

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



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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN DOBOT CORP LTD, GUOTAI JUNAN CAPITAL LIMITED AND ABCI CAPITAL LIMITED

### INTRODUCTION

We report on the historical financial information of SHENZHEN DOBOT CORP LTD (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-81, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022, 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, 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-3 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 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 preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### REPORTING ACCOUNTANTS' RESPONSIBILITY

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

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

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

**OPINION**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022, 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 preparation set out in note 2.1 to the Historical Financial Information.

**Review of interim comparative financial information**

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information.

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

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

**Dividends**

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



Certified Public Accountants

Hong Kong

13 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 HKICPA (the "**Underlying Financial Statements**").

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

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE .....	5	174,314	241,013	286,749	109,912	120,462
Cost of sales .....		(86,234)	(142,796)	(161,905)	(66,978)	(67,618)
Gross profit .....		88,080	98,217	124,844	42,934	52,844
Other income and gains .....	5	27,267	45,464	43,831	23,120	21,075
Selling and distribution expenses .		(63,630)	(89,274)	(127,389)	(56,560)	(62,519)
Administrative expenses .....		(26,438)	(49,532)	(53,065)	(23,912)	(37,087)
Research and development expenses .....		(46,873)	(52,054)	(70,527)	(31,181)	(31,423)
Other expenses .....		(3,001)	(3,408)	(5,537)	(4,552)	(1,772)
Finance costs .....	6	(767)	(2,030)	(1,957)	(1,411)	(702)
Share of profit of an associate ....		71	5	—	—	—
LOSS BEFORE TAX .....	7	(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Income tax (expense)/credit .....	10	(16,465)	135	(13,481)	(125)	(299)
LOSS FOR THE YEAR/PERIOD .		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
Attributable to:						
Owners of the parent .....		(41,558)	(52,477)	(103,281)	(51,687)	(59,883)
Non-controlling interests .....		(198)	—	—	—	—
		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
LOSS PER SHARE						
ATTRIBUTABLE TO						
ORDINARY EQUITY						
HOLDERS OF THE PARENT						
Basic and diluted (RMB) .....		(0.13)	(0.15)	(0.29)	(0.14)	(0.17)
LOSS FOR THE YEAR/PERIOD .		(41,756)	(52,477)	(103,281)	(51,687)	(59,883)
OTHER COMPREHENSIVE						
INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations .....		—	—	86	266	(153)
TOTAL COMPREHENSIVE LOSS						
FOR THE YEAR/PERIOD .....		(41,756)	(52,477)	(103,195)	(51,421)	(60,036)
Attributable to:						
Owners of the parent .....		(41,558)	(52,477)	(103,195)	(51,421)	(60,036)
Non-controlling interests .....		(198)	—	—	—	—
		(41,756)	(52,477)	(103,195)	(51,421)	(60,036)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment . . . . .	13	107,396	194,448	189,770	185,422
Right-of-use assets . . . . .	15	25,314	36,094	33,831	33,838
Other intangible assets . . . . .	14	2,002	3,156	2,255	2,984
Deferred tax assets . . . . .	18	5	106	1,902	2,427
Investment in an associate . . . . .	16	1,132	—	—	—
Prepayments, deposits and other					
receivables . . . . .	20	1,441	829	5,278	7,470
Trade receivables . . . . .	19	1,392	828	—	—
Total non-current assets . . . . .		138,682	235,461	233,036	232,141
CURRENT ASSETS					
Inventories . . . . .	17	70,901	131,843	141,520	155,296
Trade and bills receivables . . . . .	19	15,046	39,608	41,608	33,040
Contract assets . . . . .	22	228	82	325	416
Prepayments, deposits and					
other receivables . . . . .	20	17,594	21,074	30,844	28,413
Financial assets at fair value through					
profit or loss . . . . .	21	272,720	190,400	174,383	145,983
Restricted bank deposits . . . . .	23	821	9,189	2,210	821
Cash and cash equivalents . . . . .	23	149,093	297,763	110,962	73,033
Total current assets . . . . .		526,403	689,959	501,852	437,002
CURRENT LIABILITIES					
Trade and bills payables . . . . .	24	18,275	30,894	30,907	29,707
Other payables and accruals . . . . .	25	94,176	183,368	41,792	39,291
Financial liabilities at fair value					
through profit or loss . . . . .	21	—	—	80	—
Interest-bearing bank loans . . . . .	26	—	21,619	57,790	69,233
Lease liabilities . . . . .	15	3,108	5,016	4,874	4,415
Contract liabilities . . . . .	27	27,076	35,578	10,939	10,561
Tax payable . . . . .		38,761	38,146	14,415	530
Total current liabilities . . . . .		181,396	314,621	160,797	153,737
NET CURRENT ASSETS . . . . .		345,007	375,338	341,055	283,265
TOTAL ASSETS LESS CURRENT					
LIABILITIES . . . . .		483,689	610,799	574,091	515,406

**APPENDIX I**
**ACCOUNTANTS' REPORT**

		As at 31 December			As at 30 June
	Notes	2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Deferred income .....	28	158,993	143,466	189,569	177,814
Deferred tax liabilities .....	18	272	10	559	845
Lease liabilities .....	15	5,283	5,731	4,533	4,832
Provision .....	29	3,490	6,558	6,127	4,983
Total non-current liabilities .....		168,038	155,765	200,788	188,474
Net assets .....		315,651	455,034	373,303	326,932
EQUITY					
Equity attributable to owners of the parent					
Share capital .....	30	—	360,000	360,000	360,000
Paid-in capital .....	30	9,538	—	—	—
Reserves .....	31	306,113	95,034	13,303	(33,068)
		315,651	455,034	373,303	326,932
Non-controlling interests .....		—	—	—	—
Total equity .....		315,651	455,034	373,303	326,932

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## Year ended 31 December 2021

	Attributable to owners of the parent					Non-controlling interests	Total equity
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total		
	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021 .....	7,850	190,521	43,299	(184,745)	56,925	(898)	56,027
Loss for the year .....	—	—	—	(41,558)	(41,558)	(198)	(41,756)
Total comprehensive loss							
for the year .....	—	—	—	(41,558)	(41,558)	(198)	(41,756)
Share-based payments							
(note 32) .....	—	—	(1,285)	—	(1,285)	—	(1,285)
Purchase of interests of non-controlling shareholders .....	—	(1,153)	—	—	(1,153)	1,153	—
Disposal of a subsidiary (note 33) .....	—	—	—	—	—	(57)	(57)
Capital contribution by shareholders .....	1,688	301,034	—	—	302,722	—	302,722
As at 31 December 2021 ....	9,538	490,402*	42,014*	(226,303)*	315,651	—	315,651

## Year ended 31 December 2022

	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000	RMB'000
As at 1 January 2022 .....	—	9,538	490,402	42,014	(226,303)	315,651
Loss for the year .....	—	—	—	—	(52,477)	(52,477)
Total comprehensive loss						
for the year .....	—	—	—	—	(52,477)	(52,477)
Share-based payments (note 32) ..	—	—	—	12,579	—	12,579
Capital contribution by shareholders .....	—	516	178,765	—	—	179,281
Conversion into a joint stock company .....	360,000	(10,054)	(565,867)	—	215,921	—
As at 31 December 2022 .....	360,000	—	103,300*	54,593*	(62,859)*	455,034

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**ACCOUNTANTS' REPORT**
**Year ended 31 December 2023**

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b> .....	360,000	103,300	54,593	(62,859)	—	455,034
Loss for the year .....	—	—	—	(103,281)	—	(103,281)
Exchange differences on translation of foreign operations .....	—	—	—	—	86	86
Total comprehensive loss for the year .....	—	—	—	(103,281)	86	(103,195)
Share-based payments (note 32) .....	—	—	21,464	—	—	21,464
<b>As at 31 December 2023</b> .....	<u>360,000</u>	<u>103,300</u>	<u>76,057</u>	<u>(166,140)</u>	<u>86</u>	<u>373,303</u>

**Six months ended 30 June 2024**

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2024</b> .....	360,000	103,300	76,057	(166,140)	86	373,303
Loss for the period .....	—	—	—	(59,883)	—	(59,883)
Exchange differences on translation of foreign operations .....	—	—	—	—	(153)	(153)
Total comprehensive loss for the period .....	—	—	—	(59,883)	(153)	(60,036)
Share-based payments (note 32) .....	—	—	13,665	—	—	13,665
<b>As at 30 June 2024</b> .....	<u>360,000</u>	<u>103,300*</u>	<u>89,722*</u>	<u>(226,023)*</u>	<u>(67)*</u>	<u>326,932</u>

\* The reserve accounts comprise the consolidated reserves of RMB306,113,000, RMB95,034,000, RMB13,303,000 and RMB(33,068,000) in the consolidated statements of financial position as at 31 December 2021, 2022, 2023 and 30 June 2024, respectively.

