax losses and temporary differences not recognised	—	(21,331)	(865)	(953)	(1,265)
Tax losses on unrecognised deferred tax assets	7,507	10,151	2,109	1,464	614
Tax charge/(credit) at the Group's effective tax rate	<u>13,022</u>	<u>(28,368)</u>	<u>(282)</u>	<u>(4,285)</u>	<u>2,529</u>

11. DIVIDENDS

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

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and five months ended 31 May 2023.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and five months ended 31 May 2023.

The following reflects the income and share data used in the basic earnings per share computation:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
				<i>(unaudited)</i>	
Earnings:					
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation (RMB'000)	85,896	40,791	66,378	14,146	32,173
Number of shares:					
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation (in thousand shares)	411,495	411,495	417,884	411,495	496,203

13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2021	Buildings	Machinery and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021:				
Cost	129,647	371,050	121,923	622,620
Accumulated depreciation	(52,373)	(166,667)	—	(219,040)
Net carrying amount	<u>77,274</u>	<u>204,383</u>	<u>121,923</u>	<u>403,580</u>
At 1 January 2021, net of accumulated depreciation	77,274	204,383	121,923	403,580
Acquisition of a subsidiary (<i>note 32</i>) .	132,670	88,938	14,351	235,959
Additions	22	4,793	234,980	239,795
Disposals	—	(1,300)	—	(1,300)
Transfers	231,702	112,586	(344,288)	—
Depreciation provided during the year.	(19,294)	(41,879)	—	(61,173)
At 31 December 2021, net of accumulated depreciation . . .	<u>422,374</u>	<u>367,521</u>	<u>26,966</u>	<u>816,861</u>
At 31 December 2021:				
Cost	487,150	573,614	26,966	1,087,730
Accumulated depreciation	(64,776)	(206,093)	—	(270,869)
Net carrying amount (<i>note (a)</i>)	<u>422,374</u>	<u>367,521</u>	<u>26,966</u>	<u>816,861</u>

APPENDIX IA

ACCOUNTANTS' REPORT OF THE GROUP

31 December 2022	Buildings	Machinery and others	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022:					
Cost	487,150	573,614	—	26,966	1,087,730
Accumulated depreciation.	(64,776)	(206,093)	—	—	(270,869)
Net carrying amount	<u>422,374</u>	<u>367,521</u>	<u>—</u>	<u>26,966</u>	<u>816,861</u>
At 1 January 2022, net of accumulated					
depreciation	422,374	367,521	—	26,966	816,861
Additions	8,364	7,916	—	114,146	130,426
Disposals	—	(4,898)	—	—	(4,898)
Transfers	1,241	92,699	1,107	(95,047)	—
Exchange realignment . . .	—	1	—	25	26
Depreciation provided during the year	<u>(28,534)</u>	<u>(68,873)</u>	<u>(62)</u>	<u>—</u>	<u>(97,469)</u>
At 31 December 2022, net of accumulated depreciation	<u>403,445</u>	<u>394,366</u>	<u>1,045</u>	<u>46,090</u>	<u>844,946</u>
At 31 December 2022:					
Cost	483,178	657,870	1,107	46,090	1,188,245
Accumulated depreciation.	(79,733)	(263,504)	(62)	—	(343,299)
Net carrying amount (note (a))	<u>403,445</u>	<u>394,366</u>	<u>1,045</u>	<u>46,090</u>	<u>844,946</u>

APPENDIX IA
ACCOUNTANTS' REPORT OF THE GROUP

31 December 2023	Buildings	Machinery and others	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:					
Cost	483,178	657,870	1,107	46,090	1,188,245
Accumulated depreciation.	(79,733)	(263,504)	(62)	—	(343,299)
Net carrying amount	<u>403,445</u>	<u>394,366</u>	<u>1,045</u>	<u>46,090</u>	<u>844,946</u>
At 1 January 2023, net of accumulated					
depreciation	403,445	394,366	1,045	46,090	844,946
Additions	3,626	4,351	154	146,796	154,927
Disposals	—	(4,344)	—	—	(4,344)
Transfers	15,725	151,454	—	(167,179)	—
Exchange realignment . . .	—	8	—	4	12
Depreciation provided during the year	<u>(28,718)</u>	<u>(89,348)</u>	<u>(423)</u>	<u>—</u>	<u>(118,489)</u>
At 31 December 2023, net of accumulated					
depreciation	<u>394,078</u>	<u>456,487</u>	<u>776</u>	<u>25,711</u>	<u>877,052</u>
At 31 December 2023:					
Cost	492,517	797,362	1,261	25,711	1,316,851
Accumulated depreciation	(98,439)	(340,875)	(485)	—	(439,799)
Net carrying amount (note (a))	<u>394,078</u>	<u>456,487</u>	<u>776</u>	<u>25,711</u>	<u>877,052</u>

31 May 2024	Buildings	Machinery and others	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:					
Cost	492,517	797,362	1,261	25,711	1,316,851
Accumulated depreciation.	(98,439)	(340,875)	(485)	—	(439,799)
Net carrying amount	<u>394,078</u>	<u>456,487</u>	<u>776</u>	<u>25,711</u>	<u>877,052</u>
At 1 January 2024, net of accumulated					
depreciation	394,078	456,487	776	25,711	877,052
Additions	1,167	365	—	44,671	46,203
Disposals	—	(483)	—	—	(483)
Transfers	—	11,288	—	(11,288)	—
Exchange rate adjustment.	—	4	—	—	4
Depreciation provided during the period	<u>(13,986)</u>	<u>(36,632)</u>	<u>(176)</u>	<u>—</u>	<u>(50,794)</u>
At 31 May 2024, net of accumulated					
depreciation	<u>381,259</u>	<u>431,029</u>	<u>600</u>	<u>59,094</u>	<u>871,982</u>
At 31 May 2024:					
Cost	489,985	805,002	1,261	59,094	1,355,342
Accumulated depreciation.	(108,726)	(373,973)	(661)	—	(483,360)
Net carrying amount (note (a))	<u>381,259</u>	<u>431,029</u>	<u>600</u>	<u>59,094</u>	<u>871,982</u>

(a) Certain property, plant and equipment with net carrying amounts of approximately RMB66,264,000, RMB259,141,000, RMB237,734,000 and RMB253,934,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, were pledged as security for bank facilities granted to the Group.

The Company

31 December 2021	Buildings	Machinery and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021:				
Cost	129,647	343,924	3,466	477,037
Accumulated depreciation	(52,373)	(162,028)	—	(214,401)
Net carrying amount	<u>77,274</u>	<u>181,896</u>	<u>3,466</u>	<u>262,636</u>
At 1 January 2021, net of				
accumulated depreciation	77,274	181,896	3,466	262,636
Additions	—	3,539	37,449	40,988
Disposals	—	(22,969)	—	(22,969)
Transfers	—	40,242	(40,242)	—
Depreciation provided during the year	(13,712)	(31,095)	—	(44,807)
At 31 December 2021, net of				
accumulated depreciation	<u>63,562</u>	<u>171,613</u>	<u>673</u>	<u>235,848</u>
At 31 December 2021:				
Cost	122,756	355,455	673	478,884
Accumulated depreciation	(59,194)	(183,842)	—	(243,036)
Net carrying amount (<i>note (a)</i>)	<u>63,562</u>	<u>171,613</u>	<u>673</u>	<u>235,848</u>
31 December 2022	Buildings	Machinery and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022:				
Cost	122,756	355,455	673	478,884
Accumulated depreciation	(59,194)	(183,842)	—	(243,036)
Net carrying amount	<u>63,562</u>	<u>171,613</u>	<u>673</u>	<u>235,848</u>
At 1 January 2022, net of				
accumulated depreciation	63,562	171,613	673	235,848
Additions	3,303	497	7,142	10,942
Disposals	—	(4,739)	—	(4,739)
Transfers	—	7,003	(7,003)	—
Depreciation provided during the year	(9,802)	(35,044)	—	(44,846)
At 31 December 2022, net of				
accumulated depreciation	<u>57,063</u>	<u>139,330</u>	<u>812</u>	<u>197,205</u>
At 31 December 2022:				
Cost	112,481	347,053	812	460,346
Accumulated depreciation	(55,418)	(207,723)	—	(263,141)
Net carrying amount (<i>note (a)</i>)	<u>57,063</u>	<u>139,330</u>	<u>812</u>	<u>197,205</u>

