

*The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.*



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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BLOKS GROUP LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

### Introduction

We report on the historical financial information of Bloks Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-88, which comprises the consolidated statements of profit or loss, statements of 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 the six months ended 30 June 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 30 June 2024, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-88 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 December 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 presentation and preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 30 June 2024, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

### **Review of interim comparative financial information**

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the six months ended 30 June 2023 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the presentation and preparation of the Interim Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**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 I-4 have been made.

*Dividends*

We refer to note 13 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 December 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 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "**Underlying Financial Statements**").

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

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Revenue	5	329,772	325,574	876,686	309,939	1,046,203
Cost of sales		(206,371)	(202,155)	(461,764)	(173,731)	(492,467)
Gross profit		123,401	123,419	414,922	136,208	553,736
Selling and distribution expenses		(388,646)	(232,885)	(189,280)	(86,401)	(120,764)
Research and development expenses		(83,016)	(98,444)	(94,657)	(41,953)	(76,016)
Administrative expenses		(58,287)	(51,002)	(49,230)	(22,069)	(403,946)
Other income, other gains and losses, net	6	9,507	12,416	5,987	2,499	3,905
Other expenses	7	(20,938)	(17,896)	(695)	(221)	(1,241)
Reversal of/(Provision for) impairment losses on financial assets, net		669	226	(1,100)	(389)	(506)
Finance costs	8	(2,323)	(1,574)	(1,654)	(1,323)	(891)
Fair value changes on convertible redeemable preferred shares	29	(144,201)	(191,031)	(274,132)	(188,611)	(157,033)
LOSS BEFORE TAX		(563,834)	(456,771)	(189,839)	(202,260)	(202,756)
Income tax expense	12	56,981	34,066	(17,642)	(528)	(52,135)
LOSS FOR THE YEAR/PERIOD		<u>(506,853)</u>	<u>(422,705)</u>	<u>(207,481)</u>	<u>(202,788)</u>	<u>(254,891)</u>
<b>Attributable to:</b>						
Owners of the parent		(502,594)	(419,886)	(206,100)	(201,866)	(257,894)
Non-controlling interests		(4,259)	(2,819)	(1,381)	(922)	3,003
		<u>(506,853)</u>	<u>(422,705)</u>	<u>(207,481)</u>	<u>(202,788)</u>	<u>(254,891)</u>
<b>LOSS PER SHARE</b>						
<b>ATTRIBUTABLE TO</b>						
<b>ORDINARY EQUITY</b>						
<b>HOLDERS OF THE PARENT</b>						
Basic and diluted (RMB)	14	<u>(3.31)</u>	<u>(2.82)</u>	<u>(1.38)</u>	<u>(1.36)</u>	<u>(1.73)</u>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended	
	2021	2022	2023	30 June	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
<b>LOSS FOR THE YEAR/PERIOD</b>	<u>(506,853)</u>	<u>(422,705)</u>	<u>(207,481)</u>	<u>(202,788)</u>	<u>(254,891)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	<u>(37)</u>	<u>4</u>	<u>(12)</u>	<u>(36)</u>	<u>744</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of the financial statements of the Company and its subsidiaries other than those are foreign operations*	<u>354</u>	<u>(2,132)</u>	<u>90</u>	<u>(745)</u>	<u>(1,305)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX</b>	<u>317</u>	<u>(2,128)</u>	<u>78</u>	<u>(781)</u>	<u>(561)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>	<u>(506,536)</u>	<u>(424,833)</u>	<u>(207,403)</u>	<u>(203,569)</u>	<u>(255,452)</u>
Attributable to:					
Owners of the parent	<u>(502,277)</u>	<u>(422,014)</u>	<u>(206,022)</u>	<u>(202,647)</u>	<u>(258,455)</u>
Non-controlling interests	<u>(4,259)</u>	<u>(2,819)</u>	<u>(1,381)</u>	<u>(922)</u>	<u>3,003</u>
	<u>(506,536)</u>	<u>(424,833)</u>	<u>(207,403)</u>	<u>(203,569)</u>	<u>(255,452)</u>

\* The Company and its subsidiaries whose activities are based or conducted in a country or currency same as the Company are not foreign operations.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
				RMB'000	
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	15	11,146	22,785	47,672	73,328
Right-of-use assets	16(a)	44,146	27,238	58,442	49,357
Intangible assets	17	4,832	4,319	5,773	15,050
Deferred tax assets	19	187,212	221,283	203,795	160,850
Prepayments, other receivables and other non-current assets	22	6,871	6,531	14,718	11,951
Total non-current assets		254,207	282,156	330,400	310,536
<b>CURRENT ASSETS</b>					
Inventories	20	69,769	61,208	76,294	151,334
Trade and notes receivables	21	24,917	15,299	38,256	63,298
Prepayments, other receivables and other current assets	22	23,946	10,901	14,477	37,686
Financial assets at fair value through profit or loss	18	272,785	1,251	1,251	–
Pledged deposits	23	4,719	9,064	8,141	8,587
Cash and cash equivalents	23	76,153	188,972	360,837	554,092
Receivables in connection with the Reorganization	28	1,759,480	1,377,000	183,000	–
Total current assets		2,231,769	1,663,695	682,256	814,997
<b>CURRENT LIABILITIES</b>					
Trade and notes payables	24	92,879	118,533	259,671	514,705
Interest-bearing bank borrowings	26	–	5,000	–	–
Contract liabilities	27	29,569	30,629	66,325	84,144
Other payables and accruals	25	109,298	112,655	169,373	144,603
Tax payables		–	–	118	6,228
Amounts due to related parties	36	18,735	44,694	25,913	–
Lease liabilities	16(b)	27,289	19,168	21,969	21,442
Payables in connection with the Reorganization	28	1,759,480	1,407,338	187,520	–
Total current liabilities		2,037,250	1,738,017	730,889	771,122

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	30 June
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
				<i>RMB'000</i>	
NET CURRENT ASSETS/(LIABILITIES)		194,519	(74,322)	(48,633)	43,875
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>448,726</u>	<u>207,834</u>	<u>281,767</u>	<u>354,411</u>
NON-CURRENT LIABILITIES					
Convertible redeemable preferred shares	29	1,382,853	1,573,884	1,848,016	1,822,049
Lease liabilities	16(b)	18,116	4,100	34,962	24,824
Other payables and accruals	25	6,376	6,965	7,083	–
Total non-current liabilities		<u>1,407,345</u>	<u>1,584,949</u>	<u>1,890,061</u>	<u>1,846,873</u>
Net liabilities		<u>(958,619)</u>	<u>(1,377,115)</u>	<u>(1,608,294)</u>	<u>(1,492,462)</u>
EQUITY					
<b>Equity attributable to owners of the parent</b>					
Share capital	30	–	112	128	128
Deficits	31	(950,528)	(1,366,317)	(1,606,385)	(1,492,590)
		<u>(950,528)</u>	<u>(1,366,205)</u>	<u>(1,606,257)</u>	<u>(1,492,462)</u>
Non-controlling interests		<u>(8,091)</u>	<u>(10,910)</u>	<u>(2,037)</u>	–
Total equity		<u>(958,619)</u>	<u>(1,377,115)</u>	<u>(1,608,294)</u>	<u>(1,492,462)</u>



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Notes	Attributable to owners of the parent							
	Share capital	Share premium*	Share option reserve*	Other reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	-	917,000	8,851	79	(1,043,559)	(117,629)	(4,465)	(122,094)
Loss for the year	-	-	-	-	(502,594)	(502,594)	(4,259)	(506,853)
Other comprehensive income for the year, net of tax	-	-	-	317	-	317	-	317
Total comprehensive income/(loss) for the year	-	-	-	317	(502,594)	(502,277)	(4,259)	(506,536)
Transactions with non-controlling interests	35	-	-	1,167	-	1,167	633	1,800
Recognition of share-based payment expenses	32	-	6,863	-	-	6,863	-	6,863
Redemption rights granted to capital swap	29	-	(215,407)	(123,245)	-	(338,652)	-	(338,652)
At 31 December 2021	-	701,593	15,714	(121,682)	(1,546,153)	(950,528)	(8,091)	(958,619)
At 1 January 2022	-	701,593	15,714	(121,682)	(1,546,153)	(950,528)	(8,091)	(958,619)
Loss for the year	-	-	-	-	(419,886)	(419,886)	(2,819)	(422,705)
Other comprehensive loss for the year, net of tax	-	-	-	(2,128)	-	(2,128)	-	(2,128)
Total comprehensive loss for the year	-	-	-	(2,128)	(419,886)	(422,014)	(2,819)	(424,833)
Issue of shares	112	(112)	-	-	-	-	-	-
Recognition of share-based payment expenses	32	-	6,337	-	-	6,337	-	6,337
At 31 December 2022	112	701,481	22,051	(123,810)	(1,966,039)	(1,366,205)	(10,910)	(1,377,115)

		Attributable to owners of the parent								
		Share	Share	Share	Other	Accumulated	Non-		Total	
Notes		capital	premium*	option	reserve*	losses*	Total	controlling	equity	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	At 1 January 2023	112	701,481	22,051	(123,810)	(1,966,039)	(1,366,205)	(10,910)	(1,377,115)	
	Loss for the year	-	-	-	-	(206,100)	(206,100)	(1,381)	(207,481)	
	Other comprehensive									
	income for the year, net									
	of tax	-	-	-	78	-	78	-	78	
	Total comprehensive									
	income/(loss) for the year	-	-	-	78	(206,100)	(206,022)	(1,381)	(207,403)	
	Issue of shares	16	(16)	-	-	-	-	-	-	
	Transaction with									
	non-controlling interests	35	-	-	(40,261)	-	(40,261)	10,254	(30,007)	
	Recognition of share-based									
	payment expenses	32	-	-	6,231	-	6,231	-	6,231	
	At 31 December 2023	<u>128</u>	<u>701,465</u>	<u>28,282</u>	<u>(163,993)</u>	<u>(2,172,139)</u>	<u>(1,606,257)</u>	<u>(2,037)</u>	<u>(1,608,294)</u>	
	At 1 January 2023	112	701,481	22,051	(123,810)	(1,966,039)	(1,366,205)	(10,910)	(1,377,115)	
	Loss for the period									
	(unaudited)	-	-	-	-	(201,866)	(201,866)	(922)	(202,788)	
	Other comprehensive loss									
	for the period, net of tax									
	(unaudited)	-	-	-	(781)	-	(781)	-	(781)	
	Total comprehensive loss									
	for the period (unaudited)	-	-	-	(781)	(201,866)	(202,647)	(922)	(203,569)	
	Issue of shares (unaudited)	16	(16)	-	-	-	-	-	-	
	Recognition of share-based									
	payment expenses									
	(unaudited)	32	-	-	3,071	-	3,071	-	3,071	
	At 30 June 2023									
	(unaudited)	<u>128</u>	<u>701,465</u>	<u>25,122</u>	<u>(124,591)</u>	<u>(2,167,905)</u>	<u>(1,565,781)</u>	<u>(11,832)</u>	<u>(1,577,613)</u>	

		Attributable to owners of the parent					Non-		Total
		Share	Share	Share	Other	Accumulated	controlling	equity	
Notes		capital	premium*	option	reserve*	losses*	Total	interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	At 1 January 2024	128	701,465	28,282	(163,993)	(2,172,139)	(1,606,257)	(2,037)	(1,608,294)
	Profit/(Loss) for the period	-	-	-	-	(257,894)	(257,894)	3,003	(254,891)
	Other comprehensive loss for the period, net of tax	-	-	-	(561)	-	(561)	-	(561)
	Total comprehensive income/(loss) for the period	-	-	-	(561)	(257,894)	(258,455)	3,003	(255,452)
	Transaction with non-controlling interests	35	-	-	(2,420)	-	(2,420)	20	(2,400)
	Recognition of share-based payment expenses	32	-	-	374,670	-	374,670	-	374,670
	Others	-	-	-	-	-	-	(986)	(986)
	At 30 June 2024	<u>128</u>	<u>701,465</u>	<u>402,952</u>	<u>(166,974)</u>	<u>(2,430,033)</u>	<u>(1,492,462)</u>	<u>-</u>	<u>(1,492,462)</u>

\* These reserve accounts comprised of deficits RMB950,528,000, RMB1,366,317,000, RMB1,606,385,000 and RMB1,492,590,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(563,834)	(456,771)	(189,839)	(202,260)	(202,756)
Adjustments for:						
Depreciation of property, plant and equipment	15	14,106	10,488	13,837	6,151	12,333
Impairment of property, plant and equipment	15	20,634	6,159	–	–	–
Depreciation of right-of-use assets	16(a)	21,304	22,060	21,237	10,715	10,074
Amortisation of intangible assets	17	3,252	6,329	9,618	5,399	14,854
Impairment of inventories		2,474	5,752	152	–	430
Impairment/(reversal of impairment) of trade and notes receivables, net	9	(149)	(197)	871	59	58
(Gain)/loss on disposal of items of property, plant and equipment	9	107	(2)	22	(3)	(270)
Gain on early termination of leases		–	–	(77)	(77)	–
Fair value losses on convertible redeemable preferred shares	9	144,201	191,031	274,132	188,611	157,033
Fair value changes of cash management products	9	(6,680)	(1,695)	(27)	(14)	(2)
Share-based payment expenses	9	6,863	6,337	6,231	3,071	374,670
Finance costs	8	2,323	1,574	1,654	1,323	891
Others		(520)	(29)	229	330	278
		(355,919)	(208,964)	138,040	13,305	367,593
Decrease/(increase) in inventories		6,964	2,809	(15,238)	7,540	(76,024)
Decrease/(increase) in trade and notes receivables		3,723	9,815	(23,828)	(8,151)	(27,705)
Decrease/(increase) in prepayments, other receivables and other assets		2,048	13,074	(3,610)	(9,668)	(25,938)
(Increase)/decrease in pledged deposits		(4,719)	(4,345)	923	(917)	(446)
(Decrease)/increase in trade and notes payables		(12,995)	25,654	141,138	62,838	255,034
Increase/(decrease) in other payables and accruals		64,047	(7,835)	11,807	(8,909)	768
Increase in contract liabilities		3,523	1,060	35,696	4,881	17,832