**Six months ended 30 June 2023 (Unaudited)**

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b> .....	360,000	103,300	54,593	(62,859)	—	455,034
Loss for the period .....	—	—	—	(51,687)	—	(51,687)
Exchange differences on translation of foreign operations .....	—	—	—	—	266	266
Total comprehensive loss for the period .....	—	—	—	(51,687)	266	(51,421)
Share-based payments (note 32) .....	—	—	5,845	—	—	5,845
<b>As at 30 June 2023</b> .....	<u>360,000</u>	<u>103,300</u>	<u>60,438</u>	<u>(114,546)</u>	<u>266</u>	<u>409,458</u>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Loss before tax		(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Adjustments for:						
Finance costs	6	767	2,030	1,957	1,411	702
Interest income	5	(1,948)	(2,843)	(2,313)	(1,569)	(1,274)
Loss/(gain) on disposal of items of property, plant and equipment	7	5	(2)	404	—	4
Loss on disposal of intangible assets	7	—	281	195	195	—
Depreciation of property, plant and equipment	7	3,518	16,163	25,556	11,498	13,419
Amortisation of intangible assets	7	119	627	758	367	484
Impairment/(reversal of impairment) of trade receivables	7	(3,411)	979	3,909	2,943	(1,095)
Impairment/(reversal of impairment) of contract assets	7	7	(8)	35	21	67
Impairment/(reversal of impairment) of other receivables	7	226	(342)	58	51	(39)
Impairment losses on investment in an associate	7	—	1,138	—	—	—
Loss on disposal of a subsidiary	7	163	—	—	—	—
Write-down of inventories to net realisable value	7	5,423	8,626	17,071	10,244	6,533
Depreciation of right-of-use assets	15	4,717	6,003	7,016	2,766	2,893
Investment income from financial assets at fair value through profit or loss	5	(7,045)	(7,391)	(2,657)	(2,059)	(647)
Fair value gains on financial assets at fair value through profit or loss	5	(1,695)	(400)	(4,132)	(2,259)	(1,600)
Fair value losses on financial liabilities at fair value through profit or loss		—	—	771	—	—
Share of profit of an associate		(71)	(5)	—	—	—
Equity-settled share-based payments	7	(1,285)	12,579	21,464	5,845	13,665
		(25,801)	(15,177)	(19,708)	(22,108)	(26,472)
Increase in inventories		(32,972)	(83,196)	(29,320)	(37,123)	(23,141)
(Increase)/decrease in restricted bank deposits		(610)	(8,368)	6,979	9,189	1,389
(Increase)/decrease in trade and bills receivables		(3,696)	(24,977)	(5,081)	9,001	9,663
Decrease/(increase) in contract assets		72	154	(278)	—	(158)
Decrease/(increase) in prepayments, deposits and other receivables		1,591	(3,408)	(10,552)	(3,535)	278
(Decrease)/increase in trade and bills payables		(5,519)	12,619	13	1,573	(2,344)
Increase/(decrease) in other payables and accruals		528	13,714	(19,513)	(15,209)	(3,910)
Increase/(decrease) in contract liabilities		6,024	8,502	(24,639)	(12,506)	(378)
Increase/(decrease) in deferred income		66,750	(15,527)	(17,146)	(7,554)	(11,755)
Cash generated from/(used in) operations		6,367	(115,664)	(119,245)	(78,272)	(56,828)

**APPENDIX I**
**ACCOUNTANTS' REPORT**

	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
Income tax paid		—	(847)	(38,455)	(36,817)	(13,586)
Net cash flows from/(used in) operating activities		6,367	(116,511)	(157,700)	(115,089)	(70,414)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received		1,948	2,843	2,313	1,569	1,274
Purchases of items of property, plant and equipment		(42,478)	(21,525)	(11,306)	(6,250)	(7,640)
Purchase of intangible assets		(2,121)	(2,062)	(52)	—	(1,213)
Proceeds from disposal of property, plant and equipment		388	113	424	669	1,634
Purchase of financial assets at fair value through profit or loss		(1,055,025)	(645,000)	(370,251)	(282,519)	(1,600)
Disposal of a subsidiary	33	(251)	—	—	—	—
Asset acquisition	34	—	—	(71,540)	(71,540)	—
Proceeds from disposal of financial assets at fair value through profit or loss		825,660	735,111	392,548	306,037	32,401
Net cash flows (used in)/ from investing activities		(271,879)	69,480	(57,864)	(52,034)	24,856
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
New bank loans		—	21,619	57,790	8,113	69,233
Loans from related parties		4,364	—	—	—	—
Interest paid		(369)	(1,699)	(1,498)	(1,161)	(541)
Capital contribution by shareholders		309,137	183,527	—	—	—
Share issue expenses		(6,415)	(4,266)	—	—	—
Payments of lease liabilities		(4,296)	(5,208)	(6,536)	(3,660)	(3,086)
Repayment of loans to related parties		(4,364)	—	—	—	—
Repayment of bank loans		(23,045)	—	(21,619)	—	(57,790)
Net cash flows from financing activities		275,012	193,973	28,137	3,292	7,816
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		9,500	146,942	(187,427)	(163,831)	(37,742)
Cash and cash equivalents at beginning of year/period		139,879	149,093	297,763	297,763	110,962
Effect of foreign exchange rate changes, net		(286)	1,728	626	1,385	(187)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>		<u>149,093</u>	<u>297,763</u>	<u>110,962</u>	<u>135,317</u>	<u>73,033</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>						
Cash and bank balances		129,093	297,763	92,547	135,317	63,768
Non-pledged time deposits with original maturity of less than three months when acquired		20,000	—	18,415	—	9,265
Cash and cash equivalents as stated in the consolidated statements of financial position		<u>149,093</u>	<u>297,763</u>	<u>110,962</u>	<u>135,317</u>	<u>73,033</u>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	17,310	31,077	28,130	21,505
Right-of-use assets	15	7,615	7,957	5,421	6,095
Other intangible assets	14	1,721	1,447	1,066	1,900
Investments in subsidiaries		29,032	28,796	57,247	57,531
Prepayment, deposits and other receivables	20	1,207	508	958	2,794
Trade receivables	19	1,392	828	—	—
Total non-current assets		58,277	70,613	92,822	89,825
CURRENT ASSETS					
Inventories	17	68,790	44,291	36,763	42,479
Trade and bills receivables	19	21,758	164,290	139,709	114,898
Contract assets	22	209	82	325	416
Prepayments, deposits and other receivables	20	22,392	7,998	97,256	149,621
Financial assets at fair value through profit or loss	21	222,720	190,400	174,383	145,983
Restricted bank deposits	23	—	3,592	1,389	—
Cash and cash equivalents	23	63,106	159,513	52,073	19,624
Total current assets		398,975	570,166	501,898	473,021
CURRENT LIABILITIES					
Trade and bills payables	24	20,283	62,224	95,610	101,958
Other payables and accruals	25	25,731	39,955	33,735	32,488
Financial liabilities at fair value through profit or loss	21	—	—	80	—
Lease liabilities	15	2,548	4,025	2,952	2,531
Contract liabilities	27	23,732	32,292	10,672	9,267
Total current liabilities		72,294	138,496	143,049	146,244
NET CURRENT ASSETS		326,681	431,670	358,849	326,777
TOTAL ASSETS LESS					
CURRENT LIABILITIES		384,958	502,283	451,671	416,602

**APPENDIX I**
**ACCOUNTANTS' REPORT**

		As at 31 December			As at 30 June
	Notes	2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Deferred income .....	28	4,766	4,463	9,442	7,004
Deferred tax liabilities .....	18	265	10	559	845
Lease liabilities .....	15	4,999	4,266	2,794	3,666
Provision.....	29	3,490	6,558	6,127	4,983
Total non-current liabilities .....		13,520	15,297	18,922	16,498
Net assets .....		371,438	486,986	432,749	400,104
EQUITY					
Share capital .....	30	—	360,000	360,000	360,000
Paid-in capital .....	30	9,538	—	—	—
Reserves .....	31	361,900	126,986	72,749	40,104
Total equity .....		371,438	486,986	432,749	400,104

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability incorporated in Shenzhen, the People's Republic of China (the "PRC") on 30 July 2015. The registered office address of the Company is 1003, Building 2, Chongwen Park, Nanshan Zhiyuan, No. 3370 Liuxian Avenue, Taoyuan Street, Nanshan District, Shenzhen, the PRC.

During the Relevant Periods and in the period covered by the Interim Comparative Financial Information, the Group was principally engaged in the design, development, manufacture and commercialisation of collaborative robots.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qingdao Yuejiang Intelligence Technology Co., Ltd. 青島越疆智能科技有限公司* (note (a)) . . .	Chinese Mainland 27 February 2020	RMB20,000,000	100%	–	Manufacture of collaborative robots
Yuejiang Intelligent Robot (Suzhou) Co., Ltd. 越疆智能機器人(蘇州)有限公司* (note (a)) . . . . .	Chinese Mainland 22 July 2021	RMB6,000,000	100%	–	Sale of collaborative robots
Shenzhen Qimo Technology Co., Ltd. 深圳市齊墨科技有限公司* (notes (a), (d)) . . .	Chinese Mainland 26 July 2018	RMB5,000,000	100%	–	Manufacture of collaborative robots
Rizhao Yuejiang Intelligence Technology Co., Ltd. 日照市越疆智能科技有限公司* (note (a)) . . . . .	Chinese Mainland 21 October 2020	RMB5,000,000	100%	–	Manufacture of collaborative robots
DOBOT HK LIMITED (note (b)) . . . . .	Hong Kong 16 August 2021	HKD10,000	100%	–	Investment holding
Qingdao Yuejiang Robotics Co., Ltd. 青島越疆機器人有限公司* (notes (a), (c)) . . .	Chinese Mainland 26 April 2020	RMB71,965,300	–	100%	Holding the land for production base
DOBOT NORTH AMERICA LLC (note (a)) . . . . .	The United States 25 October 2022	US\$1,000,000	–	100%	Investment holding
DOBOT Europe GmbH (note (a)) . . . . .	Germany 4 May 2023	Euro500,000	–	100%	Sale of collaborative robots
DOBOT JAPAN (note (a)) . . . . .	Japan 17 February 2023	JPY20,000,000	–	100%	Sale of collaborative robots
DOBOT USA LLC (note (a)) . . . . .	United States 26 October 2022	US\$1,000,000	–	100%	Sale of collaborative robots

\* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company (the "Directors") to translate the Chinese names as these companies have not been registered with any official English names.