31 December 2023	Buildings	Machinery and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:				
Cost	112,481	347,053	812	460,346
Accumulated depreciation	(55,418)	(207,723)	—	(263,141)
Net carrying amount	<u>57,063</u>	<u>139,330</u>	<u>812</u>	<u>197,205</u>
At 1 January 2023, net of accumulated depreciation	57,063	139,330	812	197,205
Additions	—	1,160	6,533	7,693
Disposals	—	(1,453)	—	(1,453)
Transfers	203	5,840	(6,043)	—
Depreciation provided during the year	(7,586)	(31,299)	—	(38,885)
At 31 December 2023, net of accumulated depreciation	<u>49,680</u>	<u>113,578</u>	<u>1,302</u>	<u>164,560</u>
At 31 December 2023:				
Cost	103,369	343,189	1,302	447,860
Accumulated depreciation	(53,689)	(229,611)	—	(283,300)
Net carrying amount (<i>note (a)</i>)	<u>49,680</u>	<u>113,578</u>	<u>1,302</u>	<u>164,560</u>

31 May 2024	Buildings	Machinery and others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:				
Cost	103,369	343,189	1,302	447,860
Accumulated depreciation	(53,689)	(229,611)	—	(283,300)
Net carrying amount	<u>49,680</u>	<u>113,578</u>	<u>1,302</u>	<u>164,560</u>
At 1 January 2024, net of				
accumulated depreciation	49,680	113,578	1,302	164,560
Additions	210	100	5,269	5,579
Disposals	—	(331)	—	(331)
Transfers	—	647	(647)	—
Depreciation provided during the				
period	(2,674)	(11,940)	—	(14,614)
At 31 May 2024, net of accumulated				
depreciation	<u>47,216</u>	<u>102,054</u>	<u>5,924</u>	<u>155,194</u>
At 31 May 2024:				
Cost	102,312	341,077	5,924	449,313
Accumulated depreciation	(55,096)	(239,023)	—	(294,119)
Net carrying amount (<i>note (a)</i>)	<u>47,216</u>	<u>102,054</u>	<u>5,924</u>	<u>155,194</u>

(a) Certain property, plant and equipment with net carrying amounts of approximately RMB66,264,000, RMB39,974,000, RMB18,749,000 and RMB18,033,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, were pledged as security for bank facilities granted to the Group.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 5 and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land		
	<i>RMB'000</i>		
Year ended 31 December 2021			
At beginning of year			26,531
Additions as a result of acquisition of a subsidiary			55,920
Depreciation charge (<i>note 6</i>)			(1,468)
At end of year (<i>note (i)</i>)			<u>80,983</u>
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022			
At beginning of year	—	80,983	80,983
Additions	1,456	—	1,456
Depreciation charge (<i>note 6</i>)	(121)	(2,357)	(2,478)
At end of year (<i>note (i)</i>)	<u>1,335</u>	<u>78,626</u>	<u>79,961</u>
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023			
At beginning of year	1,335	78,626	79,961
Additions	—	—	—
Depreciation charge (<i>note 6</i>)	(291)	(2,358)	(2,649)
At end of year (<i>note (i)</i>)	<u>1,044</u>	<u>76,268</u>	<u>77,312</u>
	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Five months ended 31 May 2024			
At beginning of period	1,044	76,268	77,312
Additions	—	—	—
Depreciation charge (<i>note 6</i>)	(121)	(983)	(1,104)
At end of period (<i>note (i)</i>)	<u>923</u>	<u>75,285</u>	<u>76,208</u>

- (i) Certain leasehold land with net carrying amounts of approximately RMB16,623,000, nil, nil and nil as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, was pledged as security for bank facilities granted to the Group (note 27).

(b) Lease liabilities

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

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	—	—	1,180	910
New leases	—	1,456	—	—
Accretion of interest recognised during the year/period (note 7)	—	27	60	20
Payments	—	(303)	(330)	—
Carrying amount at the end of the year/period	—	1,180	910	930
Analysed into:				
Current portion	—	271	287	293
Non-current portion	—	909	623	637

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

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest on lease liabilities (note 7)	—	27	60	27	20
Depreciation charge of right-of-use assets (note 6)	1,468	2,478	2,649	1,104	1,104
Expense relating to short-term leases (note 6)	518	366	427	73	166
Total amount recognised in profit or loss	1,986	2,871	3,136	1,204	1,290

The Group as a lessor

The Group leases its dormitories and offices in Guangzhou under operating lease arrangements. Details of rental income recognised are included in note 5.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year.	—	170	83	—

15. GOODWILL

	As at	As at 31 December			As at 31 May
	1 January	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost and carrying amount	—	13,523	13,523	13,523	13,523

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit (“CGU”) for impairment testing due to the acquisition of Lynway Vision:

— Lynway Vision manufacturing and sales CGU

The recoverable amount of the Lynway Vision manufacturing and sales CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management.

Assumptions were used in the value in use calculation of the Lynway Vision manufacturing and sales CGU for the end of each of the Relevant Periods. The following are the key assumptions on which management has based to undertake impairment testing of goodwill:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
Compound growth rate of revenue				
over the forecast period	71.0%	34.4%	12.8%	8.6%
Pre-tax discount rate	14.1%	15.2%	14.6%	14.1%
Terminal growth rate	2.5%	2.5%	2.5%	2.5%

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, increased for management's expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Terminal growth rate — The basis is determined with reference to the long-term Customer Price Index of China and the nature of the business.

The values assigned to the key assumptions on compound growth rate of revenue, discount rate and terminal growth rate are consistent with external information sources.

The fluctuation of the compound growth rate of revenue during the Relevant Periods is mainly attributed to the fact that Lynway Vision was in its initial stage in 2021 and before. With the production of intelligent automotive vision production line and the increase of mass production orders, Lynway Vision had achieved significant growth during the Relevant Periods. The Company has taken a cautious estimate that the growth rate of revenue is expected to slow down compared to the initial stage in 2021 and before.

Impairment review on the goodwill of the Group has been conducted by management as at 31 December 2021, 2022 and 2023 and 31 May 2024 according to IAS 36 "Impairment of assets". The headroom measured by the excess of the recoverable amount over the carrying amount of Lynway Vision manufacturing and sales CGU was RMB80,116,000, RMB124,642,000, RMB117,663,000 and RMB109,166,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lynway Vision manufacturing and sales CGU was recognised as at 31 December 2021, 2022 and 2023 and 31 May 2024.

The Group performed the sensitivity analysis based on the assumption that the pre-tax discount rate and the compound growth rate of revenue has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Compound growth rate of revenue				
decreases by 3%	22,138	53,238	27,241	32,027
Pre-tax discount rate increases by 1%	35,221	83,557	77,693	72,004

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

16. OTHER INTANGIBLE ASSETS

The Group

31 December 2021	Software	Trademarks and patents	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021:			
Cost	2,528	58,035	60,563
Accumulated amortisation	(542)	(31,104)	(31,646)
Net carrying amount	<u>1,986</u>	<u>26,931</u>	<u>28,917</u>
At 1 January 2021, net of accumulated amortisation	1,986	26,931	28,917
Acquisition of a subsidiary (<i>note 32</i>)	5,165	10,358	15,523
Additions	2,421	—	2,421
Amortisation provided during the year	(576)	(6,923)	(7,499)
At 31 December 2021, net of accumulated amortisation	<u>8,996</u>	<u>30,366</u>	<u>39,362</u>
At 31 December 2021:			
Cost	10,114	68,393	78,507
Accumulated amortisation	(1,118)	(38,027)	(39,145)
Net carrying amount	<u>8,996</u>	<u>30,366</u>	<u>39,362</u>