Notes	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Cash (used in)/from operations	(293,328)	(168,732)	284,928	60,919	511,114
Income tax paid	(5)	(5)	(36)	(8)	(3,082)
Net cash flows (used in)/from operating activities	(293,333)	(168,737)	284,892	60,911	508,032
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of items of property, plant and equipment	85	22	45	32	360
Purchases of items of property, plant and equipment	(23,852)	(16,889)	(24,311)	(12,642)	(22,068)
Purchases of items of intangible assets	(7,815)	(5,700)	(19,030)	(3,701)	(20,762)
Purchase of financial assets at fair value through profit or loss	(1,199,080)	–	(10,000)	(10,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss	999,979	273,229	10,027	10,014	1,253
Net cash flows (used in)/from investing activities	(230,683)	250,662	(43,269)	(16,297)	(41,217)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Issue of ordinary shares	–	31,553	–	–	–
Proceeds from issuance of Preferred Shares	–	350,597	1,194,000	1,117,000	–
Payment in connection with the Reorganization in Chinese Mainland	–	(351,812)	(1,219,818)	(1,142,818)	(4,520)
Payment for Warrant settlement	29	–	–	–	(183,000)
Lease payments	(22,368)	(28,853)	(19,300)	(6,695)	(12,545)
Proceeds from bank borrowings	–	5,000	884,247	884,247	–
Repayment of bank borrowings	–	–	(889,247)	(889,247)	–
Repayment of loan payable to a third party	–	–	–	–	(7,095)
Borrowings from a related party	–	25,000	–	–	–
Capital contribution from series A preferred shareholders	600,000	–	–	–	–
Capital contribution from a non-controlling interest	1,800	–	–	–	–
Repayment of amounts due to related parties	–	–	(18,974)	–	(25,914)

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Acquisition of non-controlling interest equity	35	-	-	-	-	(32,400)
Issuance costs paid		-	-	-	-	(7,540)
Interest paid		-	(10)	(1,054)	(937)	-
Net cash flows from/(used in) financing activities		579,432	31,475	(70,146)	(38,450)	(273,014)
NET INCREASE IN CASH AND CASH EQUIVALENTS		55,416	113,400	171,477	6,164	193,801
Cash and cash equivalents at beginning of year/period		20,813	76,153	188,972	188,972	360,837
Effects of foreign exchange rate changes, net		(76)	(581)	388	(91)	(546)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	23	76,153	188,972	360,837	195,045	554,092
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows		76,153	188,972	360,837	195,045	554,092

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
				RMB'000	
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary	*	1,774,864	1,781,201	1,787,432	1,802,794
Total non-current assets		1,774,864	1,781,201	1,787,432	1,802,794
<b>CURRENT ASSETS</b>					
Prepayments, other receivables and other current assets	22	–	–	10,626	40,508
Receivables in connection with the Reorganization	28	1,759,150	1,377,000	183,000	–
Cash and cash equivalents	23	–	11,015	62,290	22,055
Total current assets		1,759,150	1,388,015	255,916	62,563
<b>CURRENT LIABILITIES</b>					
Other payables and accruals	25	1,759,150	1,388,264	256,328	262,106
Total current liabilities		1,759,150	1,388,264	256,328	262,106
NET CURRENT LIABILITIES		–	(249)	(412)	(199,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,774,864	1,780,952	1,787,020	1,603,251
<b>NON-CURRENT LIABILITIES</b>					
Convertible redeemable preferred shares	29	1,382,853	1,573,884	1,848,016	1,822,049
Total non-current liabilities		1,382,853	1,573,884	1,848,016	1,822,049
Net assets/(liabilities)		392,011	207,068	(60,996)	(218,798)

	<i>Notes</i>	As at 31 December			As at
		2021	2022	2023	30 June
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
					<i>RMB'000</i>
<b>EQUITY</b>					
Share capital		–	112	128	128
Reserves/(Deficits)	31	392,011	206,956	(61,124)	(218,926)
Total equity		392,011	207,068	(60,996)	(218,798)

\* As at the end of each of the Relevant Periods, the Company has direct interest in Bloks Holding Limited, the balances of the Company's investment in a subsidiary are as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
				<i>RMB'000</i>
Investment, at cost	1,759,150	1,759,150	1,759,150	1,759,150
Investment arising from share-based payment relating to intra-group transactions	15,714	22,051	28,282	43,644
	1,774,864	1,781,201	1,787,432	1,802,794



## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

Bloks Group Limited (the “Company”) was incorporated in the Cayman Islands on 28 July 2021 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as set out in the paragraph headed “Reorganization” in the section headed “History, Development and Reorganization” in the Prospectus (the “Reorganization”). During the Relevant Periods, the Company’s subsidiaries were principally engaged in the design, development and sales of toys.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, the principal subsidiaries are as follows:

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	
Bloks Holding Limited (a)	BVI 10 August 2021	USD50,000	100.00%	–	Investment holding
China Bloks Holding Limited (a)	Hong Kong 31 August 2021	HK\$10,000	–	100.00%	Investment holding
Shanghai Bloks Technology Group Co., Ltd.* (上海布魯可科技集團 有限公司) (b)	Shanghai, PRC 24 December 2014	RMB300,000,000	–	100.00%	Design, development and sales of toys
Shanghai Bloks Bricks Technology Co., Ltd.* (上海布魯可積木科技 有限公司) (b)	Shanghai, PRC 1 March 2019	RMB100,000,000	–	100.00%	Design, development and sales of toys
Shanghai Puti Culture Communication Limited* (上海葡緹文化傳播有限公司) (a)	Shanghai, PRC 27 July 2016	RMB5,000,000	–	100.00%	Sales of toys
Shanghai Bloks Trading Limited* (上海布魯可貿易有限公司) (a)	Shanghai, PRC 1 September 2022	RMB10,000,000	–	100.00%	Sales of toys

## Notes:

- (a) No audited financial statements have been prepared for these entities for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024.
- (b) The statutory financial statements of these entities for the years ended 31 December 2021, 2022 and 2023 prepared in accordance with Accounting Standards for Business Enterprises were audited by Dahua Certified Public Accountants LLP, certified public accountants registered in the PRC.

\* The English names of the companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as no English names have been registered.

## 2.1 BASIS OF PRESENTATION

The Historical Financial Information has been prepared on a going concern basis notwithstanding the Group has recorded net liabilities of RMB1,492,462,000 as at 30 June 2024. There was RMB1,822,049,000 convertible redeemable preferred shares recorded as non-current liabilities as at 30 June 2024. The original redemption right of these convertible redeemable preferred shares was provided in the failure to consummate a Qualified IPO by 30 June 2026 as repurchase event (as defined and detailed in Accountants' Report, note 29). In addition, special rights granted to convertible redeemable preferred shares have been terminated immediately before the submission of the listing application for the Global Offering (the "Listing Application") provided that the rights so terminated shall resume in the event that the Listing Application is withdrawn or rejected by the Stock Exchange or the Listing has not completed within 12 months after the Listing Application, and all other special rights will be terminated automatically upon the Listing. Therefore, such holders will not require the Company to redeem such preferred shares within the next 12 months from 30 June 2024.

The directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months.

Pursuant to the Reorganization, as more fully explained in the sub-section headed "Our History" in the section headed "History, Development and Reorganization" in the Prospectus, the Company was incorporated on 28 July 2021 and became the holding company of the companies now comprising the Group on 7 November 2022 after the completion of reorganization.

The companies now comprising the Group were under the common control of the Controlling Shareholder before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed on the date of the incorporation of the Company.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the six months ended 30 June 2023 include the consolidated results and cash flows of the Company and its subsidiaries now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group at the end of each of the Relevant Periods have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganization.

### **Basis of consolidation**

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods and the six months ended 30 June 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

As foreign investors were prohibited from holding legal ownership over certain licenses and permits held by Shanghai Information Technology Co., Ltd. and its subsidiaries under the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version). A wholly-owned subsidiary of the Company, Shanghai Bloks Technology Group Co., Ltd. has entered into a series of contractual arrangements (the "Contractual Arrangements") with Shanghai Information Technology Co., Ltd. and its subsidiaries (the "Consolidated Affiliated Entity") and its respective shareholders. The Contractual Arrangements enable Shanghai Bloks Technology Group Co., Ltd. to exercise effective control over the Consolidated Affiliated Entity and obtain substantially all economic benefits of the Consolidated Affiliated Entity. Accordingly, Consolidated Affiliated Entity was owned through Contractual Arrangements, while, through the period of Contractual Arrangements, the Company regards the Consolidated Affiliated Entity as indirect subsidiary and consolidated the assets, liabilities and results of operations of the Consolidated Affiliated Entity in the financial statements of the Group. These entities were owned through effective period of the Contractual Arrangements, which has been terminated on 31 March 2024.

All intra-group transactions and balances have been eliminated on consolidation.

## 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which comprise all standards and interpretations approved by the IASB.

All IFRSs effective for the accounting period commencing from 1 January 2024, including relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and convertible redeemable preferred shares, which have been measured at fair value.

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised 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 Venture</i> <sup>1</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>4</sup>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to:</i> IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> IFRS 7 <i>Financial Instruments: Disclosures Guidance on Implementing IFRS 7 Financial Instruments: Disclosures</i> IFRS 9 <i>Financial Instruments</i> IFRS 10 <i>Consolidated Financial Statements</i> IAS 7 <i>Statement of Cash Flows</i> <sup>4</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2026

The application of IFRS 18 has no impact on the consolidated statements of financial position of the Group, but has impact on presentation of the consolidated statements of profit or loss. Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRSs will have no material impact on the Group's financial performance and financial position in foreseeable future.

### 2.4 MATERIAL ACCOUNTING POLICIES

#### Fair value measurement

The Group measures its financial products at fair value through profit or loss and convertible redeemable preferred shares at fair value at the end of each of the Relevant Periods. 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 of the Relevant Periods.

#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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.

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 of the Relevant Periods 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; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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 capitalized 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 of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Category	Estimated useful lives
Electronic equipment	3 years
Mold equipment	3 years
Furniture	2 to 5 years
Transportation equipment	4 years
Leasehold improvements	Over the shorter of lease terms and estimated useful lives

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

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.

### Intangible assets (other than goodwill)

Intangible assets mainly include licensed intellectual property ("IP"), sponsorship and software. They are initially recognised and measured at cost. Intangible assets with finite lives are subsequently amortised when ready for use and on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

#### *Licensed intellectual property ("Licensed IP")*

License rights are stated at historical cost less accumulated amortisation and accumulated impairment losses. The historical costs of license rights are measured at the present values of the fixed minimum payments at the date of purchase of the respective license rights. Variable consideration in relation to license rights that depend on sales or production is recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The useful lives of items of the licensed IP are determined based on shorter of the expected lifecycle of the items of IP, and the contractual term of the respective license agreements, during which such assets can bring economic benefits to the Group.

#### *Amortisation methods and periods*

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

Category	Estimated useful lives
Licensed IP	1 to 3 years
Sponsorship	2 years
Software	3 to 10 years

#### **Research and development expenses**

All research costs are charged to the statements of 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:

Properties	1 to 3 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 and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

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

***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 in the statement of profit or loss 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.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

**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 the statements of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of 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 statements of financial position) when:

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

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

***General approach***

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

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 may 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 and contract assets which apply the simplified approach as detailed below.

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

***Simplified approach***

For trade receivables 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 convertible redeemable preferred shares, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 notes payables, other payables and accruals, amounts due to related parties, convertible redeemable preferred shares and 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 the statements of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. The convertible redeemable preferred shares issued by the Company were designated upon initial recognition at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss. Gains or losses on the convertible redeemable preferred shares are recognised in the statements of profit or loss, except for the gains or losses arising from the Company's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statements of profit or loss. The net fair value gain or loss recognised in the statements of profit or loss does not include any interest charged on these financial liabilities.

**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. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Cash and cash equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including short-term deposits, and assets similar in nature to cash, which are not restricted as to use.

**Provisions**

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of Relevant Periods and the six months ended 30 June 2023 of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

#### 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 Relevant Periods and the six months ended 30 June 2023, 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 Relevant Periods and the six months ended 30 June 2023 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, 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, 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 of the Relevant Periods 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 of the Relevant Periods 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 at the end of Relevant Periods and the six months ended 30 June 2023.

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.

**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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

**(a) *Sale of goods***

Revenue from the sale of goods is recognised at the point in time when control of the assets is transferred to the customer, generally on receipt of the goods by customer or upon the confirmation from customer. For consignment sales, the consignment sales partners obtain goods from the Group at the same time when they complete the sales transaction with end-customers. Revenue is recognised upon sales to end-consumers from consignment sales partners.

**(b) *Rights of return***

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

**(c) *Variable consideration: volume-based 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 the 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. 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 liability for the expected future rebates is recognised.

(d) *Customer loyalty programme*

The Group operates a loyalty programme where retail and online customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue from the award points is recognised when the points are redeemed or expired.

***Revenue from other sources***

Other non-toy revenue associated with our self-developed IPs is recognized when the customer simultaneously receives and consumes the benefits provided by the Group.

**Other income**

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

**Contract liabilities**

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

**Other 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. The subsidiaries operating in Chinese Mainland are required to contribute a certain percentage of their 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 and other social insurances***

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

**Borrowing costs**

All 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 (including directors) and consultants 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 values of the Group's shares at the grant date, further details of which are given in note 32 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense or the expenses for the services provided by the consultants, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods and the six months ended 30 June 2023 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.

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

#### **Foreign currencies**

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, the USD. As the major assets of the Group are derived from operations in Chinese Mainland, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the each of the Relevant Periods and the six months ended 30 June 2023. 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 currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT 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 of the Relevant Periods, 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.

#### *Fair values of convertible redeemable preferred shares*

The fair values of the convertible redeemable preferred shares measured at fair value through profit or loss are determined using the valuation techniques, including the discounted cash flow method and the option-pricing method. Such valuation is based on key parameters about risk-free rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty and might materially differ from the actual results. The fair values of convertible redeemable preferred shares at the end of each of the Relevant Periods were RMB1,382,853,000, RMB1,573,884,000, RMB1,848,016,000 and RMB1,822,049,000, respectively. Further details are included in note 29 to the Historical Financial Information.

#### *Leases — Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference 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 19 to the Historical Financial Information.

#### *Variable consideration for volume rebates*

The Group estimates variable consideration to be included in the transaction price for the sale of products with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to the volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group updates its assessment of expected volume rebates accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of actual rebate entitlements in the future.



*Provision for expected credit losses of trade and notes receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

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 are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, 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 of forecast economic conditions. The 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 and notes receivables is disclosed in Note 21 to the Historical Financial Information.

**4. OPERATING SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. During the Relevant Periods and the six months ended 30 June 2023, the Group was principally engaged in the design, development and sales of toys products. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

**Geographical information**

No geographical information is presented as the Group's revenue from the external customers is mainly derived from its operations in Chinese Mainland and no non-current assets of the Group are located outside Chinese Mainland.

**Information about major customers**

Revenue of approximately RMB40,195,000 was derived from sales to a single customer, accounting for approximately 12.2% of the total revenue for the year ended 31 December 2021. Other than this customer, no revenue from sales to a single customer or a group of customers under common control accounted for 10.0% or more of the Group's revenue for each of the Relevant Periods and the six months ended 30 June 2023.