*Notes:*

- (a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2021, 2022 and 2023 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.
- (b) The statutory financial statements of this entity for the period from 16 August 2021 (date of Incorporation) to 31 December 2022 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standards ("SME-FRS") issued by the HKICPA, were audited by Richful CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended 31 December 2023 prepared in accordance with SME-FRS, were audited by LEE CHI FAI & Co., certified public accountants registered in Hong Kong.
- (c) The registered capital of Qingdao Yuejiang Robotics Co., Ltd. was increased from RMB10,000,000 to RMB71,965,300 on 28 November 2022. The equity interests in Qingdao Yuejiang Robotics Co., Ltd. were acquired by the Group in June 2023 with details set out in note 34 to the Historical Financial Information.
- (d) The Group held 90% equity interests in Shenzhen Qimo Technology Co., Ltd. upon the incorporation of this entity. On 31 March 2021, the Group acquired 10% non-controlling interests in Shenzhen Qimo Technology Co., Ltd. at RMB1.

**2.1 BASIS OF PREPARATION**

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

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

**Basis of consolidation**

The Historical Financial Information includes the financial information of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information. 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 information of the subsidiaries is 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.

## 2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>3</sup></i>
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	<i>Nine narrow scope amendments including clarifications, simplifications, corrections or changes to improve consistency in IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>3</sup></i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>4</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>4</sup></i>

<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 reporting periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for reporting periods beginning on or after 1 January 2027.

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

## 2.3 MATERIAL ACCOUNTING POLICIES

### Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in an associate.

### Fair value measurement

The Group measures its certain financial instruments 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 financial statements 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 and deferred tax 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;
- (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 the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	3.17% to 4.75%
Furniture and fixtures	19% to 32%
Electronic equipment and others	9.5% to 32%
Motor vehicles	19% to 32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation 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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

#### Intangible assets

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

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 5 years
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**Research and development costs**

All research costs are charged to the statement 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 (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any 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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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:

Factory, office and laboratory	1 to 5 years
Leasehold land	30 to 50 years

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

**(b) Lease liabilities**

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

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

**(c) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (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 of office equipment that is 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.

**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 statement 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 statement of financial position at fair value with net changes in fair value recognised in the statement 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 statement of financial position) when:

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

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

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 considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

***Subsequent measurement***

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

***Financial liabilities at amortised cost (trade and other payables, loans 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 statement 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 statement of profit or loss and other comprehensive income.

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

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement 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 the statement of profit or loss and other comprehensive income.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

***Cash and cash equivalents***

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

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

**Provisions**

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods 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 profit or loss and other comprehensive income.

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

**Income tax**

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

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward 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 carry forward of unused tax credits and unused tax losses can be utilised, except:

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

The carrying amount of deferred tax assets is reviewed at the end of each 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 assets to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax

liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

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

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

**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 products***

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery or acceptance of the products as agreed in the sales contracts.

For some contracts, the Group provides installation and commissioning services that are bundled together with the sale of products to the customers. The installation and commissioning services significantly modify or customise the goods, therefore, the products and the services are highly interrelated and instead combined as one single performance obligation which is satisfied at a point in time.

***(b) Product related supporting services***

Revenue from services is recognised at a point in time when the service is provided and accepted by the customer.

**Other income**

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

**Contract assets**

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

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related 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).

**Contract costs**

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

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

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

**Share-based payments**

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the probability weighted expected return method and valuation models. Further details are included in note 32 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods 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.



**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 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.

***Termination benefits***

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

**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.

**Foreign currencies**

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the 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 each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of 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 the 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 the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

***Research and development expenses***

All research costs are charged to the statement 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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

***Classification of financial assets***

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

***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.

***Provision against obsolete and slow-moving inventories***

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

***Provision for expected credit losses on trade 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, and coverage by letters of credit and other forms of credit insurance).

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

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

***Recognition of income taxes and deferred tax assets***

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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

***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).

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

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

**4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

## Geographical information

## (a) Revenue from external customers

	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)	
Chinese Mainland . . . . .	90,457	100,893	117,221	39,181	46,543
European markets . . . . .	40,598	65,964	68,313	31,885	28,312
Americas. . . . .	16,419	30,708	37,558	17,113	16,291
Asia-Pacific markets. . . . .	26,840	43,448	63,657	21,733	29,316
	174,314	241,013	286,749	109,912	120,462

The revenue information above is based on the locations of the customers.

## (b) Non-current assets

Most of the Group's non-current assets are located in Chinese Mainland. Thus, no geographic information is presented.

## Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods and six months ended 30 June 2023 is set out below:

	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)	
Customer A . . . . .	21,957	N/A*	N/A*	N/A*	N/A*

\* Less than 10% of the Group's revenue.

## 5. REVENUE, OTHER INCOME AND GAINS

## Revenue

An analysis of revenue 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	RMB'000
				(Unaudited)	
Revenue from contracts with customers . . . . .	174,314	241,013	286,749	109,912	120,462

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## ACCOUNTANTS' REPORT

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

	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)	
<b>Types of goods or services</b>					
Sale of products	173,647	240,434	285,671	109,766	120,153
Services	667	579	1,078	146	309
	174,314	241,013	286,749	109,912	120,462
<b>Geographical markets</b>					
Chinese Mainland	90,457	100,893	117,221	39,181	46,543
European markets	40,598	65,964	68,313	31,885	28,312
Americas	16,419	30,708	37,558	17,113	16,291
Asia Pacific markets	26,840	43,448	63,657	21,733	29,316
	174,314	241,013	286,749	109,912	120,462
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	173,647	240,434	285,671	109,766	120,153
Services transferred at a point in time	667	579	1,078	146	309
Total revenue from contracts with customers	174,314	241,013	286,749	109,912	120,462

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	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 recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of products	14,309	19,521	34,291	13,241	8,116

#### (b) Performance obligations

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

##### Sales of products

The performance obligation is satisfied upon delivery and acceptance of products and payment is generally due within 2 months from delivery, where payment in advance is normally required.

##### Product related supporting services

The performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

As the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

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## ACCOUNTANTS' REPORT

### Other income and gains

An analysis of other income and gains 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	RMB'000
				(Unaudited)	
<b>Other income</b>					
Interest income	1,948	2,843	2,313	1,569	1,274
Government grants*	11,598	30,920	32,915	15,759	15,954
Investment income from financial assets at fair value through profit or loss	7,045	7,391	2,657	2,059	647
Revenue from sales of raw materials	1,545	1,655	238	43	377
Others	258	361	419	153	156
<b>Gains</b>					
Reversal of impairment losses on financial and contract assets	3,178	—	—	—	1,067
Fair value gains on financial assets at fair value through profit or loss	1,695	400	4,132	2,259	1,600
Gain on disposal of items of property, plant and equipment	—	2	—	—	—
Foreign exchange gains, net	—	1,892	1,157	1,278	—
	<u>27,267</u>	<u>45,464</u>	<u>43,831</u>	<u>23,120</u>	<u>21,075</u>

\* The Group has received certain government grants related to assets and income. Certain of the grants related to assets and income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. The grants related to income have been received to compensate for the Group's research and development costs and are recognised in the statement of profit or loss on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### 6. FINANCE COSTS

An analysis of finance costs from continuing operations 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	RMB'000
				(Unaudited)	
Interest on bank loans	369	6	640	303	541
Interest on lease liabilities	289	440	459	250	161
Interest on loans from related parties	109	—	—	—	—
Accretion of interest expense	—	1,584	858	858	—
	<u>767</u>	<u>2,030</u>	<u>1,957</u>	<u>1,411</u>	<u>702</u>

# APPENDIX I

# ACCOUNTANTS' REPORT

## 7. LOSS BEFORE TAX

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

				Six months ended 30 June	
Year ended 31 December					
Notes	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of inventories and services sold* . . .	86,234	142,796	161,905	66,978	67,618
Research and development costs***** . . .	46,873	52,054	70,527	31,181	31,423
Expense from sales of raw materials . . . .	1,886	1,132	266	90	668
Depreciation of property, plant and equipment** . . . . .	13	3,518	16,163	25,556	11,498
Depreciation of right-of-use assets** . . . .	15	4,717	6,003	7,016	2,766
Amortisation of intangible assets** . . . .	14	119	627	758	367
Loss/(gain) on disposal of property, plant and equipment*** . . . . .		5	(12)	404	—
Loss on disposal of intangible assets*** . .		—	281	195	195
Loss on disposal of a subsidiary . . . . .	33	163	—	—	—
Foreign exchange losses/(gains), net*** . .		349	(1,892)	(1,157)	(1,278)
Lease payments in respect of short-term leases . . . . .		1,334	596	1,092	400
Impairment/(reversal of impairment) of trade receivables . . . . .		(3,411)	979	3,909	2,943
Impairment/(reversal of impairment) of other receivables . . . . .		226	(342)	58	51
Impairment/(reversal of impairment) of contract assets . . . . .		7	(8)	35	21
Impairment losses on investment in an associate . . . . .		—	1,138	—	—
Write-down of inventories to net realisable value**** . . . . .		5,423	8,626	17,071	10,244
Fair value loss on financial liabilities at fair value through profit or loss . . . . .		—	—	771	—
Share-based payment expenses . . . . .		(1,285)	12,579	21,464	5,845
Product warranty provision . . . . .		3,943	4,864	2,798	1,188
Listing expenses . . . . .		—	—	—	—
Auditor's remuneration . . . . .		21	421	1,571	300
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8))					
– Wages and salaries . . . . .		84,466	108,777	120,301	45,837
– Pension scheme contributions . . . . .		1,798	3,294	5,075	2,674
Total . . . . .		86,264	112,071	125,376	48,511
					50,709

\* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

\*\* The depreciation of property, plant and equipment, amortisation of intangible assets, and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

\*\*\* The amounts are included in "other income and gains" and "other expense" in profit or loss.