31 December 2022	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022:			
Cost	10,114	68,393	78,507
Accumulated amortisation	(1,118)	(38,027)	(39,145)
Net carrying amount	<u>8,996</u>	<u>30,366</u>	<u>39,362</u>
At 1 January 2022, net of accumulated			
amortisation	8,996	30,366	39,362
Additions	4,182	—	4,182
Amortisation provided during the year	(1,723)	(8,364)	(10,087)
At 31 December 2022, net of accumulated			
amortisation	<u>11,455</u>	<u>22,002</u>	<u>33,457</u>
At 31 December 2022:			
Cost	14,086	68,394	82,480
Accumulated amortisation	(2,631)	(46,392)	(49,023)
Net carrying amount	<u>11,455</u>	<u>22,002</u>	<u>33,457</u>
31 December 2023	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:			
Cost	14,086	68,394	82,480
Accumulated amortisation	(2,631)	(46,392)	(49,023)
Net carrying amount	<u>11,455</u>	<u>22,002</u>	<u>33,457</u>
At 1 January 2023, net of accumulated			
amortisation	11,455	22,002	33,457
Additions	3,301	—	3,301
Amortisation provided during the year	(2,145)	(7,843)	(9,988)
At 31 December 2023, net of accumulated			
amortisation	<u>12,611</u>	<u>14,159</u>	<u>26,770</u>
At 31 December 2023:			
Cost	17,212	63,302	80,514
Accumulated amortisation	(4,601)	(49,143)	(53,744)
Net carrying amount	<u>12,611</u>	<u>14,159</u>	<u>26,770</u>

31 May 2024	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:			
Cost	17,212	63,302	80,514
Accumulated amortisation	(4,601)	(49,143)	(53,744)
Net carrying amount	<u>12,611</u>	<u>14,159</u>	<u>26,770</u>
At 1 January 2024, net of accumulated			
amortisation	12,611	14,159	26,770
Additions	2,892	97	2,989
Amortisation provided during the period ...	(1,103)	(3,030)	(4,133)
At 31 May 2024, net of accumulated			
amortisation	<u>14,400</u>	<u>11,226</u>	<u>25,626</u>
At 31 May 2024:			
Cost	20,104	63,399	83,503
Accumulated amortisation	(5,704)	(52,173)	(57,877)
Net carrying amount	<u>14,400</u>	<u>11,226</u>	<u>25,626</u>

The Company

31 December 2021	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021:			
Cost	2,528	58,035	60,563
Accumulated amortisation	(542)	(31,104)	(31,646)
Net carrying amount	<u>1,986</u>	<u>26,931</u>	<u>28,917</u>
At 1 January 2021, net of accumulated			
amortisation	1,986	26,931	28,917
Additions	475	—	475
Amortisation provided during the year ...	(355)	(6,405)	(6,760)
At 31 December 2021, net of accumulated			
amortisation	<u>2,106</u>	<u>20,526</u>	<u>22,632</u>
At 31 December 2021:			
Cost	3,003	58,035	61,038
Accumulated amortisation	(897)	(37,509)	(38,406)
Net carrying amount	<u>2,106</u>	<u>20,526</u>	<u>22,632</u>

31 December 2022	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022:			
Cost	3,003	58,035	61,038
Accumulated amortisation	(897)	(37,509)	(38,406)
Net carrying amount	2,106	20,526	22,632
At 1 January 2022, net of accumulated			
amortisation	2,106	20,526	22,632
Additions	1,015	—	1,015
Amortisation provided during the year	(398)	(6,293)	(6,691)
At 31 December 2022, net of accumulated			
amortisation	2,723	14,233	16,956
At 31 December 2022:			
Cost	3,809	58,035	61,844
Accumulated amortisation	(1,086)	(43,802)	(44,888)
Net carrying amount	2,723	14,233	16,956
31 December 2023			
	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:			
Cost	3,809	58,035	61,844
Accumulated amortisation	(1,086)	(43,802)	(44,888)
Net carrying amount	2,723	14,233	16,956
At 1 January 2023, net of accumulated			
amortisation	2,723	14,233	16,956
Additions	827	—	827
Amortisation provided during the year	(450)	(5,771)	(6,221)
At 31 December 2023, net of accumulated			
amortisation	3,100	8,462	11,562
At 31 December 2023:			
Cost	4,461	52,944	57,405
Accumulated amortisation	(1,361)	(44,482)	(45,843)
Net carrying amount	3,100	8,462	11,562

31 May 2024	Software	Trademarks and patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:			
Cost	4,461	52,944	57,405
Accumulated amortisation	(1,361)	(44,482)	(45,843)
Net carrying amount	<u>3,100</u>	<u>8,462</u>	<u>11,562</u>
At 1 January 2024, net of accumulated amortisation	3,100	8,462	11,562
Additions	246	—	246
Amortisation provided during the period . . .	(227)	(2,166)	(2,393)
At 31 May 2024, net of accumulated amortisation	<u>3,119</u>	<u>6,296</u>	<u>9,415</u>
At 31 May 2024:			
Cost	4,706	52,944	57,650
Accumulated amortisation	(1,587)	(46,648)	(48,235)
Net carrying amount	<u>3,119</u>	<u>6,296</u>	<u>9,415</u>

17. DEFERRED TAX

The movements in deferred tax assets of the Group during each of the Relevant Periods are as follows:

Deferred tax assets*The Group*

	Tax losses	Accrued expenses	Impairment of financial assets and inventories	Lease	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	916	—	8,927	—	928	10,771
Acquisition of a subsidiary	3,570	—	—	—	—	3,570
Deferred tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income during the year	(1,092)	—	(4,910)	—	682	(5,320)
At 31 December 2021	<u>3,394</u>	<u>—</u>	<u>4,017</u>	<u>—</u>	<u>1,610</u>	<u>9,021</u>
At 1 January 2022	3,394	—	4,017	—	1,610	9,021
Deferred tax credited to the consolidated statement of profit or loss and other comprehensive income during the year	26,340	169	1,712	178	302	28,701
At 31 December 2022	<u>29,734</u>	<u>169</u>	<u>5,729</u>	<u>178</u>	<u>1,912</u>	<u>37,722</u>
At 1 January 2023	29,734	169	5,729	178	1,912	37,722
Deferred tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income during the year	(2,803)	828	(208)	(42)	1,677	(548)
At 31 December 2023	<u>26,931</u>	<u>997</u>	<u>5,521</u>	<u>136</u>	<u>3,589</u>	<u>37,174</u>
At 1 January 2024	26,931	997	5,521	136	3,589	37,174
Deferred tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income during the period	165	(559)	445	(40)	852	863
At 31 May 2024	<u>27,096</u>	<u>438</u>	<u>5,966</u>	<u>96</u>	<u>4,441</u>	<u>38,037</u>

The Company

	Impairment of financial assets and			
	Tax losses	inventories	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021.....	916	8,949	927	10,792
Deferred tax (charged)/credited to the statement of profit or loss and other comprehensive income during the year.....	(916)	(4,650)	683	(4,883)
At 31 December 2021.....	<u>—</u>	<u>4,299</u>	<u>1,610</u>	<u>5,909</u>
At 1 January 2022.....	—	4,299	1,610	5,909
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year.....	1,664	(1,419)	(248)	(3)
At 31 December 2022.....	<u>1,664</u>	<u>2,880</u>	<u>1,362</u>	<u>5,906</u>
At 1 January 2023.....	1,664	2,880	1,362	5,906
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year.....	4,443	(448)	538	4,533
At 31 December 2023.....	<u>6,107</u>	<u>2,432</u>	<u>1,900</u>	<u>10,439</u>
At 1 January 2024.....	6,107	2,432	1,900	10,439
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the period.....	328	82	315	725
At 31 May 2024.....	<u>6,435</u>	<u>2,514</u>	<u>2,215</u>	<u>11,164</u>

Deferred tax liabilities

The Group

	Appreciation of assets acquired in business combination	Changes in fair value	Accelerated depreciation of fixed assets	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	—	—	—	—	—
Acquisition of a subsidiary	8,404	—	—	—	8,404
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the year	(176)	65	—	—	(111)
At 31 December 2021	<u>8,228</u>	<u>65</u>	<u>—</u>	<u>—</u>	<u>8,293</u>
At 1 January 2022	8,228	65	—	—	8,293
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the year	(1,860)	(11)	2,037	200	366
At 31 December 2022	<u>6,368</u>	<u>54</u>	<u>2,037</u>	<u>200</u>	<u>8,659</u>
At 1 January 2023	6,368	54	2,037	200	8,659
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the year	(423)	168	(518)	(45)	(818)
At 31 December 2023	<u>5,945</u>	<u>222</u>	<u>1,519</u>	<u>155</u>	<u>7,841</u>
At 1 January 2024	5,945	222	1,519	155	7,841
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the period	(176)	57	(327)	(17)	(463)
At 31 May 2024	<u>5,769</u>	<u>279</u>	<u>1,192</u>	<u>138</u>	<u>7,378</u>