## 5. REVENUE

Revenue primarily represents income from sales of toys during the Relevant Periods and the six months ended 30 June 2023.

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	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>
<b>Revenue from contracts with customers</b>					
Offline sales	150,706	189,912	769,071	257,558	971,431
Distribution sales*	112,837	157,004	732,700	238,111	957,859
Consignment sales	37,869	32,908	36,371	19,447	13,572
Online sales	170,957	134,412	106,249	51,946	74,616
Others	8,109	1,250	1,366	435	156
	<u>329,772</u>	<u>325,574</u>	<u>876,686</u>	<u>309,939</u>	<u>1,046,203</u>

\* Distribution sales primarily include sales transactions to distributors.

The Group derives revenues at a point in time:

	Year ended 31 December			Six months ended 30 June	
	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>
<b>Timing of revenue recognition</b>					
Revenue recognised at a point in time	<u>329,772</u>	<u>325,574</u>	<u>876,686</u>	<u>309,939</u>	<u>1,046,203</u>

The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2023 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	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>
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>					
Sale of goods	<u>26,046</u>	<u>29,569</u>	<u>30,629</u>	<u>19,797</u>	<u>54,655</u>

Performance obligations:

The performance obligation of the sale of goods is recognised at the point in time when control of the assets is transferred to the customer, generally on receipt of the goods by customer or upon the confirmation from customer and payment in advance is normally required, except for customers with credit terms where payment is generally due within 1 to 3 months.

## 6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Other income					
Bank interest income	2,233	4,911	3,864	900	3,020
Government grants (i)	365	5,644	1,379	752	210
Others	336	164	662	414	233
	<u>2,934</u>	<u>10,719</u>	<u>5,905</u>	<u>2,066</u>	<u>3,463</u>
Other gains and losses, net					
Fair value changes of cash management products	6,680	1,695	27	14	2
Gain/(loss) on disposal of items of property, plant and equipment	(107)	2	(22)	3	270
Others	–	–	77	416	170
	<u>6,573</u>	<u>1,697</u>	<u>82</u>	<u>433</u>	<u>442</u>
	<u>9,507</u>	<u>12,416</u>	<u>5,987</u>	<u>2,499</u>	<u>3,905</u>

(i) The government grants have been received from the PRC local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled eligibility requirements and conditions relating to these government grants.

## 7. OTHER EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Impairment of mold equipment	20,634	6,159	–	–	–
Donation (i)	–	11,553	–	–	–
Others	304	184	695	221	1,241
	<u>20,938</u>	<u>17,896</u>	<u>695</u>	<u>221</u>	<u>1,241</u>

(i) For the year ended 31 December 2022, the Group donated certain toy products of RMB11,553,000, including value-added tax and freight charges, to support the China Employee Development Foundation (中國職工發展基金會).

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	2,323	1,564	600	386	891
Borrowings costs	–	10	1,054	937	–
	<u>2,323</u>	<u>1,574</u>	<u>1,654</u>	<u>1,323</u>	<u>891</u>

## 9. LOSS BEFORE TAX

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

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold (i)		206,371	202,155	461,764	173,731	492,467
Marketing and promotion expenses		272,518	120,180	73,706	32,427	48,037
Depreciation of property, plant and equipment	15	14,106	10,488	13,837	6,151	12,333
Impairment of property, plant and equipment	15	20,634	6,159	–	–	–
Depreciation of right-of-use assets	16(a)	21,304	22,060	21,237	10,715	10,074
Amortisation of intangible assets	17	3,252	6,329	9,618	5,399	14,854
Impairment of inventories		2,474	5,752	152	–	430
Lease payments not included in the measurement of lease liabilities		2,278	483	1,173	546	402
Impairment losses recognised/(reversal of impairment losses) on trade and notes receivables, net	21	(149)	(197)	871	59	58
Government grants	6	(365)	(5,644)	(1,379)	(752)	(210)
Donation	7	–	11,553	–	–	–
Employee benefit expense (including directors' and chief executive's remuneration as set out in note 10):						
Wages and salaries		108,558	113,761	113,717	57,543	86,008
Social welfare		941	767	2,026	664	1,269
Pension scheme contributions		25,344	30,278	30,017	14,680	19,421
Share-based payment expenses		6,863	6,337	6,231	3,071	374,670
		<u>141,706</u>	<u>151,143</u>	<u>151,991</u>	<u>75,958</u>	<u>481,368</u>

Notes	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Foreign exchange differences, net	63	(108)	143	(339)	762
Fair value changes on convertible redeemable preferred shares	29	144,201	191,031	274,132	188,611
Fair value changes of cash management products	6	(6,680)	(1,695)	(27)	(14)
(Gain)/loss on disposal of items of property, plant and equipment	6	107	(2)	22	(3)
Listing expenses	–	–	–	–	15,355

- (i) Cost of inventories sold include expenses relating to depreciation of mold equipment and amortisation of licensed IP, which are also included in the respective total amounts disclosed separately in depreciation of property, plant and equipment and amortisation of intangible assets above.

#### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the six months ended 30 June 2023 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees:					
Directors	–	–	–	–	–
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	1,100	1,464	2,239	1,103	1,107
Pension scheme contributions	175	238	305	148	134
Share-based payment expenses	–	–	–	–	361,615
Subtotal	1,275	1,702	2,544	1,251	362,856
Total	1,275	1,702	2,544	1,251	362,856

**(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2023 were as follows:

	Year ended 31 December			Six months ended 30 June	
	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>
Mr. Gao Pingyang	–	–	–	–	–
Ms. Huang Rong	–	–	–	–	–
Mr. Shang Jian	–	–	–	–	–
Total	–	–	–	–	–

Mr. Gao Pingyang, Ms. Huang Rong and Mr. Shang Jian were appointed as independent non-executive directors on 9 May 2024.

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

**(b) Executive directors, non-executive directors and the chief executive**

Year ended 31 December 2021

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chief executive and executive director: Mr. Zhu Weisong	267	68	–	335
Executive director: Mr. Sheng Xiaofeng	833	107	–	940
Non-executive director: Mr. Chang Kaisi	–	–	–	–
Total	1,100	175	–	1,275

Year ended 31 December 2022

	<b>Salaries, bonuses, allowances and benefits in kind</b>	<b>Pension scheme contributions</b>	<b>Share-based payment expenses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chief executive and executive director:				
Mr. Zhu Weisong	267	68	–	335
Executive directors:				
Mr. Sheng Xiaofeng	783	112	–	895
Mr. Huang Zheng (i)	414	58	–	472
Non-executive directors:				
Mr. Chang Kaisi	–	–	–	–
Mr. Shao Zhenxing (ii)	–	–	–	–
Mr. Huang Xin (iii)	–	–	–	–
Total	<u>1,464</u>	<u>238</u>	<u>–</u>	<u>1,702</u>

Year ended 31 December 2023

	<b>Salaries, bonuses, allowances and benefits in kind</b>	<b>Pension scheme contributions</b>	<b>Share-based payment expenses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chief executive and executive director:				
Mr. Zhu Weisong	267	67	–	334
Executive directors:				
Mr. Sheng Xiaofeng	1,010	119	–	1,129
Mr. Huang Zheng (i)	962	119	–	1,081
Non-executive directors:				
Mr. Chang Kaisi	–	–	–	–
Mr. Shao Zhenxing (ii)	–	–	–	–
Mr. Huang Xin (iii)	–	–	–	–
Mr. Chen Rui (iv)	–	–	–	–
Total	<u>2,239</u>	<u>305</u>	<u>–</u>	<u>2,544</u>

Six months ended 30 June 2023

	<b>Salaries, bonuses, allowances and benefits in kind</b>	<b>Pension scheme contributions</b>	<b>Share-based payment expenses</b>	<b>Total</b>
	<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>
Chief executive and executive director:				
Mr. Zhu Weisong	133	34	–	167
Executive directors:				
Mr. Sheng Xiaofeng	504	57	–	561
Mr. Huang Zheng (i)	466	57	–	523
Non-executive directors:				
Mr. Chang Kaisi	–	–	–	–
Mr. Shao Zhenxing (ii)	–	–	–	–
Mr. Huang Xin (iii)	–	–	–	–
Total	<u>1,103</u>	<u>148</u>	<u>–</u>	<u>1,251</u>

Six months ended 30 June 2024

	<b>Salaries, bonuses, allowances and benefits in kind</b>	<b>Pension scheme contributions</b>	<b>Share-based payment expenses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chief executive and executive director:				
Mr. Zhu Weisong	133	33	359,308*	359,474
Executive directors:				
Mr. Sheng Xiaofeng	638	61	2,038	2,737
Mr. Huang Zheng (i)	336	40	269	645
Non-executive directors:				
Mr. Chang Kaisi	–	–	–	–
Mr. Huang Xin (iii)	–	–	–	–
Mr. Chen Rui (iv)	–	–	–	–
Total	<u>1,107</u>	<u>134</u>	<u>361,615</u>	<u>362,856</u>



- (i) Mr. Huang Zheng was appointed as executive director of the Company on 25 July 2022 and resigned on 9 May 2024.
- (ii) Mr. Shao Zhenxing was appointed as non-executive director on 25 July 2022 and resigned on 27 December 2023.
- (iii) Mr. Huang Xin was appointed as non-executive director on 25 July 2022 and resigned on 11 April 2024.
- (iv) Mr. Chen Rui was appointed as non-executive director on 27 December 2023.
- \* Certain share options were granted to the chief executive and executive directors of the Group under a share incentive scheme, in respect of their services to the Group. Further details of which are included in the disclosures in Note 32.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2023.

#### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 included nil, nil, nil, nil and two of the then directors including the chief executive, respectively, details of whose remuneration are set out in note 10 above.

Details of the remuneration of the remaining five, five, five, five and three highest paid employees who are neither a director nor chief executive of the Company for the year ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Salaries, bonuses, allowances and benefits in kind	3,215	3,439	10,633	2,581	1,669
Pension scheme contributions	513	550	540	273	182
Share-based payment expenses	4,341	4,341	3,693	2,132	3,418
Total	<u>8,069</u>	<u>8,330</u>	<u>14,866</u>	<u>4,986</u>	<u>5,269</u>

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				<i>(unaudited)</i>	
Nil to HK\$1,000,000	–	–	–	2	–
HK\$1,000,001 to HK\$2,000,000	3	3	–	3	1
HK\$2,000,001 to HK\$3,000,000	1	1	2	–	2
HK\$3,000,001 to HK\$4,000,000	1	1	2	–	–
HK\$4,000,001 to HK\$5,000,000	–	–	1	–	–
Total	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>

Certain non-director and non-chief executive highest paid employees were granted shares under a share incentive scheme, in respect of their services to the Group, further details of which are included in the disclosures in Note 32. The fair value of such shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2023 are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

## 12. INCOME TAX EXPENSE

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

### Chinese Mainland

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries during the Relevant Periods and the six months ended 30 June 2023.

One of the Group's PRC subsidiaries, Shanghai Bloks Bricks Technology Co., Ltd. was accredited as a "High and New Technology Enterprise" under the relevant tax rules and regulations in November 2021, and accordingly, was entitled to a reduced preferential CIT rate of 15% during the Relevant Periods and the six months ended 30 June 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

### USA

The subsidiary incorporated in the USA is subject to statutory United States federal corporate income tax at a rate of 21%.

### Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2023, except for two subsidiaries of the Group which are a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

### Cayman Islands

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

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2023 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	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>
Current tax	5	5	154	105	9,190
Deferred tax	(56,986)	(34,071)	17,488	423	42,945
	(56,981)	(34,066)	17,642	528	52,135

A reconciliation of tax expense applicable to loss before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the six months ended 30 June 2023 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(563,834)	(456,771)	(189,839)	(202,260)	(202,756)
Tax at statutory tax rate of 25%	(140,959)	(114,193)	(47,459)	(50,565)	(50,689)
Impact of different tax rate	107	585	215	178	4,261
Effect of tax concessions	28,204	16,959	(16,197)	(2,593)	(35,486)
Expenses not deductible for tax	2,205	2,350	1,969	973	93,385
Tax losses utilised from previous years	(2)	(49)	(90)	(15)	(78)
Tax losses not recognised	53,464	60,282	79,204	52,550	40,742
Tax (credit)/charge for the year/period	<u>(56,981)</u>	<u>(34,066)</u>	<u>17,642</u>	<u>528</u>	<u>52,135</u>

### 13. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

### 14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 151,985,664, 148,844,005, 148,844,005, 148,844,005 and 148,844,005 in issue during the Relevant Periods and the six months ended 30 June 2023, after taking into account the retrospective adjustment of Reorganization as disclosed in Note 28, redemption rights granted to capital swap as disclosed in Note 29 and share capital in Note 30.

#### Loss per share

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(unaudited)	
<b>Loss</b>					
Loss attributable to ordinary equity holders of the parent (RMB'000)	(502,594)	(419,886)	(206,100)	(201,866)	(257,894)
<b>Shares</b>					
Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation ('000)	151,986	148,844	148,844	148,844	148,844
Basic loss per share (RMB)	<u>(3.31)</u>	<u>(2.82)</u>	<u>(1.38)</u>	<u>(1.36)</u>	<u>(1.73)</u>

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2023 in respect of a dilution as the impact of convertible redeemable preferred shares and equity-settled share-based payment had an anti-dilutive effect on the basic loss per share amounts presented.