\*\*\*\* The amounts are included in "cost of sales" in profit or loss.

\*\*\*\*\* According to IAS 38.54, any expenditure on research or the research phase of an internal project must be expensed as incurred. IAS 38.57 requires capitalization of expenditure incurred during the development phase of an internal project, only when all of the criteria (as set out in the accounting policies for research and development costs in Note 2.3) can be met. The Group determines that capitalisation of development costs starts when the prototype of the product is available and there are established demands for the product. There are only immaterial development costs incurred after that point until the commercialisation of the product, therefore, no research and development costs were capitalised during the Relevant Periods and six months ended 30 June 2023.

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

Directors' and chief executive's remuneration as recorded during the Relevant Periods and the six months ended 30 June 2023, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	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 . . . . .	—	6	216	108	108
Other emoluments:					
Salaries, allowances and benefits in kind . . . . .	2,146	3,036	3,405	1,695	1,708
Pension scheme contributions . . . . .	24	43	59	29	32
Share-based payment expenses . . . . .	(5,441)	2,232	3,539	547	2,979
	(3,271)	5,317	7,219	2,379	4,827

## (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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Mr. Li Yibin . . . . .	—	2	72	36	36
Mr. Zhou Runshu . . . . .	—	2	72	36	30
Dr. Hou Lingling . . . . .	—	2	72	36	36
Mr. Ng Jack Ho Wan . . . . .	—	—	—	—	6
Total . . . . .	—	6	216	108	108

The independent non-executive directors of the Company were appointed on 20 December 2022 except for Mr. Ng Jack Ho Wan who was appointed on 31 May 2024. Mr. Zhou Runshu resigned as independent non-executive director with effect from 31 May 2024.



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## (b) Directors and the chief executive

Year ended 31 December 2021

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors, supervisors and chief executive:</b>					
Mr. Liu Peichao (note (i))	—	340	4	—	344
Mr. Lang Xulin (note (ii))	—	460	4	—	464
Mr. Liu Yang (note (ii))	—	286	3	62	351
Mr. Xie Junjie (note (iii))	—	416	4	1,787	2,207
Mr. Li Liuwei (note (iii))	—	281	3	41	325
Ms. Wan Ying (note (iii))	—	186	3	31	220
Mr. Wu Zhiwen (note (ii))	—	5	1	—	6
Mr. Liu Zhufu (note (iii))	—	91	1	298	390
Mr. Song Tao (note (iii))	—	81	1	(7,660)	(7,578)
<b>Non-executive directors:</b>					
Mr. Xiang Guanglong (note (ii))	—	—	—	—	—
Ms. Cai Wenjuan (note (ii))	—	—	—	—	—
Mr. Bai Yunfan (note (ii))	—	—	—	—	—
Mr. Li Xing (note (ii))	—	—	—	—	—
Ms. Zheng Chengyuan (note (ii))	—	—	—	—	—
Mr. Yang Guowei (note (ii))	—	—	—	—	—
Mr. Jing Liang (note (ii))	—	—	—	—	—
	—	2,146	24	(5,441)	(3,271)

Year ended 31 December 2022

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors, supervisors and chief executive:</b>					
Mr. Liu Peichao (note (i))	—	567	5	—	572
Mr. Wang Yong (note (ii))	—	50	—	—	50
Mr. Lang Xulin (note (ii))	—	606	5	—	611
Mr. Liu Zhufu (note (ii))	—	165	2	447	614
Mr. Jiang Yu (note (ii))	—	141	15	194	350
Mr. Liu Yang (note (ii))	—	357	4	134	495
Mr. Xie Junjie (note (iii))	—	449	3	1,340	1,792
Mr. Li Liuwei (note (iii))	—	408	5	74	487
Ms. Wan Ying (note (iii))	—	293	4	43	340
Ms. Zhao Kun (note (iii))	—	—	—	—	—
<b>Non-executive directors:</b>					
Mr. Xiang Guanglong (note (ii))	—	—	—	—	—
Ms. Cai Wenjuan (note (ii))	—	—	—	—	—
Mr. Li Xing (note (ii))	—	—	—	—	—
Ms. Zheng Chengyuan (note (ii))	—	—	—	—	—
Mr. Yang Guowei (note (ii))	—	—	—	—	—
Mr. Jing Liang (note (ii))	—	—	—	—	—
	—	3,036	43	2,232	5,311

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Year ended 31 December 2023

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors, supervisors and chief executive:</b>					
Mr. Liu Peichao ( <i>note (i)</i> ) . . . . .	—	593	12	—	605
Mr. Wang Yong ( <i>note (ii)</i> ) . . . . .	—	1,325	12	3,189	4,526
Mr. Lang Xulin ( <i>note (ii)</i> ) . . . . .	—	739	12	—	751
Mr. Li Liuwei ( <i>note (iii)</i> ) . . . . .	—	418	12	216	646
Ms. Wan Ying ( <i>note (iii)</i> ) . . . . .	—	330	11	134	475
Ms. Ma Jingxian ( <i>note (iii)</i> ) . . . . .	—	—	—	—	—
Ms. Zhao Kun ( <i>note (iii)</i> ) . . . . .	—	—	—	—	—
<b>Non-executive director:</b>					
Mr. Jing Liang ( <i>note (ii)</i> ) . . . . .	—	—	—	—	—
	—	3,405	59	3,539	7,003

Six months ended 30 June 2024

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors, supervisors and chief executive:</b>					
Mr. Liu Peichao ( <i>note (i)</i> ) . . . . .	—	296	6	—	302
Mr. Wang Yong ( <i>note (ii)</i> ) . . . . .	—	655	6	2,733	3,394
Mr. Lang Xulin ( <i>note (ii)</i> ) . . . . .	—	374	7	—	381
Mr. Li Liuwei ( <i>note (iii)</i> ) . . . . .	—	216	7	150	373
Ms. Wan Ying ( <i>note (iii)</i> ) . . . . .	—	167	6	96	269
Ms. Ma Jingxian . . . . .	—	—	—	—	—
<b>Non-executive directors:</b>					
Mr. Jing Liang ( <i>note (ii)</i> ) . . . . .	—	—	—	—	—
	—	1,708	32	2,979	4,719

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# ACCOUNTANTS' REPORT

Six months ended 30 June 2023 (Unaudited)

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors, supervisors and chief executive:</b>					
Mr. Liu Peichao (note (i)) . . . . .	—	297	6	—	303
Mr. Wang Yong (note (ii)) . . . . .	—	662	6	456	1,124
Mr. Lang Xulin (note (ii)) . . . . .	—	366	6	—	372
Mr. Li Liuwei (note (iii)) . . . . .	—	206	6	60	272
Ms. Wan Ying (note (iii)) . . . . .	—	164	5	31	200
Ms. Ma Jingxian (note (iii)) . . . . .	—	—	—	—	—
Ms. Zhao Kun (note (iii)) . . . . .	—	—	—	—	—
<b>Non-executive directors:</b>					
Mr. Jing Liang (note (ii)) . . . . .	—	—	—	—	—
	—	1,695	29	547	2,271

Notes:

- (i) Mr. Liu Peichao was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from July 2015.
- (ii) Mr. Lang Xulin was appointed as a director of the Company with effect from September 2016. Mr. Wu Zhiwen was appointed as a director of the Company with effect from September 2016 to February 2021. Ms. Cai Wenjuan was appointed as a director of the Company with effect from September 2016 to December 2022. Ms. Zheng Chenyuan was appointed as a director of the Company with effect from July 2017 to October 2022. Mr. Xiang Guanglong and Mr. Li Xing were appointed as directors of the Company with effect from July 2017 to December 2022. Mr. Bai Yunfan was appointed as a director of the Company with effect from May 2018 to February 2021. Mr. Jing Liang was appointed as a director of the Company with effect from April 2020. Mr. Liu Yang was appointed as a director of the Company with effect from February 2021 to December 2022. Mr. Yang Guowei was appointed as a director of the Company with effect from February 2021 to October 2022. Mr. Liu Zhufu and Mr. Jiang Yu were appointed as directors of the Company with effect from October 2022 to December 2022. Mr. Wang Yong was appointed as a director with effect from December 2022.
- (iii) Mr. Xie Junjie was appointed as a supervisor of the Company with effect from September 2016 to October 2022. Mr. Song Tao was appointed as a supervisor of the Company with effect from April 2020 to February 2021. Mr. Liu Zhufu was appointed as a supervisor of the Company with effect from January 2021 to February 2021. Mr. Li Liuwei and Ms. Wan Ying were appointed as a supervisor of the Company with effect from January 2021. Ms. Zhao Kun was appointed as a supervisor of the Company with effect from October 2022 to May 2023. Ms. Ma Jingxian was appointed as a supervisor of the Company with effect from May 2023.

During the Relevant Periods and six months ended 30 June 2023, restricted share units were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' remuneration disclosures.