The Company

	Changes in fair value
	<i>RMB'000</i>
At 1 January 2021	—
Deferred tax charged to the statement of profit or loss and other comprehensive income during the year	60
At 31 December 2021	<u>60</u>
At 1 January 2022	60
Deferred tax credited to the statement of profit or loss and other comprehensive income during the year	(6)
At 31 December 2022	<u>54</u>
At 1 January 2023	54
Deferred tax charged to the statement of profit or loss and other comprehensive income during the year	143
At 31 December 2023	<u>197</u>
At 1 January 2024	197
Deferred tax charged to the statement of profit or loss and other comprehensive income during the period	83
At 31 May 2024	<u>280</u>

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

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	9,021	37,544	37,038	37,941
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>8,293</u>	<u>8,481</u>	<u>7,705</u>	<u>7,282</u>

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group has tax losses arising in Hong Kong of RMB14,324,000, RMB17,913,000, RMB23,729,000 and RMB25,632,000 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, deferred tax assets have not been recognised in respect of tax losses of RMB168,333,000, RMB96,228,000, RMB96,629,000 and RMB90,158,000 arising in Chinese Mainland, respectively, which will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

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

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses not recognised	182,657	114,141	120,358	115,790
Deductible temporary differences	7,560	2,927	6,010	5,064
Total	<u>190,217</u>	<u>117,068</u>	<u>126,368</u>	<u>120,854</u>

18. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables	79,811	67,816	63,359	74,942
Work in progress	14,644	17,060	23,918	34,339
Finished goods	83,349	103,990	107,734	117,490
Contract costs	10,223	22,713	21,015	23,965
Total	<u>188,027</u>	<u>211,579</u>	<u>216,026</u>	<u>250,736</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables	67,451	31,729	24,459	31,715
Work in progress	10,857	8,247	12,243	19,250
Finished goods	71,348	44,635	32,532	42,064
Total	<u>149,656</u>	<u>84,611</u>	<u>69,234</u>	<u>93,029</u>

19. TRADE AND BILLS RECEIVABLES**The Group**

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	411,428	436,135	538,554	593,071
Bills receivable	107,703	159,107	144,286	169,479
Impairment	(10,146)	(12,071)	(13,381)	(14,943)
Net carrying amount	<u>508,985</u>	<u>583,171</u>	<u>669,459</u>	<u>747,607</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	385,933	215,029	190,658	246,583
Bills receivable	88,577	63,149	96,020	92,709
Impairment	(9,253)	(5,894)	(4,949)	(5,433)
Net carrying amount	<u>465,257</u>	<u>272,284</u>	<u>281,729</u>	<u>333,859</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	270,222	360,058	431,968	522,808
61 to 120 days	169,624	111,016	145,319	134,549
121 to 180 day	53,681	103,994	87,911	70,752
181 days up to 1 year	15,450	8,072	3,437	17,285
1 year to 2 years	8	31	824	2,213
Total	<u>508,985</u>	<u>583,171</u>	<u>669,459</u>	<u>747,607</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	227,100	144,652	142,691	192,160
61 to 120 days	168,956	56,420	73,331	86,568
121 to 180 days	53,681	63,215	62,737	31,939
181 days up to 1 year	15,512	7,966	2,152	20,980
1 year to 2 years	8	31	818	2,212
Total	<u>465,257</u>	<u>272,284</u>	<u>281,729</u>	<u>333,859</u>

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

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	7,494	10,146	12,071	13,381
Impairment losses, net.	3,191	1,933	1,846	1,562
Amount written off as uncollectible . .	(539)	(8)	(536)	—
At end of year/period	<u>10,146</u>	<u>12,071</u>	<u>13,381</u>	<u>14,943</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	7,494	9,253	5,894	4,949
Impairment losses, net.	2,298	(3,351)	(410)	484
Amount written off as uncollectible . .	(539)	(8)	(535)	—
At end of year/period	<u>9,253</u>	<u>5,894</u>	<u>4,949</u>	<u>5,433</u>

For trade and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the days past due of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables:

The Group*As at 31 December 2021*

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	518,991	2%	10,014
1 year to 2 years	120	93%	112
2 years to 3 years	—	—	—
Over 3 years	20	100%	20
Total	519,131	2%	10,146

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	594,694	2%	11,554
1 year to 2 years	430	93%	399
2 years to 3 years	111	100%	111
Over 3 years	7	100%	7
Total	595,242	2%	12,071

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	681,918	2%	13,283
1 year to 2 years	915	10%	91
2 years to 3 years	—	—	—
Over 3 years	7	100%	7
Total	682,840	2%	13,381

As at 31 May 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	760,084	2%	14,690
1 year to 2 years	2,459	10%	246
2 years to 3 years	—	—	—
Over 3 years	7	100%	7
Total	<u>762,550</u>	<u>2%</u>	<u>14,943</u>

Certain of the Group's bill receivables with net carrying amounts of approximately nil, RMB18,186,000, RMB39,583,000 and RMB51,118,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, were pledged to secure bank facilities.

The Company*As at 31 December 2021*

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	474,370	2%	9,121
1 year to 2 years	120	93%	112
2 years to 3 years	—	—	—
Over 3 years	20	100%	20
Total	<u>474,510</u>	<u>2%</u>	<u>9,253</u>

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	277,630	2%	5,377
1 year to 2 years	430	93%	399
2 years to 3 years	111	100%	111
Over 3 years	7	100%	7
Total	<u>278,178</u>	<u>2%</u>	<u>5,894</u>

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	285,762	2%	4,851
1 year to 2 years	909	10%	91
2 years to 3 years	—	—	—
Over 3 years	7	100%	7
Total	<u>286,678</u>	<u>2%</u>	<u>4,949</u>

As at 31 May 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Within 1 year	336,827	2%	5,180
1 year to 2 years	2,458	10%	246
2 years to 3 years	—	—	—
Over 3 years	7	100%	7
Total	<u>339,292</u>	<u>2%</u>	<u>5,433</u>

Certain of the Company's bill receivables with net carrying amounts of approximately nil, RMB12,351,000, RMB32,222,000 and RMB46,118,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, were pledged to secure bank facilities.

There was no significant change in the ECL rates for the time band between the years ended 31 December 2021 and 2022, mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the ECL rates are determined. As at 31 December 2021 and 2022, the ECL rates for the time band of 1 year to 2 years are higher than those at 31 December 2023 and 31 May 2024, due to the recognition of a full loss allowance for the trade receivable from a certain customer on an individual basis. In 2023, the account receivable from this customer was written off, leading to a decrease in the ECL rate for the time band of 1 year to 2 years.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	14,596	9,270	1,301	5,692
Other receivables	3,264	1,185	2,196	2,685
Value-added tax recoverable	20,124	1,828	4,652	4,184
Tax repayments	5,527	4,032	580	1,054
Prepaid expenses	508	522	3,019	4,120
Listing expenses	—	—	1,648	1,116
Less: Non-current portion	(6,562)	(5,307)	(181)	(4,638)
Provision for impairment of other receivables	—	(5)	(262)	(266)
Current portion	<u>37,457</u>	<u>11,525</u>	<u>12,953</u>	<u>13,947</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	2,404	1,337	60	2,319
Other receivables	97,048	58,987	87,837	99,667
Value-added tax recoverable	—	—	3,217	468
Tax repayments	5,527	4,032	580	1,054
Prepaid expense	508	493	733	1,354
Listing expenses	—	—	1,648	1,116
Less: Non-current portion	(23)	(1,315)	—	(2,257)
Provision for impairment of other receivables	(1,882)	(1,292)	(7)	(10)
Current portion	<u>103,582</u>	<u>62,242</u>	<u>94,068</u>	<u>103,711</u>