#### 15. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment	Mold equipment	Furniture	Transportation equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2021</b>						
At 1 January 2021:						
Cost	9,223	23,320	5,162	2,015	19,570	59,290
Accumulated depreciation and impairment	(7,934)	(4,782)	(4,012)	(1,728)	(18,612)	(37,068)
Net carrying amount	<u>1,289</u>	<u>18,538</u>	<u>1,150</u>	<u>287</u>	<u>958</u>	<u>22,222</u>
At 1 January 2021, net of accumulated depreciation						
	1,289	18,538	1,150	287	958	22,222
Additions	2,170	21,680	2	–	–	23,852
Disposals	(180)	(8)	–	–	–	(188)
Depreciation provided during the year	(724)	(11,883)	(729)	(140)	(630)	(14,106)
Impairment	–	(20,634)	–	–	–	(20,634)
At 31 December 2021, net of accumulated depreciation and impairment	<u>2,555</u>	<u>7,693</u>	<u>423</u>	<u>147</u>	<u>328</u>	<u>11,146</u>
At 31 December 2021:						
Cost	7,946	44,903	5,164	2,015	19,570	79,598
Accumulated depreciation	(5,391)	(16,576)	(4,741)	(1,868)	(19,242)	(47,818)
Impairment	–	(20,634)	–	–	–	(20,634)
Net carrying amount	<u>2,555</u>	<u>7,693</u>	<u>423</u>	<u>147</u>	<u>328</u>	<u>11,146</u>
<b>31 December 2022</b>						
At 1 January 2022:						
Cost	7,946	44,903	5,164	2,015	19,570	79,598
Accumulated depreciation	(5,391)	(16,576)	(4,741)	(1,868)	(19,242)	(47,818)
Impairment	–	(20,634)	–	–	–	(20,634)
Net carrying amount	<u>2,555</u>	<u>7,693</u>	<u>423</u>	<u>147</u>	<u>328</u>	<u>11,146</u>

	Electronic equipment	Mold equipment	Furniture	Transportation equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022, net of accumulated depreciation	2,555	7,693	423	147	328	11,146
Additions	1,048	27,305	24	–	40	28,417
Disposals	(20)	(111)	–	–	–	(131)
Depreciation provided during the year	(1,163)	(8,955)	(135)	(47)	(188)	(10,488)
Impairment	–	(6,159)	–	–	–	(6,159)
At 31 December 2022, net of accumulated depreciation and impairment	<u>2,420</u>	<u>19,773</u>	<u>312</u>	<u>100</u>	<u>180</u>	<u>22,785</u>
At 31 December 2022:						
Cost	8,907	72,098	5,188	2,015	19,610	107,818
Accumulated depreciation	(6,487)	(25,532)	(4,876)	(1,915)	(19,430)	(58,240)
Impairment	–	(26,793)	–	–	–	(26,793)
Net carrying amount	<u>2,420</u>	<u>19,773</u>	<u>312</u>	<u>100</u>	<u>180</u>	<u>22,785</u>
<b>31 December 2023</b>						
At 1 January 2023:						
Cost	8,907	72,098	5,188	2,015	19,610	107,818
Accumulated depreciation	(6,487)	(25,532)	(4,876)	(1,915)	(19,430)	(58,240)
Impairment	–	(26,793)	–	–	–	(26,793)
Net carrying amount	<u>2,420</u>	<u>19,773</u>	<u>312</u>	<u>100</u>	<u>180</u>	<u>22,785</u>
At 1 January 2023, net of accumulated depreciation	2,420	19,773	312	100	180	22,785
Additions	937	37,850	3	–	–	38,790
Disposals	(66)	–	–	–	–	(66)
Depreciation provided during the year	(1,163)	(12,499)	(37)	–	(138)	(13,837)
At 31 December 2023, net of accumulated depreciation and impairment	<u>2,128</u>	<u>45,124</u>	<u>278</u>	<u>100</u>	<u>42</u>	<u>47,672</u>

	Electronic equipment	Mold equipment	Furniture	Transportation equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023:						
Cost	9,050	109,948	5,191	2,015	19,610	145,814
Accumulated depreciation	(6,922)	(38,031)	(4,913)	(1,915)	(19,568)	(71,349)
Impairment	–	(26,793)	–	–	–	(26,793)
Net carrying amount	<u>2,128</u>	<u>45,124</u>	<u>278</u>	<u>100</u>	<u>42</u>	<u>47,672</u>
<b>30 June 2024</b>						
At 1 January 2024:						
Cost	9,050	109,948	5,191	2,015	19,610	145,814
Accumulated depreciation	(6,922)	(38,031)	(4,913)	(1,915)	(19,568)	(71,349)
Impairment	–	(26,793)	–	–	–	(26,793)
Net carrying amount	<u>2,128</u>	<u>45,124</u>	<u>278</u>	<u>100</u>	<u>42</u>	<u>47,672</u>
At 1 January 2024, net of accumulated depreciation	2,128	45,124	278	100	42	47,672
Additions	993	36,174	–	1,147	–	38,314
Disposals	(236)	–	–	(70)	(19)	(325)
Depreciation provided during the period	(578)	(11,671)	(16)	(45)	(23)	(12,333)
At 30 June 2024, net of accumulated depreciation and impairment	<u>2,307</u>	<u>69,627</u>	<u>262</u>	<u>1,132</u>	<u>–</u>	<u>73,328</u>
At 30 June 2024:						
Cost	8,797	146,122	5,191	1,772	19,555	181,437
Accumulated depreciation	(6,490)	(49,702)	(4,929)	(640)	(19,555)	(81,316)
Impairment	–	(26,793)	–	–	–	(26,793)
Net carrying amount	<u>2,307</u>	<u>69,627</u>	<u>262</u>	<u>1,132</u>	<u>–</u>	<u>73,328</u>

In the year ended 31 December 2021 and 2022, management identified certain molds no longer in use and assessed the recoverable value of those molds was zero, as such molds were for obsolete brick-based toys. Impairment of RMB20,634,000 and RMB6,159,000 has been provided in 2021 and 2022, respectively. Except above, the Group did not identify impairment indicator may exist during the Relevant Periods.

## 16. LEASES

## The Group as a lessee

The Group has lease contracts for items of office and warehouse properties used in its operations. Leases of the Group generally have lease terms between 1 and 3 years.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
<b>Right-of-use assets</b>				
– Properties	44,146	27,238	58,442	49,357
<b>Lease liabilities</b>				
– Current	27,289	19,168	21,969	21,442
– Non-current	18,116	4,100	34,962	24,824
	45,405	23,268	56,931	46,266

(a) *Right-of-use assets*

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
At beginning of year/period	65,450	44,146	27,238	58,442
Addition	–	5,152	52,831	989
Disposal	–	–	(390)	–
Depreciation charge	(21,304)	(22,060)	(21,237)	(10,074)
At end of year/period	44,146	27,238	58,442	49,357

**(b) Lease liabilities**

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Carrying amount at beginning of year/period	65,450	45,405	23,268	56,931
New leases	–	5,152	52,831	989
Disposals	–	–	(468)	–
Accretion of interest recognised during the year/period	2,323	1,564	600	891
Payments	(22,368)	(28,853)	(19,300)	(12,545)
Carrying amount at end of year/period	<u>45,405</u>	<u>23,268</u>	<u>56,931</u>	<u>46,266</u>
Analysed into:				
Current portion	27,289	19,168	21,969	21,442
Non-current portion	18,116	4,100	34,962	24,824
	<u>45,405</u>	<u>23,268</u>	<u>56,931</u>	<u>46,266</u>

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

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	21,304	22,060	21,237	10,715	10,074
Interest on lease liabilities	2,323	1,564	600	386	891
Expense relating to short-term leases not included in lease liabilities	2,278	483	1,173	546	402
Gain arising from early termination of leases	–	–	(77)	(77)	–
	<u>25,905</u>	<u>24,107</u>	<u>22,933</u>	<u>11,570</u>	<u>11,367</u>

**(d) The total cash outflows for leases are disclosed in note 33(c) to the Historical Financial Information.**



## 17. INTANGIBLE ASSETS

	<u>Licensed IP</u>	<u>Sponsorship</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2021</b>				
At 1 January 2021:				
Cost	–	–	1,316	1,316
Accumulated amortisation	–	–	(1,065)	(1,065)
Net carrying amount	<u>–</u>	<u>–</u>	<u>251</u>	<u>251</u>
Cost at 1 January 2021, net of accumulated amortisation	–	–	251	251
Additions	5,475	2,358	–	7,833
Amortisation provided during the year	<u>(2,501)</u>	<u>(688)</u>	<u>(63)</u>	<u>(3,252)</u>
At 31 December 2021	<u>2,974</u>	<u>1,670</u>	<u>188</u>	<u>4,832</u>
At 31 December 2021:				
Cost	5,475	2,358	502	8,335
Accumulated amortisation	<u>(2,501)</u>	<u>(688)</u>	<u>(314)</u>	<u>(3,503)</u>
Net carrying amount	<u>2,974</u>	<u>1,670</u>	<u>188</u>	<u>4,832</u>
	<u>Licensed IP</u>	<u>Sponsorship</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2022</b>				
At 1 January 2022:				
Cost	5,475	2,358	502	8,335
Accumulated amortisation	<u>(2,501)</u>	<u>(688)</u>	<u>(314)</u>	<u>(3,503)</u>
Net carrying amount	<u>2,974</u>	<u>1,670</u>	<u>188</u>	<u>4,832</u>
Cost at 1 January 2022, net of accumulated amortisation	2,974	1,670	188	4,832
Additions	5,513	–	303	5,816
Amortisation provided during the year	<u>(5,073)</u>	<u>(1,179)</u>	<u>(77)</u>	<u>(6,329)</u>
At 31 December 2022	<u>3,414</u>	<u>491</u>	<u>414</u>	<u>4,319</u>
At 31 December 2022:				
Cost	7,276	2,358	805	10,439
Accumulated amortisation	<u>(3,862)</u>	<u>(1,867)</u>	<u>(391)</u>	<u>(6,120)</u>
Net carrying amount	<u>3,414</u>	<u>491</u>	<u>414</u>	<u>4,319</u>

	<u>Licensed IP</u>	<u>Sponsorship</u>	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2023</b>				
At 1 January 2023:				
Cost	7,276	2,358	805	10,439
Accumulated amortisation	<u>(3,862)</u>	<u>(1,867)</u>	<u>(391)</u>	<u>(6,120)</u>
Net carrying amount	<u>3,414</u>	<u>491</u>	<u>414</u>	<u>4,319</u>
Cost at 1 January 2023, net of accumulated amortisation	3,414	491	414	4,319
Additions	11,072	–	–	11,072
Amortisation provided during the year	<u>(8,989)</u>	<u>(491)</u>	<u>(138)</u>	<u>(9,618)</u>
At 31 December 2023	<u>5,497</u>	<u>–</u>	<u>276</u>	<u>5,773</u>
At 31 December 2023:				
Cost	11,828	–	805	12,633
Accumulated amortisation	<u>(6,331)</u>	<u>–</u>	<u>(529)</u>	<u>(6,860)</u>
Net carrying amount	<u>5,497</u>	<u>–</u>	<u>276</u>	<u>5,773</u>
	<u>Licensed IP</u>	<u>Software</u>	<u>Total</u>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
<b>30 June 2024</b>				
At 1 January 2024:				
Cost		11,828	805	12,633
Accumulated amortisation		<u>(6,331)</u>	<u>(529)</u>	<u>(6,860)</u>
Net carrying amount		<u>5,497</u>	<u>276</u>	<u>5,773</u>
Cost at 1 January 2024, net of accumulated amortisation		5,497	276	5,773
Additions		23,007	1,124	24,131
Amortisation provided during the period		<u>(14,656)</u>	<u>(198)</u>	<u>(14,854)</u>
At 30 June 2024		<u>13,848</u>	<u>1,202</u>	<u>15,050</u>
At 30 June 2024:				
Cost		28,503	1,828	30,331
Accumulated amortisation		<u>(14,655)</u>	<u>(626)</u>	<u>(15,281)</u>
Net carrying amount		<u>13,848</u>	<u>1,202</u>	<u>15,050</u>

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Current				
– Cash management products	272,785	1,251	1,251	–

The cash management products were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and fixed interest.

## 19. DEFERRED TAX

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

	Impairment of assets	Accruals	Losses available for offsetting against future taxable profits	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	717	21,980	107,555	9,817	140,069
Deferred tax (charged)/credited to profit or loss during the year	3,066	(4,543)	58,932	(3,006)	54,449
Gross deferred tax assets at 31 December 2021	3,783	17,437	166,487	6,811	194,518
At 1 January 2022	3,783	17,437	166,487	6,811	194,518
Deferred tax (charged)/credited to profit or loss during the year	1,752	(2,500)	34,920	(3,321)	30,851
Gross deferred tax assets at 31 December 2022	5,535	14,937	201,407	3,490	225,369
At 1 January 2023	5,535	14,937	201,407	3,490	225,369
Deferred tax (charged)/credited to profit or loss during the year	83	3,594	(21,533)	5,049	(12,807)
Gross deferred tax assets at 31 December 2023	5,618	18,531	179,874	8,539	212,562

	<b>Impairment of assets</b>	<b>Accruals</b>	<b>Losses available for offsetting against future taxable profits</b>	<b>Lease liabilities</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	5,618	18,531	179,874	8,539	212,562
Deferred tax (charged)/credited to profit or loss during the period	157	3,217	(46,081)	(1,601)	(44,308)
Gross deferred tax assets at 30 June 2024	<u>5,775</u>	<u>21,748</u>	<u>133,793</u>	<u>6,938</u>	<u>168,254</u>

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

	<b>Fair value adjustments of financial assets at fair value through profit or loss</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	26	9,817	9,843
Deferred tax charged/(credited) to profit or loss during the year	658	(3,195)	(2,537)
Gross deferred tax liabilities at 31 December 2021	<u>684</u>	<u>6,622</u>	<u>7,306</u>
At 1 January 2022	684	6,622	7,306
Deferred tax credited to profit or loss during the year	(684)	(2,536)	(3,220)
Gross deferred tax liabilities at 31 December 2022	<u>–</u>	<u>4,086</u>	<u>4,086</u>
At 1 January 2023	–	4,086	4,086
Deferred tax charged to profit or loss during the year	–	4,681	4,681
Gross deferred tax liabilities at 31 December 2023	<u>–</u>	<u>8,767</u>	<u>8,767</u>
At 1 January 2024	–	8,767	8,767
Deferred tax credited to profit or loss during the period	–	(1,363)	(1,363)
Gross deferred tax liabilities at 30 June 2024	<u>–</u>	<u>7,404</u>	<u>7,404</u>

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Net deferred tax assets recognised in the consolidated statements of financial position	187,212	221,283	203,795	160,850

Deferred tax assets have not been recognised in respect of these losses 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 can be utilised.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Tax losses	293,705	340,634	426,484	132,930

## 20. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Finished goods	61,288	46,344	55,524	124,941
Raw materials	6,081	10,955	20,207	22,318
Goods in transit	2,400	3,909	563	4,075
	69,769	61,208	76,294	151,334

## 21. TRADE AND NOTES RECEIVABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade receivables	25,562	15,647	38,964	63,920
Notes receivable	–	100	–	–
	25,562	15,747	38,964	63,920
Less: allowance for impairment	(645)	(448)	(708)	(622)
Net carrying amount	24,917	15,299	38,256	63,298

Advance payment is normally required except for certain customers where credits are granted. The credit period is generally 1 to 3 months. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade and notes receivables as at the end of each of the Relevant Periods, based on the billing date and net of loss allowance, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
Within 3 months	22,812	14,114	36,428	62,635
3 to 6 months	1,563	692	1,600	477
6 to 9 months	322	195	110	43
9 months to 1 year	88	232	34	84
Over 1 year	132	66	84	59
	<u>24,917</u>	<u>15,299</u>	<u>38,256</u>	<u>63,298</u>