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

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and six months ended 30 June 2023 included one, one, one and one directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, four, four and four highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and 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)	
Salaries, bonuses, allowances and benefits in kind . . .	2,622	2,303	2,610	1,312	1,290
Pension scheme contributions . . . . .	68	71	157	73	51
Share-based payment expenses . . . . .	5,444	6,496	5,481	2,677	3,137
	8,134	8,870	8,248	4,062	4,478

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
	(Unaudited)				
	Number of employees				
Below HKD1,000,000 . . . . .	—	—	—	2	—
HKD1,000,001 to HKD1,500,000 . . . . .	2	—	—	2	4
HKD1,500,001 to HKD2,000,000 . . . . .	1	2	2	—	—
HKD2,500,001 to HKD3,000,000 . . . . .	1	1	2	—	—
HKD4,000,001 to HKD4,500,000 . . . . .	—	1	—	—	—
	4	4	4	4	4

During the Relevant Periods and six months ended 30 June 2023, restricted share units were granted to seven non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2023 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

## 10. INCOME TAX

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

## Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008. Shenzhen Qimo Technology Co., Ltd., a subsidiary of the Group in Chinese Mainland, is qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% for the years ended 31 December 2021 and 2022.

The Company was approved as a "High and New Technology Enterprise" and entitled to a preferential income tax rate of 15% during the Relevant Periods and six months ended 30 June 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

**Overseas subsidiaries**

No income tax on the overseas subsidiaries has been provided as there were no assessable profit arising in such overseas tax jurisdictions during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods and six months ended 30 June 2023 is analysed 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
Current income tax	16,302	228	14,778	2	539
Deferred income tax	163	(363)	(1,297)	123	(240)
Total tax charge/(credit) for the year	16,465	(135)	13,481	125	299

A reconciliation of the expected income tax calculated at the preferential tax rate and loss before income tax, with the actual income tax at the effective tax rate 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	(25,291)	(52,612)	(89,800)	(51,562)	(59,584)
Tax charge at the preferential tax rate of 25%	(6,323)	(13,153)	(22,450)	(12,891)	(14,896)
Entities entitled to lower statutory income tax rates	2,455	8,104	7,976	5,005	5,558
Additional deductible allowance for qualified research and development expenses	(5,311)	(6,757)	(8,755)	(3,956)	(3,692)
Temporary differences and tax losses not recognised	25,606	9,595	31,956	10,975	11,197
Expenses not deductible for tax	38	2,076	4,754	992	2,132
Tax charge/(credit) at the Group's effective tax rate	16,465	(135)	13,481	125	299

Based on Public Notice 2022 No. 28 issued by the State Tax Bureau of the PRC on 22 September 2022, the enterprises originally eligible for an additional 75% deduction of eligible R&D expenses can further enjoy an increased super deduction ratio of 100% from 1 October 2022 to 31 December 2022 (i.e. the fourth quarter of 2022). Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for a 100% deduction of eligible R&D expenses from 1 January 2023. The Company has claimed such additional super deduction during the Relevant Periods and six months ended 30 June 2023.

**11. DIVIDENDS**

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2023.

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2023. The weighted average number of ordinary shares in issue for 2021 and 2022 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:35.81 as upon transformation into a joint stock company in December 2022.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and six months ended 30 June 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted loss per share are based on:

	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, used in the basic earnings per share calculation (RMB'000) .....	(41,558)	(52,477)	(103,281)	(51,687)	(59,883)
<b>Shares</b>					
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation ('000) .....	330,150	348,862	360,000	360,000	360,000

**13. PROPERTY, PLANT AND EQUIPMENT****The Group**

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2021</b>						
At 1 January 2021						
Cost .....	4,190	982	9,389	1,211	—	15,772
Accumulated depreciation .....	(2,443)	(462)	(3,368)	—	—	(6,273)
Net carrying amount .....	1,747	520	6,021	1,211	—	9,499
At 1 January 2021, net of accumulated depreciation .....	1,747	520	6,021	1,211	—	9,499
Additions .....	906	456	199	558	89,427	91,546
Transfer from inventories* .....	—	—	10,261	—	—	10,261
Disposals .....	(8)	—	(384)	—	—	(392)
Depreciation provided during the year .....	(44)	(52)	(2,357)	(1,065)	—	(3,518)
At 31 December 2021, net of accumulated depreciation .....	2,601	924	13,740	704	89,427	107,396
<b>At 31 December 2021</b>						
Cost .....	5,076	1,438	19,239	1,769	89,427	116,949
Accumulated depreciation .....	(2,475)	(514)	(5,499)	(1,065)	—	(9,553)
Net carrying amount .....	2,601	924	13,740	704	89,427	107,396

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	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2022</b>							
At 1 January 2022							
Cost . . . . .	—	5,076	1,438	19,239	1,769	89,427	116,949
Accumulated depreciation . . . . .	—	(2,475)	(514)	(5,499)	(1,065)	—	(9,553)
Net carrying amount . . . . .	—	2,601	924	13,740	704	89,427	107,396
At 1 January 2022, net of accumulated depreciation . . . . .	—	2,601	924	13,740	704	89,427	107,396
Additions . . . . .	61,733	2,563	—	2,149	2,856	16,392	85,693
Transfer from inventories* . . . . .	—	—	—	17,633	—	—	17,633
Transfer . . . . .	80,782	4,761	—	15,383	2,619	(103,545)	—
Disposals . . . . .	—	(16)	—	(95)	—	—	(111)
Depreciation provided during the year . . . . .	(3,631)	(2,246)	(279)	(8,936)	(1,071)	—	(16,163)
At 31 December 2022, net of accumulated depreciation . . . . .	138,884	7,663	645	39,874	5,108	2,274	194,448
At 31 December 2022							
Cost . . . . .	142,515	12,332	1,438	53,832	7,244	2,274	219,635
Accumulated depreciation . . . . .	(3,631)	(4,669)	(793)	(13,958)	(2,136)	—	(25,187)
Net carrying amount . . . . .	138,884	7,663	645	39,874	5,108	2,274	194,448
	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2023</b>							
At 1 January 2023							
Cost . . . . .	142,515	12,332	1,438	53,832	7,244	2,274	219,635
Accumulated depreciation . . . . .	(3,631)	(4,669)	(793)	(13,958)	(2,136)	—	(25,187)
Net carrying amount . . . . .	138,884	7,663	645	39,874	5,108	2,274	194,448
At 1 January 2023, net of accumulated depreciation . . . . .	138,884	7,663	645	39,874	5,108	2,274	194,448
Additions . . . . .	—	1,557	—	2,601	762	5,731	10,651
Transfer from inventories* . . . . .	—	—	—	11,055	—	—	11,055
Transfer . . . . .	875	—	—	3,795	960	(5,630)	—
Disposals . . . . .	(223)	(31)	—	(574)	—	—	(828)
Depreciation provided during the year . . . . .	(4,898)	(3,321)	(252)	(15,064)	(2,021)	—	(25,556)
At 31 December 2023, net of accumulated depreciation . . . . .	134,638	5,868	393	41,687	4,809	2,375	189,770
At 31 December 2023							
Cost . . . . .	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation . . . . .	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	—	(49,332)
Net carrying amount . . . . .	134,638	5,868	393	41,687	4,809	2,375	189,770

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	Buildings	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>30 June 2024</b>							
At 31 December 2023 and at 1 January 2024:							
Cost . . . . .	143,167	13,386	1,438	69,770	8,966	2,375	239,102
Accumulated depreciation . . . . .	(8,529)	(7,518)	(1,045)	(28,083)	(4,157)	—	(49,332)
Net carrying amount . . . . .	134,638	5,868	393	41,687	4,809	2,375	189,770
At 1 January 2024, net of accumulated depreciation . . . . .	134,638	5,868	393	41,687	4,809	2,375	189,770
Additions . . . . .	—	567	—	3,264	70	3,976	7,877
Transfer from inventories* . . . . .	—	—	—	2,832	—	—	2,832
Transfer . . . . .	—	283	—	602	577	(1,462)	—
Disposals . . . . .	—	(2)	—	(1,636)	—	—	(1,638)
Depreciation provided during the period . . . . .	(2,456)	(1,612)	(126)	(8,337)	(888)	—	(13,419)
At 30 June 2024, net of accumulated depreciation . . . . .	132,182	5,104	267	38,412	4,568	4,889	185,422
At 30 June 2024							
Cost . . . . .	143,167	14,234	1,438	74,832	9,613	4,889	248,173
Accumulated depreciation . . . . .	(10,985)	(9,130)	(1,171)	(36,420)	(5,045)	—	(62,751)
Net carrying amount . . . . .	132,182	5,104	267	38,412	4,568	4,889	185,422

## The Company

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>31 December 2021</b>					
At 1 January 2021					
Cost . . . . .	3,716	982	8,687	967	14,352
Accumulated depreciation . . . . .	(2,140)	(462)	(3,250)	—	(5,852)
Net carrying amount . . . . .	1,576	520	5,437	967	8,500
At 1 January 2021, net of accumulated depreciation . . . . .	1,576	520	5,437	967	8,500
Additions . . . . .	899	456	57	558	1,970
Transfer from inventories* . . . . .	—	—	10,261	—	10,261
Disposals . . . . .	(2)	—	(80)	—	(82)
Depreciation provided during the year . . . . .	(82)	(52)	(2,336)	(869)	(3,339)
At 31 December 2021, net of accumulated depreciation . . . . .	2,391	924	13,339	656	17,310
At 31 December 2021					
Cost . . . . .	4,605	1,438	18,748	1,525	26,316
Accumulated depreciation . . . . .	(2,214)	(514)	(5,409)	(869)	(9,006)
Net carrying amount . . . . .	2,391	924	13,339	656	17,310