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

21. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Financial products, at fair value	111,341	98,299	187,479	116,859

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Financial products, at fair value	50,400	20,359	41,314	71,868

The above financial assets were wealth management products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	164,048	153,933	276,919	344,376
Less: Pledged deposits	67,270	45,702	67,041	64,291
Cash and cash equivalents.	96,778	108,231	209,878	280,085
Denominated in RMB	72,600	55,589	160,241	234,327
Denominated in US\$.	23,826	51,745	48,243	45,468
Denominated in HK\$.	352	897	1,394	290
Cash and cash equivalents.	96,778	108,231	209,878	280,085

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	87,823	99,194	165,751	118,328
Less: Pledged deposits	34,534	10,685	10,906	3,467
Cash and cash equivalents.	<u>53,289</u>	<u>88,509</u>	<u>154,845</u>	<u>114,861</u>
Denominated in RMB	35,588	38,425	108,323	73,331
Denominated in US\$.	17,701	50,084	46,522	41,530
Cash and cash equivalents.	<u>53,289</u>	<u>88,509</u>	<u>154,845</u>	<u>114,861</u>

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain bank deposits are pledged for the issuance of a banker's acceptance.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

23. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods was as follows:

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	479,378	504,831	792,766	860,820
1 to 2 years	510	1,927	224	3,263
2 to 3 years	—	544	1,126	—
Over 3 years	—	—	87	1,078
Total	<u>479,888</u>	<u>507,302</u>	<u>794,203</u>	<u>865,161</u>

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	371,801	154,153	236,553	247,571
1 to 2 years	193	1,078	—	286
2 to 3 years	—	—	1,078	—
Over 3 years	—	—	—	1,078
Total	<u>371,994</u>	<u>155,231</u>	<u>237,631</u>	<u>248,935</u>

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits received	3,274	4,122	3,252	2,467
Payroll and welfare payable	30,583	32,383	36,657	28,952
Other payables	171,899	215,530	214,354	198,341
Government subsidy payable*	200,000	200,000	200,000	200,000
Other tax payables	11,101	4,519	8,469	11,094
Total	<u>416,857</u>	<u>456,554</u>	<u>462,732</u>	<u>440,854</u>

* Government subsidy payable represents the non-recurring subsidy stipulated in investment contracts, the attaching conditions of which are to be fulfilled in the following periods. The expansion of Lynway Ningbo production base in relation to an investment contract with the local government was delayed due to COVID-19 and is expected to commence operation in the first half of 2026.

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits received	389	272	129	110
Payroll and welfare payable	15,263	11,653	14,219	9,468
Other payables	100,486	52,806	44,098	41,466
Other tax payables	9,346	1,335	527	1,063
Total	<u>125,484</u>	<u>66,066</u>	<u>58,973</u>	<u>52,107</u>

Other payables are unsecured and repayable on demand.

25. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

The Group

	As at 1 January	As at 31 December			As at 31 May
	2021	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances from customers	915	7,802	13,636	13,995	13,661

The Company

	As at 1 January	As at 31 December			As at 31 May
	2021	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances from customers	913	752	491	796	315

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided. The increase in contract liabilities as at 31 December 2022 and 2023 was mainly due to the increase in advances received from customers in relation to the provision of automotive light development services.

26. DEFERRED INCOME**The Group**

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants and subsidies	6,976	9,109	14,296	13,139

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants and subsidies	6,976	3,952	1,635	1,400

27. INTEREST-BEARING BANK BORROWINGS

The Group

31 December 2021	Effective interest rate (%)	Maturity	RMB'000
Current			
Current portion of long-term bank loans — secured (b).	4.28	2022	15,181
Non-current			
Long-term bank loans — secured (b)	4.28	2023-2025	135,000
Total			<u>150,181</u>

31 December 2022	Effective interest rate (%)	Maturity	RMB'000
Current			
Current portion of long-term bank loans — secured (c).	4.075~4.28	2023	119
Bank loans — secured (e).	3.00	2023	21,017
Bank loans — unsecured.	2.95	2023	4,011
Total — current.			<u>25,147</u>
Non-current			
Long-term bank loans — secured (c).	4.075~4.28	2024-2025	105,000
Total			<u>130,147</u>

31 December 2023	Effective interest rate (%)	Maturity	RMB'000
Current			
Current portion of long-term bank loans — secured (c)	3.875	2024	54
Bank loans — secured (f)	2.95	2024	29,427
Total — current.			<u>29,481</u>
Non-current			
Long-term bank loans — secured (c)	3.875	2025	50,472
Total			<u>79,953</u>

31 May 2024	Effective interest rate (%)	Maturity	RMB'000
Current			
Current portion of long-term bank loans — secured (d)	3.875	2025	454
Non-current			
Long-term bank loans — secured (d)	3.3-3.875	2025-2029	62,110
Total			<u>62,564</u>

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:				
Bank loans repayable:				
Within one year or on demand.	15,181	25,147	29,481	454
In the second year	30,000	52,500	50,472	51,636
In the third year.	52,500	52,500	—	1,164
In the fourth to fifth years, inclusive.	52,500	—	—	9,310
Total	<u>150,181</u>	<u>130,147</u>	<u>79,953</u>	<u>62,564</u>

(a) The Group's bank loans are all denominated in RMB.

(b) As at 31 December 2021, certain long-term bank loans of RMB150,181,000 were pledged by certain leasehold land amounting to RMB16,623,000.

- (c) As at 31 December 2022 and 2023, certain long-term bank loans of RMB105,119,000 and RMB50,526,000 were pledged by certain buildings amounting to RMB219,167,000 and RMB218,985,000, respectively.
- (d) As at 31 May 2024, certain long-term bank loans of RMB62,654,000 were pledged by certain buildings and machines amounting to RMB235,901,000.
- (e) As at 31 December 2022, certain short-term bank loans of RMB21,017,000 were pledged by certain buildings amounting to RMB10,214,000.
- (f) As at 31 December 2023, certain short-term bank loans of RMB29,427,000 were guaranteed by the Company.

The Company

31 December 2022	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — secured (b)	3.00	2023	21,017
Bank loans — unsecured	2.95	2023	4,011
Total — current			<u>25,028</u>

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:				
Bank loans repayable:				
Within one year or on demand	<u>—</u>	<u>25,028</u>	<u>—</u>	<u>—</u>

Notes:

- (a) The Company's bank loans are all denominated in RMB.
- (b) As at 31 December 2021, 2022 and 2023 and 31 May 2024, certain short-term bank loans of nil, RMB21,017,000, nil and nil were guaranteed by certain buildings amounting to nil, RMB10,124,000, nil and nil, respectively.

28. SHARE CAPITAL**The Group and the Company**

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Issued:				
Ordinary shares of RMB1.00 each. . . .	411,495	411,495	498,507	498,507
Fully paid:				
Ordinary shares of RMB1.00 each. . . .	411,495	411,495	480,078	498,507

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

	Number of shares	Share capital
	in issue in thousand shares	RMB'000
At 31 December 2022 and 1 January 2023	411,495	411,495
New issues for acquisition of non-controlling interests (<i>note 31(a)</i>)	68,583	68,583
New issues for share-based payments (a)	18,429	—
At 31 December 2023	498,507	480,078
At 31 December 2023 and 1 January 2024	498,507	480,078
Contributions from shareholders (a)	—	18,429
At 31 May 2024	498,507	498,507

(a) As at 31 December 2023, 18,429,000 shares were issued for share-based payments, details of which were included in notes 29. As at 18 January 2024, all the 18,429,000 shares issued were fully paid by cash.

29. SHARE-BASED PAYMENTS

On 31 May 2019, the Company granted the Group's employees and directors with restricted shares (the "**Share Incentive Scheme I**"), which are subject to restrictions on transfer, termination and such other limitations set forth in the plans. The relevant portion of restricted shares shall vest on the relevant vesting date, which is determined by the board of directors.