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

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
At beginning of year/period	1,074	645	448	708
Impairment losses/(reversal of impairment losses), net	(149)	(197)	871	58
Write-off	(280)	–	(611)	(144)
At end of year/period	<u>645</u>	<u>448</u>	<u>708</u>	<u>622</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due 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.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

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

	<u>Within 3 months</u>	<u>3 to 6 months</u>	<u>6 to 9 months</u>	<u>9 months to 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
At 31 December 2021						
Expected credit loss rate	0.48%	8.97%	26.82%	35.29%	61.85%	2.52%
Gross carrying amount (RMB'000)	<u>22,923</u>	<u>1,717</u>	<u>440</u>	<u>136</u>	<u>346</u>	<u>25,562</u>
Expected credit losses (RMB'000)	<u>111</u>	<u>154</u>	<u>118</u>	<u>48</u>	<u>214</u>	<u>645</u>
At 31 December 2022						
Expected credit loss rate	0.61%	8.59%	22.31%	33.52%	65.26%	2.86%
Gross carrying amount (RMB'000)	<u>14,100</u>	<u>757</u>	<u>251</u>	<u>349</u>	<u>190</u>	<u>15,647</u>
Expected credit losses (RMB'000)	<u>86</u>	<u>65</u>	<u>56</u>	<u>117</u>	<u>124</u>	<u>448</u>
At 31 December 2023						
Expected credit loss rate	0.85%	8.94%	19.12%	44.26%	69.00%	1.82%
Gross carrying amount (RMB'000)	<u>36,739</u>	<u>1,757</u>	<u>136</u>	<u>61</u>	<u>271</u>	<u>38,964</u>
Expected credit losses (RMB'000)	<u>311</u>	<u>157</u>	<u>26</u>	<u>27</u>	<u>187</u>	<u>708</u>
At 30 June 2024						
Expected credit loss rate	0.55%	11.50%	23.21%	42.47%	70.05%	0.97%
Gross carrying amount (RMB'000)	<u>62,982</u>	<u>539</u>	<u>56</u>	<u>146</u>	<u>197</u>	<u>63,920</u>
Expected credit losses (RMB'000)	<u>347</u>	<u>62</u>	<u>13</u>	<u>62</u>	<u>138</u>	<u>622</u>

In the opinion of the Company's directors, the business and customer risk portfolio of the Group remained stable and there were no significant fluctuations in the historical credit loss incurred. In addition, there is no significant change with regard to economic indicators based on an assessment of forward-looking information.

## 22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## Group

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:				
Prepaid licensed IP fee (i)	340	–	8,382	5,614
Deposits	6,531	6,531	6,336	6,337
Less: allowance for impairment	–	–	–	–
	<u>6,871</u>	<u>6,531</u>	<u>14,718</u>	<u>11,951</u>
Current:				
Deferred issuance costs	–	–	–	8,267
Value-added tax recoverable	14,486	3,558	5,082	15,341
Prepayments	7,271	4,917	7,592	11,522
Deposits	1,556	1,534	1,573	1,992
Others	1,217	1,447	1,014	1,736
Less: allowance for impairment	(584)	(555)	(784)	(1,172)
	<u>23,946</u>	<u>10,901</u>	<u>14,477</u>	<u>37,686</u>
	<u><u>30,817</u></u>	<u><u>17,432</u></u>	<u><u>29,195</u></u>	<u><u>49,637</u></u>

(i) Prepaid licensed IP fee is related to the prepayments of the licensed IP intangible assets.

As at the end of each of the Relevant Periods, other receivables of the Group are considered to be of low credit risk and thus the Group has assessed that the ECL for other receivables under the 12-month expected credit loss method.

## Company

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current:				
Deferred issuance costs	–	–	–	8,267
Amounts due from subsidiaries	–	–	10,626	32,241
	<u>–</u>	<u>–</u>	<u>10,626</u>	<u>40,508</u>



## 23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

## Group

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank	77,462	192,284	363,786	555,130
Cash equivalents (i)	3,410	5,752	5,192	7,549
Subtotal	<u>80,872</u>	<u>198,036</u>	<u>368,978</u>	<u>562,679</u>
Less:				
Pledged deposits for letters of guarantee	(1,100)	(2,300)	–	–
Pledged deposits for notes payable	<u>(3,619)</u>	<u>(6,764)</u>	<u>(8,141)</u>	<u>(8,587)</u>
Cash and cash equivalents	<u>76,153</u>	<u>188,972</u>	<u>360,837</u>	<u>554,092</u>

Cash and cash equivalents and pledged deposits are denominated in the following currencies:

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	79,063	196,573	360,451	545,658
USD	1,790	1,288	8,493	16,881
Others	<u>19</u>	<u>175</u>	<u>34</u>	<u>140</u>
	<u>80,872</u>	<u>198,036</u>	<u>368,978</u>	<u>562,679</u>

- (i) Cash equivalents represent cash balances kept in third party payment platforms, such as Ali-pay and WeChat accounts which can be withdrawn by the Group at any time.

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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and 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.

## Company

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i>
Cash and cash equivalents	–	11,015	62,290	22,055

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i>
RMB	–	10,675	62,132	22,043
USD	–	340	149	–
Others	–	–	9	12
	–	11,015	62,290	22,055

## 24. TRADE AND NOTES PAYABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i>
Trade payables	73,873	101,623	198,871	371,963
Notes payable	19,006	16,910	60,800	142,742
	92,879	118,533	259,671	514,705

Trade and notes payables are non-interest bearing and normally settled on terms of 3 months to 7 months.

An aging analysis of the trade and notes payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2024</i>
Within 3 months	62,653	62,484	169,638	332,736
3 to 6 months	29,827	54,770	85,613	156,156
6 to 12 months	–	880	4,001	25,272
Over 1 year	399	399	419	541
	92,879	118,533	259,671	514,705

## 25. OTHER PAYABLES AND ACCRUALS

## Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Non-current:				
Loan payable to a third party (i)	6,376	6,965	7,083	–
Current:				
Accrued expenses	79,352	70,825	55,703	38,886
Salaries and benefits payables	23,020	21,852	33,782	33,659
Payables for purchase of non-current assets	–	11,693	26,596	43,444
Tax payables other than corporate income tax	3,562	4,615	17,704	18,213
Accrued listing expenses	–	–	–	5,366
Customer deposits	1,719	2,084	4,140	4,924
Payables for acquisition of non-controlling interest equity	–	–	30,000	–
Others	1,645	1,586	1,448	111
	109,298	112,655	169,373	144,603
	115,674	119,620	176,456	144,603

- (i) In February 2019, the Group entered into unsecured three-year loan agreements for USD1,000,000 with an independent third-party individual. In February 2022, the Group and the individual reached an supplemental agreement to extend the due date to February 2025. The loan was repaid in April 2024.

## Company

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Current:				
Payables of Investment to the Subsidiaries	1,759,150	1,388,008	254,490	250,490
Accrued listing expenses	–	–	–	5,366
Amounts due to subsidiaries	–	256	1,838	6,243
Others	–	–	–	7
	1,759,150	1,388,264	256,328	262,106

## 26. INTEREST-BEARING BANK BORROWINGS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Bank loans – unsecured	–	5,000	–	–

In November 2022, the Group entered into an unsecured loan facility agreement with Bank of Communications, which agreed to provide a credit facility of RMB5,000,000 for a term of six months. On 30 November 2022, the Group fully drew down the borrowing of RMB5,000,000, bearing a fixed interest rate of 3.35% per annum, and repaid when it was due.

In July 2023, the Group entered into a loan facility agreement with China Minsheng Bank, which agreed to provide a credit facility of RMB5,000,000 for a term of one year. As of 30 June 2024, the Group has not yet drawn down the borrowing. The bank loan is secured by the pledge of the intellectual property which owned by the Group.

## 27. CONTRACT LIABILITIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Advances received from customers	4,215	6,945	22,281	19,521
Sales rebates	976	2,019	20,704	39,309
Customer loyalty programme	24,378	21,665	23,340	25,314
	29,569	30,629	66,325	84,144

## 28. AMOUNTS IN CONNECTION WITH THE REORGANIZATION

## Group

	Balance At 31 December 2021	Settlement during 2022	Balance At 31 December 2022	Settlement during 2023	Balance At 31 December 2023	Settlement during the period of six months	Balance At 30 June 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Receivables in connection with the Reorganization	1,759,480	(382,480)	1,377,000	(1,194,000)	183,000	(183,000)	–
Payables in connection with the Reorganization	1,759,480	(352,142)	1,407,338	(1,219,818)	187,520	(187,520)	–

## Company

	Balance At 31 December 2021 RMB'000	Settlement during 2022 RMB'000	Balance At 31 December 2022 RMB'000	Settlement during 2023 RMB'000	Balance At 31 December 2023 RMB'000	Settlement during the period of six months RMB'000	Balance At 30 June 2024 RMB'000
Receivables in connection with the Reorganization	1,759,150	(382,150)	1,377,000	(1,194,000)	183,000	(183,000)	–

Shanghai Bloks Technology Group Co., Ltd. was founded in 2014 in Shanghai, Chinese Mainland. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 July 2021. The details of Reorganization were set out in the sub-section headed “Reorganization” in the section headed “History, Development and Reorganization” in the Prospectus.

Pursuant to a series of agreements of Reorganization, the then shareholders of Shanghai Bloks Technology Group Co., Ltd. shall mirror their equity interests as the shareholders of the Company, including Onshore Withdrawn Investors of RMB1,543,480,000, Yunfeng Warrant of RMB183,000,000 and the Selling Shareholders (as defined below) of RMB33,000,000, representing RMB1,759,480,000 in total.

In August 2021, Shanghai Bloks Technology Group Co., Ltd., the holding company of the Group’s subsidiaries in Chinese Mainland, entered into a reorganization agreement with Onshore Withdrawn Investors, to buy back registered capital of RMB13,800,835, and reduce its then registered capital, at a total cash consideration of approximately RMB1,726,480,000. Above consideration included RMB183,000,000, payable to a certain then shareholder, which was replaced by warrant in July 2022 (the “Warrant”) as disclosed in Note 30.

On 7 November 2022, China Bloks Holding Limited, one of the Group’s subsidiaries in Hong Kong, acquired all the equity interests in Shanghai Bloks Technology Group Co., Ltd. from the then shareholders of Shanghai Bloks Technology Group Co., Ltd. (“Selling Shareholders”) at a total consideration of RMB33,000,000.

During the mirroring process, payables in connection with the Reorganization represents the amount needs to be paid by Shanghai Bloks Technology Group Co., Ltd. to the relevant shareholders. Receivables in connection with the Reorganization represents the amount needs to be received by the Company from the relevant shareholders.

Upon the completion of Reorganization activities, the Company issued 223,119,765 shares to the Onshore Withdrawn Investors and Selling Shareholders for approximately RMB1,759,150,000, including RMB1,543,480,000 to the Onshore Withdrawn Investors, RMB32,670,000 to the Selling Shareholders and RMB183,000,000 Warrant.

On 3 April 2024, the Company entered into a warrant termination agreement with then warrant holder to terminate the Warrant by cash settlement, details disclosed in Note 30.

## 29. CONVERTIBLE REDEEMABLE PREFERRED SHARES

### Series Angel

In February 2018, October 2018, May 2019, November 2019 and March 2020, Shanghai Bloks Technology Group Co., Ltd. raised up to RMB857,000,000 from shareholders and certain onshore investors. On 24 April 2021, after 2021 April capital swap transaction as mentioned below, there was 7,038,460 shares (deemed as 35,192,300 shares with a par value of USD0.0001 each after Reorganization) of Series Angel Preferred Shares, included 1,253,447 shares (deemed as 6,267,235 shares with a par value of USD0.0001 each after Reorganization) with redemption rights was recorded as Series Angel Convertible Redeemable Preferred Shares. 7,038,460 shares (deemed as 35,192,300 shares with a par value of USD0.0001 each after Reorganization) was fully reclassified and redesignated to Series Angel Preferred Shares of the Company in July 2022.

**Series Pre-A**

In July 2020 and November 2020, Shanghai Bloks Technology Group Co., Ltd. raised up to RMB330,000,000 from certain onshore investors and a shareholder. On 24 April 2021, there was 2,632,258 shares (deemed as 13,161,290 shares with a par value of USD0.0001 each after Reorganization) of Series Pre-A Preferred Shares with redemption rights was fully recorded as Series Pre-A Convertible Redeemable Preferred Shares. 2,632,258 shares (deemed as 13,161,290 shares with a par value of USD0.0001 each after Reorganization) was fully reclassified and redesignated to Series Pre-A Preferred Shares of the Company in July 2022.

**Series A**

In April 2021, Shanghai Bloks Technology Group Co., Ltd. raised up to RMB599,999,631 from certain onshore investors. On 24 April 2021, there was 3,718,661 shares (deemed as 18,593,305 shares with a par value of USD0.0001 each after Reorganization) of Series A Preferred Shares with redemption rights.

On 24 April 2021, certain investors purchased 1,465,773 shares (deemed as 7,328,865 shares with a par value of USD0.0001 each after Reorganization) from certain shareholders and these shares was entitled with Series A Preferred Shares (“**2021 April capital swap**”) with redemption rights, together with 3,718,661 shares (deemed as 18,593,305 shares with a par value of USD0.0001 each after Reorganization) of Series A Preferred Shares with redemption rights, was fully recorded as Series A Convertible Redeemable Preferred Shares.

25,922,170 Series A Preferred Shares was reclassified and redesignated to Series A Preferred Shares of the Company in July 2022. The 25,922,170 Series A Convertible Redeemable Preferred Shares includes 5,767,820 warrant shares issued to Yunfeng Tuoyuan. Further details of Yunfeng Warrant are included in Note 30.

**Presentation and classification**

According to the original and amended Memorandum and Articles of Association (“MOA”), the Company does not have an obligation to i) deliver cash or other financial assets to the holders of Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares); ii) to exchange financial assets or financial liabilities with the holders of Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) that are potentially unfavourable to the Company; and iii) to deliver a variable number of the Company’s own ordinary shares. Hence, Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) are recognised as equity in accordance with relevant IFRS standard, and designated Series Angel Convertible Redeemable Preferred Shares, Series Pre-A Convertible Redeemable Preferred Shares and Series A Convertible Redeemable Preferred Shares as financial liabilities measured at fair value through profit or loss.