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## ACCOUNTANTS' REPORT

	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Electronic equipment and others</b>	<b>Leasehold improvements</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>31 December 2022</b>					
At 1 January 2022					
Cost .....	4,605	1,438	18,748	1,525	26,316
Accumulated depreciation .....	(2,214)	(514)	(5,409)	(869)	(9,006)
Net carrying amount .....	<u>2,391</u>	<u>924</u>	<u>13,339</u>	<u>656</u>	<u>17,310</u>
At 1 January 2022, net of accumulated depreciation .....	2,391	924	13,339	656	17,310
Additions .....	1,414	—	1,409	2,801	5,624
Transfer from inventories* .....	—	—	17,633	—	17,633
Disposals .....	(8)	—	(89)	—	(97)
Depreciation provided during the year .....	(1,093)	(279)	(7,287)	(734)	(9,393)
At 31 December 2022, net of accumulated depreciation .....	<u>2,704</u>	<u>645</u>	<u>25,005</u>	<u>2,723</u>	<u>31,077</u>
At 31 December 2022					
Cost .....	5,962	1,438	37,225	4,326	48,951
Accumulated depreciation .....	(3,258)	(793)	(12,220)	(1,603)	(17,874)
Net carrying amount .....	<u>2,704</u>	<u>645</u>	<u>25,005</u>	<u>2,723</u>	<u>31,077</u>
	<b>Furniture and fixtures</b>	<b>Motor vehicles</b>	<b>Electronic equipment and others</b>	<b>Leasehold improvements</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>31 December 2023</b>					
At 1 January 2023					
Cost .....	5,962	1,438	37,225	4,326	48,951
Accumulated depreciation .....	(3,258)	(793)	(12,220)	(1,603)	(17,874)
Net carrying amount .....	<u>2,704</u>	<u>645</u>	<u>25,005</u>	<u>2,723</u>	<u>31,077</u>
At 1 January 2023, net of accumulated depreciation .....	2,704	645	25,005	2,723	31,077
Additions .....	761	—	2,526	—	3,287
Transfer from inventories* .....	—	—	11,055	—	11,055
Disposals .....	(8)	—	(3,078)	—	(3,086)
Depreciation provided during the year .....	(1,379)	(252)	(11,614)	(958)	(14,203)
At 31 December 2023, net of accumulated depreciation .....	<u>2,078</u>	<u>393</u>	<u>23,894</u>	<u>1,765</u>	<u>28,130</u>
At 31 December 2023					
Cost .....	6,517	1,438	45,940	4,326	58,221
Accumulated depreciation .....	(4,439)	(1,045)	(22,046)	(2,561)	(30,091)
Net carrying amount .....	<u>2,078</u>	<u>393</u>	<u>23,894</u>	<u>1,765</u>	<u>28,130</u>

# APPENDIX I

# ACCOUNTANTS' REPORT

	Furniture and fixtures	Motor vehicles	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>30 June 2024</b>					
At 31 December 2023 and at 1 January 2024:					
Cost. ....	6,517	1,438	45,940	4,326	58,221
Accumulated depreciation .....	(4,439)	(1,045)	(22,046)	(2,561)	(30,091)
Net carrying amount .....	<u>2,078</u>	<u>393</u>	<u>23,894</u>	<u>1,765</u>	<u>28,130</u>
At 1 January 2024, net of accumulated depreciation .....	2,078	393	23,894	1,765	28,130
Additions .....	136	—	2,883	—	3,019
Transfer from inventories* .....	—	—	255	—	255
Disposals .....	(9)	—	(2,626)	—	(2,635)
Depreciation provided during the period .....	<u>(624)</u>	<u>(126)</u>	<u>(6,143)</u>	<u>(371)</u>	<u>(7,264)</u>
At 30 June 2024, net of accumulated depreciation .....	<u>1,581</u>	<u>267</u>	<u>18,263</u>	<u>1,394</u>	<u>21,505</u>
At 30 June 2024					
Cost. ....	6,553	1,438	45,645	4,326	57,962
Accumulated depreciation .....	(4,972)	(1,171)	(27,382)	(2,932)	(36,457)
Net carrying amount .....	<u>1,581</u>	<u>267</u>	<u>18,263</u>	<u>1,394</u>	<u>21,505</u>

\* When the products are used for promotion, exhibition and training purposes, the products are transferred from inventories to property, plant and equipment and depreciated over three years.

## 14. INTANGIBLE ASSETS

## The Group

	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2021</b>	
At 1 January 2021	
Cost .....	478
Accumulated amortisation .....	(258)
Net carrying amount .....	220
At 1 January 2021, net of accumulated amortisation	
Additions .....	1,901
Amortisation provided during the year .....	(119)
At 31 December 2021, net of accumulated amortisation .....	2,002
At 31 December 2021	
Cost .....	2,379
Accumulated amortisation .....	(377)
Net carrying amount .....	2,002
	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2022</b>	
At 1 January 2022	
Cost .....	2,379
Accumulated amortisation .....	(377)
Net carrying amount .....	2,002
At 1 January 2022, net of accumulated amortisation	
Additions .....	2,062
Disposals .....	(281)
Amortisation provided during the year .....	(627)
At 31 December 2022, net of accumulated amortisation .....	3,156
At 31 December 2022	
Cost .....	4,092
Accumulated amortisation .....	(936)
Net carrying amount .....	3,156

	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2023</b>	
At 1 January 2023	
Cost . . . . .	4,092
Accumulated amortisation . . . . .	(936)
Net carrying amount . . . . .	3,156
At 1 January 2023, net of accumulated amortisation	
Additions . . . . .	52
Disposals . . . . .	(195)
Amortisation provided during the year . . . . .	(758)
At 31 December 2023, net of accumulated amortisation . . . . .	2,255
At 31 December 2023	
Cost . . . . .	3,949
Accumulated amortisation . . . . .	(1,694)
Net carrying amount . . . . .	2,255
	<b>Software</b>
	<b>RMB'000</b>
<b>30 June 2024</b>	
At 1 January 2024:	
Cost . . . . .	3,949
Accumulated amortisation . . . . .	(1,694)
Net carrying amount . . . . .	2,255
At 1 January 2024, net of accumulated amortisation . . . . .	2,255
Additions . . . . .	1,213
Amortisation provided during the period . . . . .	(484)
At 30 June 2024, net of accumulated amortisation . . . . .	2,984
At 30 June 2024:	
Cost . . . . .	5,162
Accumulated amortisation . . . . .	(2,178)
Net carrying amount . . . . .	2,984

## The Company

	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2021</b>	
At 1 January 2021	
Cost .....	478
Accumulated amortisation .....	(258)
Net carrying amount .....	220
At 1 January 2021, net of accumulated amortisation	
Additions .....	1,551
Amortisation provided during the year .....	(50)
At 31 December 2021, net of accumulated amortisation .....	1,721
At 31 December 2021	
Cost .....	2,029
Accumulated amortisation .....	(308)
Net carrying amount .....	1,721
	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2022</b>	
At 1 January 2022	
Cost .....	2,029
Accumulated amortisation .....	(308)
Net carrying amount .....	1,721
At 1 January 2022, net of accumulated amortisation	
Additions .....	127
Disposals .....	—
Amortisation provided during the year .....	(401)
At 31 December 2022, net of accumulated amortisation .....	1,447
At 31 December 2022	
Cost .....	2,157
Accumulated amortisation .....	(710)
Net carrying amount .....	1,447

	<b>Software</b>
	<b>RMB'000</b>
<b>31 December 2023</b>	
At 1 January 2023	
Cost . . . . .	2,157
Accumulated amortisation . . . . .	(710)
Net carrying amount . . . . .	1,447
At 1 January 2023, net of accumulated amortisation	
Additions . . . . .	52
Disposals . . . . .	—
Amortisation provided during the year . . . . .	(433)
At 31 December 2023, net of accumulated amortisation . . . . .	1,066
At 31 December 2023	
Cost . . . . .	2,209
Accumulated amortisation . . . . .	(1,143)
Net carrying amount . . . . .	1,066
	<b>Software</b>
	<b>RMB'000</b>
<b>30 June 2024</b>	
At 1 January 2024:	
Cost . . . . .	2,209
Accumulated amortisation . . . . .	(1,143)
Net carrying amount . . . . .	1,066
At 1 January 2024, net of accumulated amortisation . . . . .	1,066
Additions . . . . .	1,136
Amortisation provided during the period . . . . .	(302)
At 30 June 2024, net of accumulated amortisation . . . . .	1,900
At 30 June 2024:	
Cost . . . . .	3,345
Accumulated amortisation . . . . .	(1,445)
Net carrying amount . . . . .	1,900

## 15. LEASES

## The Group as a lessee

The Group has lease contracts for various items of land and buildings. Leases of land and buildings generally have lease terms between 1 and 50 years.