On 4 December 2023, the Company revised the Share Incentive Scheme I in relation to the exercise periods, and established new employee shareholding platforms under the Share Incentive Scheme II and Share Incentive Scheme III. Restricted shares were granted under the Share Incentive Scheme II and Share Incentive Scheme III to the participants as awards. After the grant of the awards, the participants became partners of employee shareholding platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements.

The above shares granted to employees and directors under the Share Incentive Scheme I and Share Incentive Scheme II shall be vested and exercisable after the completion of the public offering of H shares by the Company and the expiration of the corresponding restriction period.

The shares granted to employees under the Share Incentive Scheme III shall be vested and exercisable when the following conditions are met: (i) after the completion of the public offering of H shares by the Company, (ii) the expiration of the corresponding restriction period and (iii) in four equal tranches of 25% over a period of four years based on the annual performance.

The fair value of services received in return for shares granted to employees and directors was measured by reference to the fair value of shares granted and the subscription price paid by employees and directors. The recent transaction price method was used to determine the underlying equity fair value of the Company.

Movements in the number of restricted shares for the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	<i>In thousand shares</i>	<i>In thousand shares</i>	<i>In thousand shares</i>	<i>In thousand shares</i>
At beginning of the year/period.	14,105	14,105	14,105	32,534
Granted	350	250	18,429	—
Forfeited	(350)	(250)	—	—
At end of the year/period	<u>14,105</u>	<u>14,105</u>	<u>32,534</u>	<u>32,534</u>

Share-based payment expenses during the Relevant Periods and five months ended 31 May 2024 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Restricted shares granted by the Company under the plans.	1,669	1,698	3,187	724 <i>(unaudited)</i>	3,101

30. OTHER RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and five months ended 31 May 2024 are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3.

(d) Special reserve — safety fund

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

During the years ended 31 December 2021, 2022, 2023 and five months ended 31 May 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB1,456,000, nil and nil, respectively, in respect of lease arrangements for properties.

On 27 November 2023, the Company entered into an agreement for equity purchase by share issue with Zhejiang Yaoning Technology Group Co., Ltd. (“**Yaoning Technology**”) to acquire a 49% equity interest in Lynway Vision in consideration of the Company’s issue and allotment of 68,582,573 shares to Yaoning Technology. On 4 December 2023, the Company and Yaoning Technology completed the equity transfer, and Lynway Vision became wholly owned by the Company.

(b) Changes in liabilities arising from financing activities

	Bank loans	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021.....	29,206	—	29,206
Additions	252,025	—	252,025
Payment	(130,953)	—	(130,953)
Exchange rate adjustment	(241)	—	(241)
Interest paid	(4,852)	—	(4,852)
Interest capitalised (<i>note 7</i>).....	2,179	—	2,179
Interest expense (<i>note 7</i>).....	2,817	—	2,817
At 31 December 2021.....	<u>150,181</u>	<u>—</u>	<u>150,181</u>
At 1 January 2022.....	150,181	—	150,181
Additions	43,905	1,456	45,361
Payment	(65,646)	(303)	(65,949)
Exchange rate adjustment	1,742	—	1,742
Interest paid	(6,453)	—	(6,453)
Interest expense (<i>note 7</i>).....	6,418	27	6,445
At 31 December 2022.....	<u>130,147</u>	<u>1,180</u>	<u>131,327</u>
At 1 January 2023.....	130,147	1,180	131,327
Additions	29,400	—	29,400
Payment	(79,526)	(330)	(79,856)
Interest paid	(4,846)	—	(4,846)
Interest expense (<i>note 7</i>)	4,778	60	4,838
At 31 December 2023.....	<u>79,953</u>	<u>910</u>	<u>80,863</u>
At 1 January 2023.....	130,147	1,180	131,327
Additions (unaudited)	29,400	—	29,400
Payment (unaudited)	(24,500)	—	(24,500)
Interest paid (unaudited)	(1,435)	—	(1,435)
Interest expense (<i>note 7</i>) (unaudited).....	2,161	27	2,188
At 31 May 2023 (unaudited).....	<u>135,773</u>	<u>1,207</u>	<u>136,980</u>
At 1 January 2024.....	79,953	910	80,863
Additions	11,637	—	11,637
Payment	(29,400)	—	(29,400)
Interest paid	(878)	—	(878)
Interest expense (<i>note 7</i>).....	1,252	20	1,272
At 31 May 2024	<u>62,564</u>	<u>930</u>	<u>63,494</u>

(c) Total cash outflow for leases

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Within operating activities	518	366	427	73	166
Within financing activities	—	357	420	—	—
Total	<u>518</u>	<u>723</u>	<u>847</u>	<u>73</u>	<u>166</u>

32. BUSINESS COMBINATION

On 29 September 2021, the Company subscribed for an additional RMB4,100,000 registered capital of Lynway Vision, which is mainly engaged in arrangements for the sale of automotive intelligent vision products. After the subscription, the Company held approximately 51% of Lynway Vision's equity, and the Company was able to exercise control over Lynway Vision on 30 September 2021 (the "Acquisition Date"). The acquisition was made as part of the Group's strategy to expand its market share of automotive intelligent vision products.

The Group has elected to measure the non-controlling interest in Lynway Vision at the non-controlling interest's proportionate share of Lynway Vision's identifiable net assets.

The fair values of the identifiable assets and liabilities of Lynway Vision as at the Acquisition Date were as follows:

	Fair value recognised on acquisition
	<i>RMB'000</i>
Property, plant and equipment	235,959
Right-of-use assets	55,920
Other intangible assets	15,523
Inventories	21,436
Trade and bills receivables	17,071
Prepayments, other receivables and other assets	5,082
Financial assets at fair value through profit or loss	86,300
Pledged deposits	16,761
Cash and cash equivalents	2,781
Trade and bills payables	(66,362)
Other payables and accruals	(239,637)
Contract liabilities	(2,746)
Deferred tax assets	3,570
Deferred tax liabilities	(8,404)
Total identifiable net assets at fair value	143,254
Non-controlling interests	(70,182)
Goodwill on acquisition	13,523
Satisfied by cash and equity investment	86,595

The fair values of the trade and bill receivables, and prepayment, other receivables and other assets as at the date of acquisition amounted to RMB17,071,000 and RMB5,082,000, respectively. The gross contractual amounts of trade and bill receivables, and prepayment, other receivables and others were RMB17,071,000 and RMB5,082,000, respectively, and are expected to be collectible.

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

	<i>RMB'000</i>
Cash consideration	(16,400)
Cash and cash equivalents acquired.....	2,781
Net outflow of cash and cash equivalents included	
in cash flows from investing activities.....	<u>(13,619)</u>
	<u><u>(13,619)</u></u>

Since the acquisition, Lynway Vision contributed RMB50,732,000 to the Group's revenue and caused a loss of RMB15,413,000 to the consolidated profit for the year ended 31 December 2021. Had the combination taken place at the beginning of 2021, the revenue of the Group and the profit of the Group for 2021 would have been RMB1,440,392,000 and RMB30,492,000, respectively.

Refer to Accountants' Report of Lynway Vision in Appendix IB for additional information of Lynway Vision for the pre-acquisition period.

33. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in notes 13, 14, 19 and 22 to the Historical Financial Information at the end of each of the Relevant Periods.

34. COMMITMENTS

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

	<u>As at 31 December</u>			<u>As at 31 May</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Construction in progress	<u>34,273</u>	<u>85,906</u>	<u>40,117</u>	<u>98,834</u>

35. PARTLY OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
Percentage of equity interest held by non-controlling interests:				
Lynway Vision (<i>Note i</i>)	49%	49%	—	—

- (i) On 27 November 2023, the Company entered into an agreement for equity purchase by share issue with Yaoning Technology to acquire a 49% equity interest in Lynway Vision in consideration of the Company's issue and allotment of 68,582,573 shares to Yaoning Technology. On 4 December 2023, the Company and Yaoning Technology completed the equity transfer, and Lynway Vision became wholly owned by the Company.