According to the MOA of the Company in July 2022, the key terms of Series Angel Convertible Redeemable Preferred Shares, Series Pre-A Convertible Redeemable Preferred Shares and Series A Convertible Redeemable Preferred Shares (collectively, the “**convertible redeemable preferred shares**”) are as follows:

**Liquidation preference**

In the event of any liquidation, dissolution or winding up, either voluntarily or involuntarily of the Company, and any Deemed Liquidation Event (“Liquidation Event”), distributions to the members of the Company shall be made in the following manner (after satisfaction of all creditors’ claims and claims that may be preferred by law):

- (a) the Series A Preferred Shareholders shall be entitled to receive the Distributable Liquidation Assets in preference to the other Shareholders in the amount equal to 100% of the Series A Actual Investment Amount multiplied by the USD/RMB exchange rate of a bank on the date which is five (5) days prior to the date on which the Series A Liquidation Preference Amount is paid by the Company, plus any accumulated dividends or declared but undistributed dividends thereof (the “**Series A Liquidation Preference Amount**”). If the Distributable Liquidation Assets are insufficient to pay off all the Series A Liquidation Preference Amount, each such Series A Preferred Shareholder shall be entitled to distribution in proportion to the Series A Liquidation Preference Amount to which they are respectively entitled;

- (b) after the full payment of the Series A Liquidation Preference Amount, the Series Pre-A Preferred Shareholders shall be entitled to receive the Distributable Liquidation Assets in preference to the other Shareholders other than the Series A Preferred Shareholders in the amount equal to 100% of the Series Pre-A Actual Investment Amount multiplied by the USD/RMB exchange rate on a bank on the date which is five (5) days prior to the date on which the Series Pre-A Liquidation Preference Amount is paid by the Company, plus any accumulated dividends or declared but undistributed dividends thereof (the “**Series Pre-A Liquidation Preference Amount**”). If the Distributable Liquidation Assets are insufficient to pay off all the Series Pre-A Liquidation Preference Amount, each such Series Pre-A Preferred Shareholder shall be entitled to distribution in proportion to the Series Pre-A Liquidation Preference Amount to which they are respectively entitled;
- (c) after the full payment of the Series A Liquidation Preference Amount and the Series Pre-A Liquidation Preference Amount, (i) the Series Angel Preferred Shareholders shall be entitled to receive Distributable Liquidation Assets in preference to the Shareholders other than the Series A Preferred Shareholders and the Series Pre-A Preferred Shareholders in the amount equal to 100% of the Series Angel Actual Investment Amount multiplied by the USD/RMB exchange rate on a bank on the date which is five (5) days prior to the date on which the Series Angel Liquidation Preference Amount is paid by the Company, plus any accumulated dividends or declared but undistributed dividends thereof (the “**Series Angel Liquidation Preference Amount**”, together with the Series A Liquidation Preference Amount and the Series Pre-A Liquidation Preference Amount, the “**Liquidation Preference Amount**”). If the Distributable Liquidation Assets are insufficient to pay off all the Series Angel Liquidation Preference Amount, each such Series Angel Preferred Shareholder shall be entitled to distribution in proportion to the Series Angel Liquidation Preference Amount to which they are respectively entitled;
- (d) after the full payment of the Liquidation Preference Amount, with respect to any remaining assets, all the Shareholders (including the Preferred Shareholders) shall be entitled to receive distribution out of the remaining assets in proportion to their then shareholdings in the Company.

Deemed Liquidation Event means any transaction (treating any series of related transactions as a “transaction”) involving (a) the merger or acquisition of any Group Company or other similar transaction of change of Control of such Group Company, which results in the shareholding or voting right of such Group Company in the surviving entity after such event being less than 50%; (b) all or substantially all of the assets of such Group Company are sold or authorised, or all or substantially all or substantially all of the intellectual property of such Group Company are exclusively licensed or sold to a third party; (c) the change of ultimate beneficial owner of such Group Company; and (d) any other events which can be defined as the change of Control of such Group Company.

#### Conversion rights

- (a) *Conversion Rights.* Unless converted earlier pursuant to section (b) below, each Preferred Shareholder shall have the right, at such holder’s sole discretion, to convert all or any portion of the Preferred Shares (on a fully-diluted basis) into Ordinary Shares at any time. All Preferred Shareholders claimed that they won’t exercise the conversion rights before 30 June 2025.

The conversion rate for Preferred Shares (on a fully-diluted basis) shall be determined by dividing the applicable Original Issue Price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable Original Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events, (the “**Preferred Share Conversion Price**”). Nothing in this section shall limit the automatic conversion rights of Preferred Shares (on a fully-diluted basis) described in section (b) below.

- (b) *Automatic Conversion.* Each Preferred Share (on a fully-diluted basis) shall automatically be converted into Ordinary Shares, at the then applicable Preferred Share Conversion Price upon (i) the closing of an Initial Public Offering, or (ii) the consents in writing by the respective holders of each series or class of Preferred Shares (including the holders of any Warrant convertible into such series or class of Preferred Shares as if such Warrant it holds had been exercised). In the event of the automatic conversion of the Preferred Shares (on a fully-diluted basis) upon an Initial Public Offering as aforesaid, the Person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such Initial Public Offering.

**Redemption rights**

The Series A Convertible Redeemable Preferred Shares, Series Pre-A Convertible Redeemable Preferred Shares and Series Angel Convertible Redeemable Preferred Shares shall be redeemable at the option of the holders of the Preferred Shares as provided herein:

In the event of any of the following circumstances (the “**Repurchase Event**”), whichever is earlier: (i) the failure to consummate a Qualified IPO by 30 June 2026, (ii) the Group Companies and/or the Founder materially default or breach the representations, warranties, covenants, obligations, undertaking of the Transaction Documents which default or breach has a Material Adverse Effect; (iii) the cessation of the Founder being employed by any of the Group Companies; (iv) the occurrence of a criminal investigation by the competent governmental authorities against the Founder due to the Founder’s violation of Laws, and results into a final, non-appealable decision that the Founder shall bear criminal liability, except for any criminal liability of the Founder which has no Material Adverse Effect, including but not limited to criminal liability resulting from violation of traffic rules; (v) any dispute arising from the historical and/or then current shareholders of the Group Companies which results in all Equity Securities of such Group Company or Equity Securities of any other Group Company directly or indirectly held by the Investors being frozen or subject to any disposal restrictions, and which has a material adverse effect to the consummation of a Qualified IPO by the Company or the exit of the Investor, and which fails to be properly resolved within six (6) months from the date of occurrence thereof; and (vi) any Preferred Shareholder exercises his repurchase right pursuant to this section.

The redemption price for each Redemption Share redeemed pursuant to Series A, Series Pre-A and Series Angel Convertible Redeemable Preferred Shares shall be  $R = I * E * (1 + 8\%) * N + D$ . (i) I represents the actual investment amount in RMB paid by such shareholders; (ii) E represents the USD/RMB exchange rate of a bank on the date which is five (5) days prior to the date on which the Redemption Price is paid by the Company; (iii) N represents a fraction, the numerator of which is the number of calendar days from the date on which such Preferred Shareholder pays the Actual Investment Amount pursuant to the Domestic Share Purchase Agreement, as applicable (the “Acquisition Time”), through the date on which the Redemption Price is actually received by such Series Pre-A Preferred Shareholder, and the denominator of which is 365; (iv) D represents the sum of all dividends and bonus that have been declared but unpaid to such Preferred Shareholder and/or any other accumulated but unpaid amount (if any) corresponding to the Preferred Shares requested to be repurchased by such Preferred Shareholder.

The movements of the convertible redeemable preferred shares as at the end of each of the Relevant Periods are set out below:

	Series Angel		Series Pre-A		Series A		Total
	Convertible Redeemable Preferred Shares		Convertible Redeemable Preferred Shares		Convertible Redeemable Preferred Shares		
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2021	–	–	13,161,290	300,000	–	–	300,000
Issuance of preferred shares	–	–	–	–	18,593,305	600,000	600,000
Redemption rights granted to Series Angel Preferred Shareholders	6,267,235	100,000	–	–	–	–	100,000
Redemption rights granted to 2021 April capital swap	–	–	–	–	7,328,865	115,407	115,407
Accumulated fair value change of equity instrument on redemption rights grant date	–	18,362	–	–	–	104,883	123,245
Changes in fair value	–	17,628	–	50,423	–	76,150	144,201
As at 31 December 2021 and 1 January 2022	6,267,235	135,990	13,161,290	350,423	25,922,170	896,440	1,382,853
Changes in fair value	–	39,430	–	70,710	–	80,891	191,031



	Series Angel Convertible Redeemable Preferred Shares		Series Pre-A Convertible Redeemable Preferred Shares		Series A Convertible Redeemable Preferred Shares		Total RMB'000
	Number of shares	RMB'000	Number of shares	RMB'000	Number of shares	RMB'000	
As at 31 December 2022 and 1 January 2023	6,267,235	175,420	13,161,290	421,133	25,922,170	977,331	1,573,884
Changes in fair value	–	40,985	–	84,442	–	148,705	274,132
As at 31 December 2023 and 1 January 2024	6,267,235	216,405	13,161,290	505,575	25,922,170	1,126,036	1,848,016
Termination of Warrant agreement	–	–	–	–	(5,767,820)	(183,000)	(183,000)
Changes in fair value	–	39,825	–	76,990	–	40,218	157,033
As at 30 June 2024	6,267,235	256,230	13,161,290	582,565	20,154,350	983,254	1,822,049

The Group applied the discounted cash flow method to determine the equity value of the Company and adopted the equity allocation model to determine the fair values of the convertible redeemable preferred shares as at the end of each of the Relevant Periods. Key valuation assumptions used to determine the fair values of the convertible redeemable preferred shares and commitment derivatives are set below:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
Discount rate	16.50%	15.50%	15.00%	15.00%
Risk-free interest rate	1.19%	4.17%	4.13%	4.75%
Discounts for lack of marketability ("DLOM")	19.05%	17.92%	14.37%	12.59%
Volatility	43.48%	45.50%	41.11%	39.96%

The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as at the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of redemption option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount.

Volatility was estimated based on the annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

### 30. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 28 July 2021 with initial authorised share capital of USD50,000 divided into 500,000,000 Ordinary Shares of US\$0.0001 each.

On 28 July, 2021, upon incorporation, the Company issued 100 Ordinary Shares to Next Bloks Limited, 100 Ordinary Shares to Smart Bloks Limited, 1 Ordinary Share to ShawnXF Limited, 1 Ordinary Share to Bloks Is Coming Limited and 1 Ordinary Share to Way Elegance Limited, respectively.

On 25 July 2022, the Company reclassified and re-designated:

- 1) A total of 74,275,759 unissued Original Shares of US\$0.0001 each as 35,192,299 Series Angel Preferred Shares, 13,161,290 Series Pre-A Preferred Shares and 25,922,170 Series A Preferred Shares, respectively.
- 2) The Company issued (i) 127,522,548 Ordinary Shares; (ii) 35,192,299 Series Angel Preferred Shares; (iii) issued 13,161,290 Series Pre-A Preferred Shares; (iv) issued 20,154,350 Series A Preferred Shares; (v) 1 issued Ordinary Share of US\$0.0001 as 1 Series Angel Preferred Share.

On 25 July 2022, the Company also entered into the warrant agreement with Yunfeng Tuoyuan, pursuant to which the Company has agreed to issue a warrant to Yunfeng Tuoyuan for it or its designated affiliates to subscribe for an aggregate of 5,767,820 Series A Preferred Shares (the "Warrant"). On 3 April 2024, the Company entered into a warrant termination agreement and then settled the Warrant in cash.

On 12 January 2023, the Company issued 21,321,255 Ordinary Shares to First Prosperity for the purpose of the Share Incentive Scheme.

**Authorised**

	<u>Authorised number of shares</u>	<u>Nominal value of shares</u> USD
Ordinary shares of USD1 each as at 28 July 2021 (date of incorporation)	500,000,000	50,000
Ordinary shares of USD0.0001 each as at 31 December 2021	<u>500,000,000</u>	<u>50,000</u>
Re-classification and re-designation to Series Angel Preferred Shares	(35,192,300)	(3,519)
Re-classification and re-designation to Series Pre-A Preferred Shares	(13,161,290)	(1,316)
Re-classification and re-designation to Series A Preferred Shares	<u>(25,922,170)</u>	<u>(2,592)</u>
Ordinary shares of USD0.0001 each as at 31 December 2022, 2023 and 30 June 2024	<u>425,724,240</u>	<u>42,573</u>
Series Angel Preferred Shares of USD0.0001 each as at 31 December 2022, 2023 and 30 June 2024 ( <i>Note 1</i> )	<u>35,192,300</u>	<u>3,519</u>
Series Pre-A Preferred Shares of USD0.0001 each as at 31 December 2022, 2023 and 30 June 2024 ( <i>Note 2</i> )	<u>13,161,290</u>	<u>1,316</u>
Series A Preferred Shares of USD0.0001 each as at 31 December 2022, 2023 and 30 June 2024 ( <i>Note 3</i> )	<u>25,922,170</u>	<u>2,592</u>

*Note 1:* 35,192,300 Series Angel Preferred Shares includes (1) 28,925,065 shares was recorded as equity, (2) 6,267,235 shares was recognised as Series Angel Convertible Redeemable Preferred Shares and recorded as financial liabilities measured at fair value through profit or loss as at 31 December 2022, 2023 and 30 June 2024.

*Note 2:* 13,161,290 Series Pre-A Preferred Shares was fully recognised as Series Pre-A Convertible Redeemable Preferred Shares and recorded as financial liabilities measured at fair value through profit or loss as at 31 December 2022, 2023 and 30 June 2024.

*Note 3:* 25,922,170 Series A Preferred Shares was fully recognised as Series A Convertible Redeemable Preferred Shares and recorded as financial liabilities measured at fair value through profit or loss as at 31 December 2022 and 2023. Warrant with 5,767,820 shares was terminated on 3 April 2024 but still within authorised Series A Preferred Shares and there was 20,154,350 shares recognised as Series A Convertible Redeemable Preferred Shares as at 30 June 2024.

*Issued and fully paid*

	Number of shares	Nominal value of shares USD	Nominal value of shares RMB
<b>Ordinary shares</b>			
Issuance of Ordinary shares at the date of incorporation (28 July 2021)	203	–	–
As at 31 December 2021	203	–	–
Issuance of Ordinary shares	127,522,548	12,752	91,521
Re-designate to Series Angel Preferred Shares (1)	(1)	–	–
As at 31 December 2022	127,522,750	12,752	91,521
Ordinary shares issued for the share incentive plan	21,321,255	2,132	15,301
As at 31 December 2023 and 30 June 2024	148,844,005	14,884	106,822
	Number of shares	Nominal value of shares USD	Nominal value of shares RMB
<b>Series Angel Preferred Shares (Note)</b>			
As at 28 July 2021 (date of incorporation)	–	–	–
As at 31 December 2021	–	–	–
Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) issued	28,925,065	2,893	20,759
As at 31 December 2022, 2023 and 30 June 2024	28,925,065	2,893	20,759

*Note:* The Company does not hold an unavoidable obligation to (i) deliver cash or other financial assets to Series Angel preferred shareholders; (ii) to exchange financial assets or financial liabilities with Series Angel preferred shareholders that are unfavorable to the Company; and (iii) to deliver a variable number of the Company's own ordinary shares. Hence, Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) were recognized as equity in accordance with relevant IFRS standard.