(a) *Right-of-use assets*

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

## The Group

	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021	6,037	—	6,037
Additions	6,574	17,420	23,994
Depreciation charge	(4,136)	(581)	(4,717)
At 31 December 2021	8,475	16,839	25,314
At 1 January 2022	8,475	16,839	25,314
Additions	7,125	9,658	16,783
Depreciation charge	(5,293)	(710)	(6,003)
At 31 December 2022	10,307	25,787	36,094
At 1 January 2023	10,307	25,787	36,094
Additions	6,013	—	6,013
Depreciation charge	(6,241)	(775)	(7,016)
Other reduction	(1,260)	—	(1,260)
At 31 December 2023	8,819	25,012	33,831
At 1 January 2024	8,819	25,012	33,831
Additions	5,062	—	5,062
Depreciation charge	(2,488)	(405)	(2,893)
Other reduction	(2,201)	—	(2,201)
Exchange realignment	39	—	39
At 30 June 2024	9,231	24,607	33,838

## The Company

	Buildings	Total
	RMB'000	RMB'000
At 1 January 2021	5,312	5,312
Additions	5,883	5,883
Depreciation charge	(3,580)	(3,580)
At 31 December 2021	7,615	7,615
At 1 January 2022	7,615	7,615
Additions	4,790	4,790
Depreciation charge	(4,448)	(4,448)
At 31 December 2022	7,957	7,957
At 1 January 2023	7,957	7,957
Additions	1,862	1,862
Depreciation charge	(4,398)	(4,398)
At 31 December 2023	5,421	5,421
At 1 January 2024	5,421	5,421
Additions	4,393	4,393
Depreciation charge	(1,518)	(1,518)
Other reduction	(2,201)	(2,201)
At 30 June 2024	6,095	6,095

**(b) Lease liabilities**

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

**The Group**

	Year ended 31 December			Six months ended 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,824	8,391	10,747	9,407
Additions	6,574	7,125	6,013	5,062
Accretion of interest recognised during the year/period	289	440	459	161
Other reduction	—	—	(1,276)	(2,198)
Lease payment	(4,296)	(5,209)	(6,536)	(3,086)
Exchange realignment	—	—	—	(99)
Carrying amount at 31 December/30 June	8,391	10,747	9,407	9,247
Analysed into:				
Current portion	3,108	5,016	4,874	4,415
Non-current portion	5,283	5,731	4,533	4,832

**The Company**

	Year ended 31 December			Six months ended 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,074	7,547	8,291	5,746
Additions	5,883	4,790	1,862	4,393
Accretion of interest recognised during the year/period	214	384	287	96
Other reduction	—	—	—	(2,198)
Lease payment	(3,624)	(4,430)	(4,694)	(1,840)
Carrying amount at 31 December/30 June	7,547	8,291	5,746	6,197
Analysed into:				
Current portion	2,548	4,025	2,952	2,531
Non-current portion	4,999	4,266	2,794	3,666



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## ACCOUNTANTS' REPORT

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

### 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
				(Unaudited)	
Lease payments in respect of short-term leases . . . . .	1,334	596	1,092	400	514
Interest on lease liabilities . . . . .	289	440	459	250	161
Depreciation charge of right-of-use assets . . . . .	4,717	6,003	7,016	2,766	2,893
Total amount recognised in profit or loss . . . . .	6,340	7,039	8,567	3,416	3,568

### The Company

	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)	
Lease payments in respect of short-term leases . . . . .	985	551	693	327	421
Interest on lease liabilities . . . . .	214	384	287	163	96
Depreciation charge of right-of-use assets . . . . .	3,580	4,448	4,398	2,182	1,518
Total amount recognised in profit or loss . . . . .	4,779	5,383	5,378	2,672	2,035

## 16. INVESTMENT IN AN ASSOCIATE

The Group's shareholding in an associate is held through the Company. Zhejiang Tiexi intelligent technology Co., LTD ("Zhejiang Tiexi"), which is considered as an immaterial associate of the Group.

### The Group and The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets . . . . .	202	208	208	208
Goodwill on acquisition . . . . .	930	930	930	930
	1,132	1,138	1,138	1,138
Provision for impairment . . . . .	—	(1,138)	(1,138)	(1,138)
	1,132	—	—	—

Although the Company holds less than 20% of the equity voting rights in Zhejiang Tiexi, it has significant influence over Zhejiang Tiexi as it has the power to participate in the financial and operating policy decisions of Zhejiang Tiexi by appointing a director in the board.

Since Zhejiang Tiexi experienced a significant decline in its revenue and profitability, the Group carried out impairment assessment on the investment in Zhejiang Tiexi and a full provision was made in 2022.

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### 17. INVENTORIES

#### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials . . . . .	33,991	60,624	50,680	48,705
Work in process . . . . .	5,828	16,898	27,554	26,218
Finished goods . . . . .	20,647	34,414	53,895	72,798
Goods in transit . . . . .	10,435	19,907	9,391	7,575
	<u>70,901</u>	<u>131,843</u>	<u>141,520</u>	<u>155,296</u>

#### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials . . . . .	33,712	4,318	4,557	3,829
Work in process . . . . .	5,378	2,485	840	298
Finished goods . . . . .	20,063	16,705	21,332	26,813
Goods in transit . . . . .	9,637	20,783	10,034	11,539
	<u>68,790</u>	<u>44,291</u>	<u>36,763</u>	<u>42,479</u>

### 18. DEFERRED TAX

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

#### Deferred tax assets

#### The Group

	Unrealised gains and losses	Leases liabilities	Fair value adjustments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021 . . . . .	86	761	—	847
Credited/(debited) to profit or loss . . . . .	(81)	557	—	476
As at 31 December 2021 . . . . .	<u>5</u>	<u>1,318</u>	<u>—</u>	<u>1,323</u>
As at 31 December 2021 and 1 January 2022 . . . . .	5	1,318	—	1,323
Credited to profit or loss . . . . .	77	389	—	466
As at 31 December 2022 . . . . .	<u>82</u>	<u>1,707</u>	<u>—</u>	<u>1,789</u>
As at 31 December 2022 and 1 January 2023 . . . . .	82	1,707	—	1,789
Credited/(debited) to profit or loss . . . . .	1,797	(681)	12	1,128
As at 31 December 2023 . . . . .	<u>1,879</u>	<u>1,026</u>	<u>12</u>	<u>2,917</u>
As at 1 January 2024 . . . . .	1,879	1,026	12	2,917
Credited/(debited) to profit or loss . . . . .	532	341	(12)	861
As at 30 June 2024 . . . . .	<u>2,411</u>	<u>1,367</u>	<u>—</u>	<u>3,778</u>

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# ACCOUNTANTS' REPORT

## The Company

	Leases liabilities	Fair value adjustments	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	761	—	761
Credited to profit or loss	371	—	371
As at 31 December 2021	1,132	—	1,132
As at 31 December 2021 and 1 January 2022	1,132	—	1,132
Credited to profit or loss	112	—	112
As at 31 December 2022	1,244	—	1,244
As at 31 December 2022 and 1 January 2023	1,244	—	1,244
Credited/(debited) to profit or loss	(382)	12	(370)
As at 31 December 2023	862	12	874
As at 1 January 2024	862	12	874
Credited/(debited) to profit or loss	68	(12)	56
As at 30 June 2024	930	—	930

## Deferred tax liabilities

## The Group

	Right-of-use assets	Fair value change of financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	797	150	947
Debited to profit or loss	539	104	643
As at 31 December 2021	1,336	254	1,590
As at 31 December 2021 and 1 January 2022	1,336	254	1,590
Debited/(credited) to profit or loss	297	(194)	103
As at 31 December 2022	1,633	60	1,693
As at 31 December 2022 and 1 January 2023	1,633	60	1,693
(Credited)/debited to profit or loss	(679)	560	(119)
As at 31 December 2023	954	620	1,574
As at 1 January 2024	954	620	1,574
Debited to profit or loss	381	240	621
As at 30 June 2024	1,335	860	2,195

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## ACCOUNTANTS' REPORT

### The Company

	Right-of-use assets	Fair value change of financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	797	—	797
Debited to profit or loss	346	254	600
As at 31 December 2021	1,143	254	1,397
As at 31 December 2021 and 1 January 2022	1,143	254	1,397
Debited/(credited) to profit or loss	51	(194)	(143)
As at 31 December 2022	1,194	60	1,254
As at 31 December 2022 and 1 January 2023	1,194	60	1,254
(Credited)/debited to profit or loss	(381)	560	179
As at 31 December 2023	813	620	1,433
As at 1 January 2024	813	620	1,433
Debited to profit or loss	101	240	341
As at 30 June 2024	914	860	1,774

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

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	272	10	559	845
Net deferred tax assets recognised in the consolidated statement of financial position	5	106	1,902	2,427

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	265	10	559	845

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

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses . . . . .	207,361	292,992	414,720	497,616
Deductible temporary differences . . . . .	180,581	187,251	242,021	225,761
	387,942	480,243	656,741	723,377

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses . . . . .	187,414	267,582	374,427	402,834
Deductible temporary differences . . . . .	26,423	46,353	53,741	44,376
	213,837	313,935	428,168	447,210

The Group has accumulated tax losses in Chinese Mainland of RMB207,361,000, RMB290,734,000, RMB407,884,000 and RMB478,263,000 in aggregate as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. The Group also has accumulated tax losses in the United States and Hong Kong of RMB2,258,000, RMB6,836,000 and RMB19,353,000 in aggregate as at 31 December 2022 and 2023 and 30 June 2024, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

## 19. TRADE AND BILLS RECEIVABLES

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Third parties . . . . .	25,764	50,636	47,443	36,378
Less: Impairment of trade receivables . . . . .	9,347	10,280	6,876	5,728
Trade receivables, net . . . . .	16,417	40,356	40,567	30,650
Bills receivables* . . . . .	21	80	1,041	2,390
	16,438	40,436	41,608	33,040
Analysed into:				
Current portion. . . . .	15,046	39,608	41,608	33,040
Non-current portion . . . . .	1,392	828	—	—