	Period from 30	Year ended 31 December	2023	Five months
	September to 31 December			ended 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/Profit for the year/period allocated to non-controlling interests:				
Lynway Vision	(7,896)	(1,720)	5,665	—
Accumulated balances of non-controlling interests at the reporting date:				
Lynway Vision	62,286	60,566	—	—

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

	Period from 30 September to 31 December	Year ended 31 December	Period from 1 January to 4 December
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	50,732	351,792	639,324
Total expenses	(66,145)	(353,049)	(625,258)
(Loss)/profit for the year	(15,413)	(1,257)	14,066
Total comprehensive (loss)/income for the year	<u>(15,413)</u>	<u>(1,257)</u>	<u>14,066</u>
Current assets	180,484	372,977	550,111
Non-current assets	279,655	348,124	401,468
Current liabilities	(361,075)	(615,266)	(825,283)
Non-current liabilities	<u>(5)</u>	<u>(8,033)</u>	<u>(14,427)</u>
Net cash flows from operating activities . . .	501	65,489	192,935
Net cash flows from/(used in) investing activities	19,645	(76,442)	(159,301)
Net cash flows used in financing activities .	<u>—</u>	<u>(330)</u>	<u>(360)</u>
Net increase/(decrease) in cash and cash equivalents	<u>20,146</u>	<u>(11,283)</u>	<u>33,274</u>

36. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Epistar Corporation	Shareholder of the Company with more than 5% of indirect shareholding
Zhejiang Yaoning Technology Group Co., Ltd.	Non-controlling shareholder of a subsidiary of the Company

Name of related parties	Relationship with the Group
Yenrich Technology Corp.....	Controlled by the ultimate controlling shareholders of Epistar Corporation
Lextar Electronics (Chuzhou) Corp.	Controlled by the ultimate controlling shareholders of Epistar Corporation
Sichuan Lingji Automobile Manufacturing Co., Ltd..	Subsidiary of Geely Related Group
Zhejiang Jichuang Auto Parts Co., Ltd.....	Subsidiary of Geely Related Group
Yuyao LYNK&CO Automobile Parts Co., Ltd.	Subsidiary of Geely Related Group
Ningbo Geely Automobile Research & Development Co., Ltd.	Subsidiary of Geely Related Group
Geely Automobile Research Institute (Ningbo) Co., Ltd.....	Subsidiary of Geely Related Group
Wuhan Lotus Cars Co., Ltd.	Subsidiary of Geely Related Group
SCI Seating (Ningbo) Co., Ltd.....	Subsidiary of Geely Related Group
Zhejiang Geely Business Service Company Limited	Subsidiary of Geely Related Group
Shanghai Global Trading Corporation	Subsidiary of Geely Related Group
Geely Auto Group Co., Ltd.	Subsidiary of Geely Related Group
ZEEKR Automobile (Hangzhou Bay New District, Ningbo) Co., Ltd.	Subsidiary of Geely Related Group
Smart Automobile Co., Ltd.	Affiliate of Geely Related Group
Lynk&Co Automobile Sales Co., Ltd.....	Subsidiary of Geely Related Group
Zhejiang Jichuang Industry Development Co., Ltd..	Subsidiary of Geely Related Group
Shenzhen Epiklyn Co., Ltd.	Subsidiary of Epistar Corporation
Zhejiang Geely Automobile Parts & Components Stock Co., Ltd.	Subsidiary of Geely Related Group
Zhejiang Jizhi New Energy Automotive Technology Co., Ltd.	Subsidiary of Geely Related Group
Chongqing LIVAN Auto Research Institute Co., Ltd.....	Affiliate of Geely Related Group
Guangdong AscenPower Semiconductor Co., Ltd....	Controlled by the ultimate controlling person of the Company
Guangdong AccoPower Semiconductor Co., Ltd. ...	Controlled by the ultimate controlling person of the Company
Ningbo Jining Auto Parts Co., Ltd.....	Subsidiary of Geely Related Group
Sichuan LYNK&CO Automobile Manufacturing Co., Ltd.....	Subsidiary of Geely Related Group
LYNK&CO Investment Co., Ltd.	Subsidiary of Geely Related Group
Qizheng New Energy Automobile (Jinan) Co., Ltd..	Subsidiary of Geely Related Group
Zhejiang Jirun Meishan Auto Parts Co., Ltd.	Subsidiary of Geely Related Group
Smart Automobile Sales (Nanning) Co., Ltd.	Affiliate of Geely Related Group
Xi'an Geely Automobile Co., Ltd.	Subsidiary of Geely Related Group
Ningbo Jirun Auto Parts Co., Ltd.....	Subsidiary of Geely Related Group

Name of related parties	Relationship with the Group
CHINA-EURO VEHICLE TECHNOLOGY	Subsidiary of Geely Related Group
Chongqing Livan Automotive Manufacturing Company Limited	Subsidiary of Geely Related Group
Ningbo Hangzhou Bay Geely Auto Parts Co., Ltd. . .	Subsidiary of Geely Related Group
ZEEKR Intelligent Technology Holding Limited	Subsidiary of Geely Related Group
Zhejiang ZEEKR Automobile Research & Development Co., Ltd	Subsidiary of Geely Related Group
Wuhan Geely Auto Parts Co., Ltd.	Subsidiary of Geely Related Group

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

	As at 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Revenue from goods and services (<i>note i</i>)					
Geely Related Group	50,600	350,129	705,774	211,389	326,739
Lextar Electronics (Chuzhou) Corp.	7,174	9,070	48,874	16,330	25,638
Yenrich Technology Corp.	88	20	—	—	—
Lynway Vision (<i>note ii</i>)	153	—	—	—	—
	<u>58,015</u>	<u>359,219</u>	<u>754,648</u>	<u>227,719</u>	<u>352,377</u>
Purchase of goods and services (<i>note iii</i>)					
Geely Related Group	3,378	3,633	3,787	1,187	2,078
Epistar Corporation	300,432	140,407	138,657	38,851	48,958
	<u>303,180</u>	<u>144,040</u>	<u>142,444</u>	<u>40,038</u>	<u>51,036</u>
Rental income (<i>note iv</i>)					
Guangdong AscenPower Semiconductor Co., Ltd	—	1,445	1,257	813	276
Guangdong AccoPower Semiconductor Co., Ltd	391	—	—	—	—
	<u>391</u>	<u>1,445</u>	<u>1,257</u>	<u>813</u>	<u>276</u>

- (i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.
- (ii) Lynway Vision was acquired by the Group on 30 September 2021 and the amount of its revenue was from January to September 2021.
- (iii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.
- (iv) The rental fees with the related parties were made according to the agreed prices.
- (c) Outstanding balances with related parties as at 31 December 2021, 2022 and 2023 and 31 May 2024:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables				
Yenrich Technology Corp.	34	—	—	—
Lextar Electronics (Chuzhou) Corp. . .	1,806	1,409	10,836	4,282
Lynway Vision	148	—	—	—
Geely Related Group	43,853	163,193	216,977	229,766
Impairment	(917)	(3,292)	(4,556)	(4,681)
	<u>44,924</u>	<u>161,310</u>	<u>223,257</u>	<u>229,367</u>
Prepayments, deposits and other receivables				
Geely Related Group	<u>29</u>	<u>—</u>	<u>—</u>	<u>—</u>
Trade payables				
Epistar Corporation	112,079	36,616	55,786	48,213
Geely Related Group	1,311	1,704	1,173	—
	<u>113,390</u>	<u>38,320</u>	<u>56,959</u>	<u>48,213</u>
Other payables and accruals				
Geely Related Group	<u>234</u>	<u>52</u>	<u>95</u>	<u>3,128</u>
Contract liabilities				
Geely Related Group	<u>7,050</u>	<u>12,189</u>	<u>11,820</u>	<u>11,820</u>

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances with related parties are trade in nature.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Short term employee benefits . .	7,218	7,396	8,896	2,939	3,189
Share-based payment expenses .	1,033	1,063	2,029	846	1,363
	<u>8,251</u>	<u>8,459</u>	<u>10,925</u>	<u>3,785</u>	<u>4,552</u>

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

The related party transactions in respect of Geely Group above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	111,341	—	—	111,341
Trade and bills receivables	—	19,126	489,859	508,985
Financial assets included in prepayments, other receivables and other assets	—	—	2,652	2,652
Pledged deposits	—	—	67,270	67,270
Cash and cash equivalents	—	—	96,778	96,778
Total	<u>111,341</u>	<u>19,126</u>	<u>656,559</u>	<u>787,026</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables	479,888
Financial liabilities included in other payables and accruals	371,711
Interest-bearing bank borrowings	150,181
Total	<u>1,001,780</u>