**Share Capital**

	As at 31 December			As at 30 June
	2021	2022	2023	2024
Issued and fully paid:				
Nominal value of Ordinary shares (RMB)	–	91,521	106,822	106,822
Nominal value of Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) (RMB)	–	20,759	20,759	20,759
Total	–	112,280	127,581	127,581

**31. RESERVES****Group**

The amounts of the Group's reserves and the movements therein during the Relevant Periods and the six months ended 30 June 2023 are presented in the consolidated statements of changes in equity.

**(a) Share premium**

The share premium represents the difference between the par value of the shares issued and the consideration received.

**(b) Share option reserve**

The share option reserve of the Group represents the share-based payment granted by the Group.

**(c) Other reserve**

The other reserve represents (i) the exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of group companies whose functional currencies are different from the Company's presentation currency; and (ii) the acquisition of minority interests of the Group's subsidiaries.

**Company**

A summary of the Company's reserves is as follows:

	<b>Share premium</b>	<b>Share option reserve</b>	<b>Other reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021	–	–	–	–	–
Incorporation of the Company	859,150	8,851	–	–	868,001
Total comprehensive loss for the year	–	–	–	(144,201)	(144,201)
Recognition of share-based payment expenses	–	6,863	–	–	6,863
Redemption rights granted to capital swap	(215,407)	–	(123,245)	–	(338,652)
	<u>643,743</u>	<u>15,714</u>	<u>(123,245)</u>	<u>(144,201)</u>	<u>392,011</u>
At 31 December 2021 and 1 January 2022					
Total comprehensive loss for the year	–	–	(8)	(191,272)	(191,280)
Issue of shares	(112)	–	–	–	(112)
Recognition of share-based payment expenses	–	6,337	–	–	6,337
	<u>–</u>	<u>6,337</u>	<u>–</u>	<u>–</u>	<u>6,337</u>

	<b>Share premium</b>	<b>Share option reserve</b>	<b>Other reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2022 and 1 January 2023	643,631	22,051	(123,253)	(335,473)	206,956
Total comprehensive loss for the year	–	–	(5)	(274,290)	(274,295)
Issue of shares	(16)	–	–	–	(16)
Recognition of share-based payment expenses	–	6,231	–	–	6,231
At 31 December 2023 and 1 January 2024	643,615	28,282	(123,258)	(609,763)	(61,124)
Total comprehensive loss for the period	–	–	(122)	(532,350)	(532,472)
Recognition of share-based payment expenses	–	374,670	–	–	374,670
At 30 June 2024	643,615	402,952	(123,380)	(1,142,113)	(218,926)

### 32. EQUITY-SETTLED SHARE-BASED PAYMENT

In order to promote the Group's development in the long run and attract and retain the senior management team and core talents, Shanghai Bloks Technology Group Co., Ltd., the onshore holding company of the Group adopted a share incentive scheme (the "Original Plan") in December 2020.

In December 2020, the Board approved the Original Plan and granted 4,089,574 shares to certain employees at an exercise price of RMB0.2 per share. According to the Original Plan agreements, the shares are vested in one tranche within the vesting period from the grant date to the estimated date of completion of the qualified initial public offering of the Company, subject to employees' continuous service to the Company.

In March 2024, the Board passed a resolution to replace the Original Plan with an unmodified equity incentive plan (the "Mirroring Plan"). The Mirroring Plan is the continuation of the Original Plan adopted by Shanghai Bloks Technology Group Co., Ltd. in December 2020. At the meanwhile, the Company intends to amend the Scheme (including the name of the Scheme, which will be updated to the Share Incentive Scheme), applicable both to the participants regulated under the domestic scheme and to any eligible future participants.

In April 2024, the Board granted 17,776,888 share options to certain employees including the chief executive and executive directors under the Share Incentive Scheme at an exercise price of RMB0.2 per share. The share options granted to the chief executive have been vested immediately. The remaining share options shall be vested in four, six or eight years and the share options shall be vested in yearly instalments of agreed percentage at each anniversary date commencing from the vesting commencement date.

During the Relevant Periods and the six months ended 30 June 2023, the Group recognised share-based payment expenses of RMB6,863,000, RMB6,337,000, RMB6,231,000, RMB374,670,000 and RMB3,071,000 (unaudited), respectively.

The following shares were outstanding during the Relevant Periods:

	<b>Share Incentive Scheme adopted in December 2020</b>	
	<b>Numbers of shares</b>	<b>Fair value per share</b>
		<i>RMB</i>
At 1 January 2021	4,089,574	7.05
Forfeited	(380,158)	–
At 31 December 2021 and 1 January 2022	<u>3,709,416</u>	<u>7.05</u>
Forfeited	(85,712)	–
At 31 December 2022 and 1 January 2023	<u>3,623,704</u>	<u>7.05</u>
Forfeited	(66,387)	–
At 31 December 2023 and 1 January 2024	<u>3,557,317</u>	<u>7.05</u>
Forfeited	(12,950)	–
At 30 June 2024	<u>3,544,367</u>	<u>7.05</u>
		<i>RMB</i>
	<b>Share Incentive Scheme adopted in April 2024</b>	
	<b>Numbers of shares</b>	<b>Fair value per share</b>
		<i>RMB</i>
At 1 January 2024	–	–
Granted	17,776,888	28.57-28.60
At 30 June 2024	<u>17,776,888</u>	<u>28.57-28.60</u>

The fair value of the shares granted in December 2020 was RMB7.05 per share and the exercise price was RMB0.2 per share. The fair value of the share options granted in April 2024 was between RMB28.57 and RMB28.60 per share and the exercise price was RMB0.2 per share.

The fair value of the Original Plan at the grant date was determined using back-solve method from most recent transaction price, taking into account the terms and conditions upon which the shares were granted.

The fair value of the share options granted in April 2024 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	<b>15 April 2024</b>
Dividend yield (%)	–
Expected Volatility (%)	41.48
Risk-free interest rate (%)	4.61
Expected life of options (years)	10.00

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### 33. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the year ended 31 December 2021 and the six months ended 30 June 2023, the Group had no major non-cash transactions. During the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024, the Group had non-cash additions to right-of-use assets of RMB5,152,000, RMB52,831,000 and RMB989,000 and lease liabilities of RMB5,152,000, RMB52,831,000 and RMB989,000, respectively, in respect of lease agreements.

#### (b) Changes in liabilities arising from financing activities

	Lease liabilities	Convertible redeemable preferred shares	Interest-bearing bank borrowings	Accrued listing expense included in other payables	Amounts due to related parties	Payables for acquisition of non-controlling interest equity	Amounts in connection with the Reorganization	Loan payable to a third party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	65,450	638,652	–	–	19,196	–	–	6,525	729,823
Changes from financing cash flows	(22,368)	600,000	–	–	–	–	–	–	577,632
Interest expenses	2,323	–	–	–	–	–	–	–	2,323
Effect of foreign exchange rate changes, net	–	–	–	–	(461)	–	–	(149)	(610)
Fair value changes	–	144,201	–	–	–	–	–	–	144,201
At 31 December 2021 and 1 January 2022	<u>45,405</u>	<u>1,382,853</u>	<u>–</u>	<u>–</u>	<u>18,735</u>	<u>–</u>	<u>–</u>	<u>6,376</u>	<u>1,453,369</u>
Changes from financing cash flows	(28,853)	–	4,990	–	25,000	–	30,338	–	31,475
New leases	5,152	–	–	–	–	–	–	–	5,152
Interest expenses	1,564	–	10	–	–	–	–	–	1,574
Effect of foreign exchange rate changes, net	–	–	–	–	959	–	–	589	1,548
Fair value changes	–	191,031	–	–	–	–	–	–	191,031
At 31 December 2022 and 1 January 2023	<u>23,268</u>	<u>1,573,884</u>	<u>5,000</u>	<u>–</u>	<u>44,694</u>	<u>–</u>	<u>30,338</u>	<u>6,965</u>	<u>1,684,149</u>

## APPENDIX I

## ACCOUNTANTS' REPORT

	Lease liabilities	Convertible redeemable preferred shares	Interest-bearing bank borrowings	Accrued listing expense included in other payables	Amounts due to related parties	Payables for acquisition of non-controlling interest equity	Amounts in connection with the Reorganization	Loan payable to a third party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	23,268	1,573,884	5,000	-	44,694	-	30,338	6,965	1,684,149
Changes from financing cash flows	(19,300)	-	(6,054)	-	(18,974)	-	(25,818)	-	(70,146)
New leases	52,831	-	-	-	-	-	-	-	52,831
Lease termination	(468)	-	-	-	-	-	-	-	(468)
Interest expenses	600	-	1,054	-	-	-	-	-	1,654
Effect of foreign exchange rate changes, net	-	-	-	-	193	-	-	118	311
Acquisition of non-controlling interest equity	-	-	-	-	-	30,000	-	-	30,000
Fair value changes	-	274,132	-	-	-	-	-	-	274,132
At 31 December 2023 and 1 January 2024	<u>56,931</u>	<u>1,848,016</u>	<u>-</u>	<u>-</u>	<u>25,913</u>	<u>30,000</u>	<u>4,520</u>	<u>7,083</u>	<u>1,972,463</u>
Changes from financing cash flows	(12,545)	(183,000)	-	(7,540)	(25,914)	(32,400)	(4,520)	(7,095)	(273,014)
Changes from operating cash flows	-	-	-	(10,716)	-	-	-	-	(10,716)
New leases	989	-	-	-	-	-	-	-	989
Listing expenses	-	-	-	15,355	-	-	-	-	15,355
Deferred issue costs	-	-	-	8,267	-	-	-	-	8,267
Acquisition of non-controlling interest equity	-	-	-	-	-	2,400	-	-	2,400
Interest expenses	891	-	-	-	-	-	-	-	891
Effect of foreign exchange rate changes, net	-	-	-	-	1	-	-	12	13
Fair value changes	-	157,033	-	-	-	-	-	-	157,033
At 30 June 2024	<u>46,266</u>	<u>1,822,049</u>	<u>-</u>	<u>5,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,873,681</u>



	Lease liabilities	Convertible redeemable preferred shares	Interest-bearing bank borrowings	Accrued listing expense included in other payables	Amounts due to related parties	Payables for acquisition of non-controlling interest equity	Amounts in connection with the Reorganization	Loan payable to a third party	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	23,268	1,573,884	5,000	-	44,694	-	30,338	6,965	1,684,149
Changes from financing cash flows (unaudited)	(6,695)	-	(5,937)	-	-	-	(25,818)	-	(38,450)
Lease termination (unaudited)	(468)	-	-	-	-	-	-	-	(468)
Interest expenses (unaudited)	386	-	937	-	-	-	-	-	1,323
Effect of foreign exchange rate changes, net (unaudited)	-	-	-	-	426	-	-	261	687
Fair value changes (unaudited)	-	188,611	-	-	-	-	-	-	188,611
At 30 June 2023 (unaudited)	16,491	1,762,495	-	-	45,120	-	4,520	7,226	1,835,852

## (c) Total cash outflows for leases

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	2,278	483	1,173	546	402
Within financing activities	22,368	28,853	19,300	6,695	12,545
	24,646	29,336	20,473	7,241	12,947

## 34. COMMITMENTS

## Contractual commitments

Capital expenditure contracted for at the end of each of the Relevant Periods but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Mold equipment	-	2,497	453	16,941
Licensed IP	6,738	5,618	4,585	39,294
	6,738	8,115	5,038	56,235

## 35. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

## (a) Acquisition of additional interests in subsidiaries

During the Relevant Periods, the Group acquired the following additional equity interests in the subsidiaries from the non-controlling interests:

<b>Subsidiaries</b>	<b>Date</b>	<b>Equity interests acquired</b>	<b>Cash consideration</b>
		%	<i>RMB'000</i>
Bloks Technology (Hangzhou) Co., Ltd.	11 March 2021	3.42	–
Shanghai Bloks Culture Communication Co., Ltd.	13 October 2023	8.70	30,007
Bloks Technology (Hangzhou) Co., Ltd.	31 March 2024	35.00	2,400

The effect of changes in the equity interests of these subsidiaries on the total equity attributable to owners of the parent during the Relevant Periods is summarised as follows:

31 December 2021	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Carrying amount of non-controlling interests acquired	<u>1</u>
31 December 2023	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Carrying amount of non-controlling interests acquired	(10,254)
Consideration payable to non-controlling interests	<u>30,007</u>
Excess of consideration paid over the carrying amount acquired	<u>40,261</u>
30 June 2024	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Carrying amount of non-controlling interests acquired	(20)
Consideration payable to non-controlling interests	<u>2,400</u>
Excess of consideration paid over the carrying amount acquired	<u>2,420</u>

In March 2024, the Group acquired additional equity interests in Bloks Technology (Hangzhou) Co., Ltd., a subsidiary of the Group, from two non-controlling shareholders at cash consideration of RMB2,400,000. After the transaction, the Group's shareholding of Bloks Technology (Hangzhou) Co., Ltd. increased to 100% accordingly.

**(b) Disposal of interests in subsidiaries without loss of control**

In April 2021, Bloks Technology (Hangzhou) Co., Ltd., a subsidiary of the Group, obtained a capital injection from a non-controlling shareholder amounting to RMB1,800,000. After the capital injection, the Group's equity interest diluted from 68.42% to 65% and the non-controlling interests in Bloks Technology (Hangzhou) Co., Ltd. increased to RMB633,000 accordingly.