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	98,299	—	—	98,299
Trade and bills receivables	—	9,333	573,838	583,171
Financial assets included in prepayments, other receivables and other assets	—	—	489	489
Pledged deposits	—	—	45,702	45,702
Cash and cash equivalents	—	—	108,231	108,231
Total	<u>98,299</u>	<u>9,333</u>	<u>728,260</u>	<u>835,892</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables	507,302
Financial liabilities included in other payables and accruals	415,159
Interest-bearing bank borrowings	130,147
Total	<u>1,052,608</u>

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	187,479	—	—	187,479
Trade and bills receivables	—	2,925	666,534	669,459
Financial assets included in prepayments, other receivables and other assets	—	—	1,094	1,094
Pledged deposits	—	—	67,041	67,041
Cash and cash equivalents	—	—	209,878	209,878
Total	<u>187,479</u>	<u>2,925</u>	<u>944,547</u>	<u>1,134,951</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables	794,203
Financial liabilities included in other payables and accruals	416,421
Interest-bearing bank borrowings	79,953
Total	<u>1,290,577</u>

As at 31 May 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	116,859	—	—	116,859
Trade and bills receivables	—	9,763	747,607	757,370
Financial assets included in prepayments, other receivables and other assets	—	—	1,324	1,324
Pledged deposits	—	—	64,291	64,291
Cash and cash equivalents	—	—	280,085	280,085
	<u>116,859</u>	<u>9,763</u>	<u>1,093,307</u>	<u>1,219,929</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and bills payables	865,161
Financial liabilities included in other payables and accruals	399,226
Interest-bearing bank borrowings	62,564
	<u>1,326,951</u>

Transfers of financial assets*Transferred financial assets that are not derecognised in their entirety*

At 31 December 2021, 2022 and 2023 and 31 May 2024, the Group endorsed certain bills receivable in Chinese Mainland (the “**Endorsed Bills**”) with a carrying amount of RMB84,205,000, RMB110,836,000, RMB75,351,000 and RMB84,707,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In

the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, 2022 and 2023 and 31 May 2024, the Group, endorsed certain bills receivable accepted by banks in Chinese Mainland (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB35,253,000, RMB84,788,000, RMB170,569,000 and RMB151,443,000. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2021 and 2023 and five months ended 31 May 2024, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year. During the year ended 31 December 2022, the Group has recognised the loss RMB79,000 on the date of transfer of the Derecognised Bills.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in other receivables, pledged deposits and other assets, interest-bearing bank borrowings (current portion), trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the chief finance controller/his or her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance head. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance head.

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

The carrying amounts and fair values of the Group's financial instruments are as follows:

As at 31 December 2021

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Financial assets at FVTPL.	111,341	111,341
Financial liabilities		
Interest-bearing bank borrowings.	150,181	148,667

As at 31 December 2022

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Financial assets at FVTPL.	98,299	98,299
Financial liabilities		
Interest-bearing bank borrowings.	105,119	104,903

As at 31 December 2023

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Financial assets at FVTPL	187,479	187,479
Financial liabilities		
Interest-bearing bank borrowings	50,526	50,179

As at 31 May 2024

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Financial assets at FVTPL	116,859	116,859
Financial liabilities		
Interest-bearing bank borrowings	62,564	61,642

Fair value hierarchy

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

Assets measured at fair value

As at 31 December 2021

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	—	111,341	—	111,341
Trade and bills receivables	—	19,126	—	19,126
Total	—	130,467	—	130,467

As at 31 December 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	—	98,299	—	98,299
Trade and bills receivables	—	9,333	—	9,333
Total	—	107,632	—	107,632

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	—	187,479	—	187,479
Trade and bills receivables	—	2,925	—	2,925
Total	—	190,404	—	190,404

As at 31 May 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	—	116,859	—	116,859
Trade and bills receivables	—	9,763	—	9,763
Total	—	126,622	—	126,622

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, finance assets at FVTPL and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in foreign currency rate	Increase/ (decrease) in profit before tax
	%	RMB'000
As at 31 May 2024		
If the RMB weakens against the USD.....	5	4,554
If the RMB strengthens against the USD.....	(5)	(4,554)
As at 31 December 2023		
If the RMB weakens against the USD	5	2,760
If the RMB strengthens against the USD.....	(5)	(2,760)
As at 31 December 2022		
If the RMB weakens against the USD.....	5	3,701
If the RMB strengthens against the USD.....	(5)	(3,701)
As at 31 December 2021		
If the RMB weakens against the USD.....	5	853
If the RMB strengthens against the USD.....	(5)	(853)

Credit risk

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

Maximum exposure and year-end staging

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

As at 31 December 2021

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables	—	—	—	508,985	508,985
Financial assets included in prepayments, other receivables and other assets	2,652	—	—	—	2,652
Pledged deposits	67,270	—	—	—	67,270
Cash and cash equivalents	96,778	—	—	—	96,778
Total	<u>166,700</u>	<u>—</u>	<u>—</u>	<u>508,985</u>	<u>675,685</u>

As at 31 December 2022

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables	—	—	—	583,171	583,171
Financial assets included in prepayments, other receivables and other assets	489	—	—	—	489
Pledged deposits	45,702	—	—	—	45,702
Cash and cash equivalents	108,231	—	—	—	108,231
Total	<u>154,422</u>	<u>—</u>	<u>—</u>	<u>583,171</u>	<u>737,593</u>

As at 31 December 2023

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	—	669,459	669,459
Financial assets included in prepayments, other receivables and other assets	840	—	254	—	1,094
Pledged deposits	67,041	—	—	—	67,041
Cash and cash equivalents	209,878	—	—	—	209,878
Total	<u>277,759</u>	<u>—</u>	<u>254</u>	<u>669,459</u>	<u>947,472</u>

As at 31 May 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	—	757,370	757,370
Financial assets included in prepayments, other receivables and other assets	1,070	—	254	—	1,324
Pledged deposits	64,291	—	—	—	64,291
Cash and cash equivalents	280,085	—	—	—	280,085
Total	<u>345,446</u>	<u>—</u>	<u>254</u>	<u>757,370</u>	<u>1,103,070</u>

Liquidity risk

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

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

As at 31 December 2021

	Less than 1 year	1 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	21,408	91,743	54,093	167,244
Trade and bills payables	479,888	—	—	479,888
Other payables and accruals	371,711	—	—	371,711
Total	<u>873,007</u>	<u>91,743</u>	<u>54,093</u>	<u>1,018,843</u>

As at 31 December 2022

	Less than 1 year	1 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	30,300	110,437	—	140,737
Lease liabilities	330	661	330	1,321
Trade and bills payables	507,302	—	—	507,302
Other payables and accruals	415,159	—	—	415,159
Total	<u>953,091</u>	<u>111,098</u>	<u>330</u>	<u>1,064,519</u>

As at 31 December 2023

	Less than 1 year	1 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	31,624	51,840	—	83,464
Lease liabilities	330	661	—	991
Trade and bills payables	794,203	—	—	794,203
Other payables and accruals	416,421	—	—	416,421
Total	<u>1,242,578</u>	<u>52,501</u>	<u>—</u>	<u>1,295,079</u>

As at 31 May 2024

	Less than 1 year	1 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings	2,794	53,451	10,467	66,712
Lease liabilities	330	661	—	991
Trade and bills payables	865,161	—	—	865,161
Other payables and accruals	399,226	—	—	399,226
Total	<u>1,267,511</u>	<u>54,112</u>	<u>10,467</u>	<u>1,332,090</u>

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	<u>1,069,997</u>	<u>1,126,587</u>	<u>1,373,794</u>	<u>1,404,806</u>
Total assets	<u>1,979,856</u>	<u>2,077,669</u>	<u>2,400,157</u>	<u>2,509,587</u>
Debt-to-asset ratio	<u>54%</u>	<u>54%</u>	<u>57%</u>	<u>56%</u>

40. EVENTS AFTER THE RELEVANT PERIODS

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

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2024.