**(c) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the Relevant Periods and the six months ended 30 June 2023:**

31 December 2021

	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Changes in equity attributable to owners of the parent arising from:	
– Acquisition of additional interests in subsidiaries	1
– Disposal of interests in subsidiaries without loss of control	1,166
	<hr/>
Net effect for transactions with non-controlling interests on equity attributable to owners of the parent	1,167
	<hr/> <hr/>

31 December 2023

	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Changes in equity attributable to owners of the parent arising from:	
– Acquisition of additional interests in subsidiaries	40,261
	<hr/>
Net effect for transactions with non-controlling interests on equity attributable to owners of the parent	40,261
	<hr/> <hr/>

30 June 2024

	<b>Effect on the total equity</b>
	<i>RMB'000</i>
Changes in equity attributable to owners of the parent arising from:	
– Acquisition of additional interests in subsidiaries	2,420
	<hr/>
Net effect for transactions with non-controlling interests on equity attributable to owners of the parent	2,420
	<hr/> <hr/>

## 36. RELATED PARTY TRANSACTIONS

## (a) Name and relationship of related parties

Name	Relationship
Mr. Zhu Weisong	Controlling shareholder
Ningbo Shengteng Investment Management Partnership (Limited Partnership)	Controlled by the controlling shareholder
Wise Creation Investment Limited	Controlled by the controlling shareholder
Shanghai Information Technology Co., Ltd.	Controlled by the controlling shareholder
Shanghai Bloks Culture Communication Co., Ltd.	Controlled by the controlling shareholder

## (b) Transactions with related parties

The Group had the following material transactions with related parties during the Relevant Periods and the six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	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>
Borrowings from a related party	–	25,000	–	–	–
Repayment of amounts due to related parties	–	–	18,974	–	25,914
Sublease income from a related party	–	–	–	–	137
Animation production service fees from a related party	–	–	–	–	834
	–	–	–	–	834

## (c) Outstanding balances with related parties

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loan payables				
Ningbo Shengteng Investment Management Partnership (Limited Partnership)	–	25,000	25,000	–
Mr. Zhu Weisong	17,913	18,797	–	–
Wise Creation Investment Limited	822	897	913	–
	18,735	44,694	25,913	–

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Other receivables from sublease income				
Shanghai Information Technology Co., Ltd.	-	-	-	137
Prepayments for animation production				
Shanghai Bloks Culture Communication Co., Ltd.	-	-	-	1,366

As at the end of each of the Relevant Periods, the Group's outstanding balances with Controlling shareholder and companies controlled by Controlling shareholder were all unsecured, interest-free and repayable on demand.

The loan payables with related parties are non-trade in nature and the balances have been settled as at 30 June 2024. As at 30 June 2024, the outstanding balances with related parties, which is other receivables and prepayment, are of trade nature.

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	3,198	3,129	3,740	1,821	2,906
Pension scheme contributions	525	540	542	263	336
Share-based payment expenses	498	498	498	245	364,573
	<u>4,221</u>	<u>4,167</u>	<u>4,780</u>	<u>2,329</u>	<u>367,815</u>

Further details of directors' and the chief executive's emoluments are included in note 10 to the Historical Financial Information.

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

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

**Financial assets**

31 December 2021

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments, other receivables and other assets	–	7,503	7,503
Cash and cash equivalents	–	76,153	76,153
Pledged deposits	–	4,719	4,719
Trade and notes receivables	–	24,917	24,917
Financial assets at fair value through profit or loss	<u>272,785</u>	<u>–</u>	<u>272,785</u>
	<u>272,785</u>	<u>113,292</u>	<u>386,077</u>

31 December 2022

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments, other receivables and other assets	–	7,510	7,510
Cash and cash equivalents	–	188,972	188,972
Pledged deposits	–	9,064	9,064
Trade and notes receivables	–	15,299	15,299
Financial assets at fair value through profit or loss	<u>1,251</u>	<u>–</u>	<u>1,251</u>
	<u>1,251</u>	<u>220,845</u>	<u>222,096</u>

31 December 2023

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments, other receivables and other assets	–	7,125	7,125
Cash and cash equivalents	–	360,837	360,837
Pledged deposits	–	8,141	8,141
Trade and notes receivables	–	38,256	38,256
Financial assets at fair value through profit or loss	1,251	–	1,251
	<u>1,251</u>	<u>–</u>	<u>1,251</u>
	<u>1,251</u>	<u>414,359</u>	<u>415,610</u>

30 June 2024

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments, other receivables and other assets	–	7,157	7,157
Cash and cash equivalents	–	554,092	554,092
Pledged deposits	–	8,587	8,587
Trade and notes receivables	–	63,298	63,298
	<u>–</u>	<u>633,134</u>	<u>633,134</u>

**Financial liabilities**

31 December 2021

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities included in other payables and accruals	–	87,447	87,447
Trade and notes payables	–	92,879	92,879
Amounts due to related parties	–	18,735	18,735
Convertible redeemable preferred shares	1,382,853	–	1,382,853
	<u>1,382,853</u>	<u>199,061</u>	<u>1,581,914</u>

31 December 2022

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities included in other payables and accruals	–	91,567	91,567
Trade and notes payables	–	118,533	118,533
Amounts due to related parties	–	44,694	44,694
Interest-bearing bank borrowings	–	5,000	5,000
Convertible redeemable preferred shares	1,573,884	–	1,573,884
	<u>1,573,884</u>	<u>259,794</u>	<u>1,833,678</u>

31 December 2023

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities included in other payables and accruals	–	93,522	93,522
Trade and notes payables	–	259,671	259,671
Amounts due to related parties	–	25,913	25,913
Convertible redeemable preferred shares	1,848,016	–	1,848,016
	<u>1,848,016</u>	<u>379,106</u>	<u>2,227,122</u>

30 June 2024

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities included in other payables and accruals	–	92,620	92,620
Trade and notes payables	–	514,705	514,705
Convertible redeemable preferred shares	1,822,049	–	1,822,049
	<u>1,822,049</u>	<u>607,325</u>	<u>2,429,374</u>



## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in cash management products issued by the bank. The fair values of these products are derived from quoted prices (unadjusted) in active market for identical assets or liabilities. The valuation techniques based on open market transaction prices.

The fair value of the convertible redeemable preferred shares measured at FVTPL is determined using the valuation techniques, including option-pricing method, and is within Level 3 fair value measurement. Further details are set out in note 29 to the Historical Financial Information.

Set out below is a summary of significant unobservable inputs to the valuation of convertible redeemable preferred shares categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

Significant unobservable inputs	Increase/(decrease) unobservable inputs	(Decrease)/increase in the fair value			
		As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Discount rate	5%/(5%)	(62,619)/69,712	(66,964)/72,762	(69,156)/81,802	(71,186)/83,175
Risk-free interest rate	5%/(5%)	(1,376)/1,379	(4,240)/3,341	(2,597)/2,617	(1,929)/3,025
DLOM	5%/(5%)	(10,234)/10,234	(8,028)/8,028	(7,356)/7,356	(10,035)/10,035
Volatility	5%/(5%)	(18,455)/14,736	(12,522)/8,275	(4,726)/8,262	(4,702)/5,177

**Fair value hierarchy**

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

*Assets measured at fair value*

As at 31 December 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash management products	272,785	–	–	272,785

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	RMB'000
Cash management product	1,251	–	–	1,251

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	RMB'000
Cash management product	1,251	–	–	1,251

As at 30 June 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	RMB'000
Cash management product	–	–	–	–

*Liabilities measured at fair value*

As at 31 December 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Convertible redeemable preferred shares	–	–	1,382,853	1,382,853

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)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Convertible redeemable preferred shares	–	–	1,573,884	1,573,884

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)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Convertible redeemable preferred shares	–	–	1,848,016	1,848,016

As at 30 June 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Convertible redeemable preferred shares	–	–	1,822,049	1,822,049

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

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise convertible redeemable preferred shares, cash and cash equivalents, pledged deposits and amounts due to and from related parties. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade and notes 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, which are summarised as below.

**(a) Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its cash and cash equivalents. The management of the Company considers the Group's exposure to foreign currency risk not significant.

The following table demonstrates the sensitivity as at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the retranslated value of monetary assets and liabilities) and the Group's equity.

	<u>Increase/(decrease) in USD/RMB rate</u>	<u>Increase/(decrease) in loss before tax</u>	<u>Increase/(decrease) in equity</u>
	%	RMB'000	RMB'000
31 December 2021			
If RMB weakens against USD	5	14	2
If RMB strengthens against USD	(5)	(14)	(2)
31 December 2022			
If RMB weakens against USD	5	37	6
If RMB strengthens against USD	(5)	(37)	(6)
31 December 2023			
If RMB weakens against USD	5	381	63
If RMB strengthens against USD	(5)	(381)	(63)
30 June 2024			
If RMB weakens against USD	5	792	131
If RMB strengthens against USD	(5)	(792)	(131)

**(b) Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

***Maximum exposure and staging as at 31 December 2021, 2022, 2023 and 30 June 2024***

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 past due 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.

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 receivables*	–	–	–	25,562	25,562
Financial assets included in prepayments, other receivables and other assets**	8,087	–	–	–	8,087
Cash and cash equivalents	76,153	–	–	–	76,153
Pledged deposits	4,719	–	–	–	4,719
	<u>88,959</u>	<u>–</u>	<u>–</u>	<u>25,562</u>	<u>114,521</u>

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 receivables*	–	–	–	15,647	15,647
Financial assets included in prepayments, other receivables and other assets**	8,065	–	–	–	8,065
Cash and cash equivalents	188,972	–	–	–	188,972
Pledged deposits	9,064	–	–	–	9,064
	<u>206,101</u>	<u>–</u>	<u>–</u>	<u>15,647</u>	<u>221,748</u>

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	
Trade receivables*	–	–	–	38,964	38,964
Financial assets included in prepayments, other receivables and other assets**	7,909	–	–	–	7,909
Cash and cash equivalents	360,837	–	–	–	360,837
Pledged deposits	8,141	–	–	–	8,141
	<u>376,887</u>	<u>–</u>	<u>–</u>	<u>38,964</u>	<u>415,851</u>

30 June 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	63,920	63,920
Financial assets included in prepayments, other receivables and other assets**	8,329	–	–	–	8,329
Cash and cash equivalents	554,092	–	–	–	554,092
Pledged deposits	8,587	–	–	–	8,587
	<u>571,008</u>	<u>–</u>	<u>–</u>	<u>63,920</u>	<u>634,928</u>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is normal as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

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

31 December 2021

	Within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade and notes payables	92,879	–	92,879
Financial liabilities included in other payables and accruals	81,071	6,376	87,447
Lease liabilities	28,703	23,096	51,799
Convertible redeemable preferred shares	–	1,382,853	1,382,853
Amounts due to related parties	–	18,735	18,735
	<u>202,653</u>	<u>1,431,060</u>	<u>1,633,713</u>

31 December 2022

	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes payables	118,533	–	118,533
Financial liabilities included in other payables and accruals	84,602	6,965	91,567
Lease liabilities	24,221	3,425	27,646
Convertible redeemable preferred shares	–	1,573,884	1,573,884
Amounts due to related parties	18,797	25,897	44,694
Interest-bearing bank borrowings	5,072	–	5,072
	<u>251,225</u>	<u>1,610,171</u>	<u>1,861,396</u>

31 December 2023

	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes payables	259,671	–	259,671
Financial liabilities included in other payables and accruals	93,522	–	93,522
Lease liabilities	23,752	36,471	60,223
Convertible redeemable preferred shares	–	1,848,016	1,848,016
Amounts due to related parties	25,913	–	25,913
	<u>402,858</u>	<u>1,884,487</u>	<u>2,287,345</u>

30 June 2024

	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and notes payables	514,705	–	514,705
Financial liabilities included in other payables and accruals	92,620	–	92,620
Lease liabilities	23,050	25,655	48,705
Convertible redeemable preferred shares	–	1,822,049	1,822,049
	<u>630,375</u>	<u>1,847,704</u>	<u>2,478,079</u>

**(d) Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt. Adjusted capital comprises all components of equity and convertible redeemable preferred shares. The adjusted net debt-to-capital ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	3,444,595	3,322,966	2,620,950	2,617,995
Less: Convertible redeemable preferred shares	(1,382,853)	(1,573,884)	(1,848,016)	(1,822,049)
Payables in connection with the Reorganization	(1,759,480)	(1,407,338)	(187,520)	–
Cash and cash equivalents	(76,153)	(188,972)	(360,837)	(554,092)
Adjusted net debt	<u>226,109</u>	<u>152,772</u>	<u>224,577</u>	<u>241,854</u>
Equity attributable to owners of the parent	(950,528)	(1,366,205)	(1,606,257)	(1,492,462)
Add: Convertible redeemable preferred shares	<u>1,382,853</u>	<u>1,573,884</u>	<u>1,848,016</u>	<u>1,822,049</u>
Adjusted capital	<u>432,325</u>	<u>207,679</u>	<u>241,759</u>	<u>329,587</u>
Adjusted net debt-to-capital ratio	<u>34.3%</u>	<u>42.4%</u>	<u>48.2%</u>	<u>42.3%</u>

#### 40. EVENTS AFTER THE REPORTING 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 Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2024.



The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as of 30 June 2024 as if the Global Offering had taken place on 30 June 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 June 2024 or at any future date. It is prepared based on our consolidated net tangible assets as of 30 June 2024 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets/(liabilities) attributable to owners of the parent	Estimated net proceeds from the Global Offering	Estimated impact related to the changes of terms of convertible redeemable preferred shares upon Listing	Unaudited Pro forma adjusted consolidated net tangible assets attributable to owners of the parent	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share	
	(RMB'000) (Note 1)	(RMB'000) (Note 2)	(RMB'000) (Note 3)	(RMB'000)	RMB (Note 4)	HK\$ (Note 5)
Based on an Offer Price of HK\$55.65 per Offer Share	(1,507,512)	1,162,469	1,822,049	1,477,006	6.12	6.61
Based on an Offer Price of HK\$58.00 per Offer Share	(1,507,512)	1,212,696	1,822,049	1,527,233	6.32	6.83
Based on an Offer Price of HK\$60.35 per Offer Share	(1,507,512)	1,262,924	1,822,049	1,577,461	6.53	7.06

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*Notes:*

- (1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 June 2024 was equal to the net liabilities attributable to owners of the parent as at 30 June 2024 of RMB1,492,462,000 after deducting of other intangible assets of RMB15,050,000 as at 30 June 2024 set out in the Accountants' Report in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on estimated Offer Price of HK\$55.65 per Offer Share, HK\$58.00 per Offer Share and HK\$60.35 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and 24,120,300 shares expected to be issued under the global offering, taking no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-Allotment Option.
- (3) Upon the Listing and the completion of the Global Offering, 39,582,875 convertible redeemable preferred shares will be automatically converted into 39,582,875 Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by RMB1,822,049,000, the carrying amount of the convertible redeemable preferred shares as at 30 June 2024.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after adjustments referred in preceding paragraph and on the basis of 241,472,245 Shares are in issue, assuming that the conversion of Preferred Shares into the ordinary shares and the Global Offering has been completed.
- (5) For the purpose of this unaudited pro forma statement of adjusted net tangible assets attributable to the owners of the parent, the balances stated in RMB are converted into HK\$ at the rate of RMB1.00 to HK\$1.08056.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

The following version is the text of a report, prepared for the purpose of incorporation in this document, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.

## B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



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### To the Directors of Bloks Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Bloks Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2024, and related notes as set out on Part A of Appendix II to the prospectus dated 31 December 2024 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 June 2024 as if the transaction had taken place at 30 June 2024. As part of this process, information about the Group’s financial position, has been extracted by the Directors from the Group’s financial statements for the period ended 30 June 2024, on which an accountants’ report has been published.

### Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.



*Certified Public Accountants*  
Hong Kong

31 December 2024