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## ACCOUNTANTS' REPORT

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Subsidiaries	7,148	128,435	111,811	88,967
Third parties	25,264	46,805	32,850	29,615
Less: Impairment of trade receivables	9,283	10,122	5,908	5,273
Trade receivables, net	23,129	165,118	138,753	113,309
Bills receivables*	21	—	956	1,589
	23,150	165,118	139,709	114,898
Analysed into:				
Current portion	21,758	164,290	139,709	114,898
Non-current portion	1,392	828	—	—

\* Bills receivable is subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its certain customers are on credit, and the credit period is generally 30 to 90 days. Some customers were granted more than credit periods of one year, depending on the specific payment terms in each contract. 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 management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	15,888	37,686	34,907	28,188
1 to 2 years	350	2,668	5,456	2,118
2 to 3 years	179	2	204	344
	16,417	40,356	40,567	30,650

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	18,153	162,448	70,420	86,985
1 to 2 years	3,101	2,668	68,129	25,980
2 to 3 years	1,875	2	204	344
	23,129	165,118	138,753	113,309

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

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,895	9,347	10,280	6,876
Impairment losses, net	(3,411)	979	3,909	(1,095)
Amount written off as uncollectible	(137)	(46)	(7,313)	(53)
At end of year/period	9,347	10,280	6,876	5,728

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12,881	9,283	10,122	5,908
Impairment losses, net	(3,461)	839	3,099	(596)
Amount written off as uncollectible	(137)	—	(7,313)	(39)
At end of year/period	9,283	10,122	5,908	5,273

An impairment analysis is performed at the end of each of Relevant Periods 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. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables. The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

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

### The Group

As at 31 December 2021

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables	7,117	100.00%	7,117
Other trade receivables aged:			
Current	15,540	5.84%	907
Past due:			
Within 1 year	1,333	5.85%	78
Between 1 and 2 years	476	26.47%	126
Between 2 and 3 years	928	80.71%	749
Over 3 years	370	100.00%	370
	25,764	36.28%	9,347

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As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables . . . . .	7,117	100.00%	7,117
Other trade receivables aged:			
Current . . . . .	33,371	4.12%	1,374
Past due:			
Within 1 year . . . . .	5,934	4.13%	245
Between 1 and 2 years . . . . .	3,282	18.71%	614
Between 2 and 3 years . . . . .	9	77.78%	7
Over 3 years . . . . .	923	100.00%	923
	50,636	20.30%	10,280

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables . . . . .	1,101	100.00%	1,101
Other trade receivables aged:			
Current . . . . .	31,217	5.22%	1,631
Past due:			
Within 1 year . . . . .	5,614	5.22%	293
Between 1 and 2 years . . . . .	7,158	23.78%	1,702
Between 2 and 3 years . . . . .	1,430	85.73%	1,226
Over 3 years . . . . .	923	100.00%	923
	47,443	14.49%	6,876

As at 30 June 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Defaulted receivables . . . . .	1,101	100.00%	1,101
Other trade receivables aged:			
Current . . . . .	20,811	4.57%	951
Past due:			
Within 1 year . . . . .	8,726	4.57%	399
Between 1 and 2 years . . . . .	2,736	22.57%	617
Between 2 and 3 years . . . . .	1,210	71.57%	866
Over 3 years . . . . .	1,794	100.00%	1,794
	36,378	15.75%	5,728



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# ACCOUNTANTS' REPORT

## The Company

As at 31 December 2021

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries . . . . .	7,148	—	—
Defaulted receivables . . . . .	7,117	100.00%	7,117
Other trade receivables aged:			
Current . . . . .	15,091	5.84%	881
Past due:			
Within 1 year . . . . .	1,329	5.87%	78
Between 1 and 2 years . . . . .	476	26.47%	126
Between 2 and 3 years . . . . .	881	80.70%	711
Over 3 years . . . . .	370	100.00%	370
	32,412	28.64%	9,283

As at 31 December 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries . . . . .	128,435	—	—
Defaulted receivables . . . . .	7,117	100.00%	7,117
Other trade receivables aged:			
Current . . . . .	31,036	4.12%	1,278
Past due:			
Within 1 year . . . . .	4,438	4.12%	183
Between 1 and 2 years . . . . .	3,282	18.71%	614
Between 2 and 3 years . . . . .	9	77.78%	7
Over 3 years . . . . .	923	100.00%	923
	175,240	5.78%	10,122

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
Due from subsidiaries . . . . .	111,811	—	—
Defaulted receivables . . . . .	1,101	100.00%	1,101
Other trade receivables aged:			
Current . . . . .	19,202	5.23%	1,004
Past due:			
Within 1 year . . . . .	4,144	5.24%	217
Between 1 and 2 years . . . . .	6,050	23.75%	1,437
Between 2 and 3 years . . . . .	1,430	85.73%	1,226
Over 3 years . . . . .	923	100.00%	923
	144,661	4.08%	5,908

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# ACCOUNTANTS' REPORT

As at 30 June 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
Due from subsidiaries . . . . .	88,967	—	—
Defaulted receivables . . . . .	1,101	100.00%	1,101
Other trade receivables aged:			
Current . . . . .	16,022	4.57%	733
Past due:			
Within 1 year . . . . .	7,563	4.57%	345
Between 1 and 2 years . . . . .	1,925	22.57%	434
Between 2 and 3 years . . . . .	1,210	71.57%	866
Over 3 years . . . . .	1,794	100.00%	1,794
	118,582	4.45%	5,273

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>				
Value-added tax recoverable . . . . .	5,143	10,659	15,949	10,930
Deferred listing expenses . . . . .	—	—	—	2,102
Prepayments . . . . .	7,482	7,480	12,339	13,387
Other receivables and deposit . . . . .	5,684	3,308	2,987	2,386
Less: Impairment of other receivables and deposit . . . . .	(715)	(373)	(431)	(392)
	17,594	21,074	30,844	28,413
<b>Non-current</b>				
Value-added tax recoverable . . . . .	—	—	4,090	3,997
Other receivables and deposits . . . . .	783	535	1,076	1,557
Prepayments for property, plant and equipment . . . . .	658	294	112	1,916
	1,441	829	5,278	7,470

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>				
Value-added tax recoverable . . . . .	8	21	82	87
Deferred listing expenses . . . . .	—	—	—	2,082
Prepayments . . . . .	7,718	5,029	10,211	11,206
Other receivables and deposit . . . . .	15,310	16,651	98,187	147,508
Less: Impairment of other receivables and deposit . . . . .	(644)	(13,703)	(11,224)	(11,262)
	22,392	7,998	97,256	149,621
<b>Non-Current</b>				
Other receivables and deposit . . . . .	636	266	943	901
Prepayments for property, plant and equipment . . . . .	571	242	15	1,893
	1,207	508	958	2,794

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Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the Relevant Periods, except for the Company's other receivables due from a subsidiary which were fully impaired with impairment provision of RMB13,048,000, RMB10,880,000 and RMB10,888,000 as at 31 December 2022 and 2023 and 30 June 2024, respectively, as the subsidiary has ceased to operate since 2022. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group estimated the expected credit losses for other receivables to be RMB715,000, RMB373,000, RMB431,000 and RMB392,000, respectively.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

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

### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	489	715	373	431
Impairment losses, net	226	(342)	58	(39)
At end of year/period	715	373	431	392

### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	459	644	13,703	11,224
Impairment losses, net	185	13,059	(2,479)	38
At end of year/period	644	13,703	11,224	11,262

## 21. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

### The Group and The Company

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

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at fair value	272,720	190,400	174,383	145,983

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

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Forward currency contracts, at fair value	—	—	80	—

The above unlisted investments were structured deposits and certificate deposits issued by banks in Chinese Mainland. They are classified and measured at fair value through profit or loss as they are not held within the business model with the objective to collect contractual cashflows nor the business model with the objective of both collecting contractual cashflows and selling.

As at 31 December 2023 and 30 June 2024, certificate deposits of RMB50,000,000 and RMB40,000,000 were secured for the Group's bank loans respectively (note 26).

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### 22. CONTRACT ASSETS

#### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Warranty retention receivables . . . . .	252	98	376	534
Less: Impairment of contract assets . . . . .	24	16	51	118
	<u>228</u>	<u>82</u>	<u>325</u>	<u>416</u>

#### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
Warranty retention receivables . . . . .	231	98	376	534
Less: Impairment of contract assets . . . . .	22	16	51	118
	<u>209</u>	<u>82</u>	<u>325</u>	<u>416</u>

Contract assets are initially recognised for the revenue earned from sales of products and the receipt of retention consideration is conditional on expiration of the warranty period. Upon expiration of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for all the contract assets at the end of reporting period is within one year.

The movements in the impairment of contract assets are as follows:

#### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period . . . . .	17	24	16	51
Impairment losses, net . . . . .	7	(8)	35	67
At end of year/period . . . . .	<u>24</u>	<u>16</u>	<u>51</u>	<u>118</u>

#### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period . . . . .	17	22	16	51
Impairment losses, net . . . . .	5	(6)	35	67
At end of year/period . . . . .	<u>22</u>	<u>16</u>	<u>51</u>	<u>118</u>

## 23. CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

## The Group

	As at 31 December			As at
	2021	2022	2023	30 June 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	129,093	297,763	92,547	63,768
Time deposits	20,000	—	18,415	9,265
Restricted bank deposits*	821	9,189	2,210	821
	149,914	306,952	113,172	73,854
Less:				
Restricted bank deposits*	(821)	(9,189)	(2,210)	(821)
Cash and cash equivalents	149,093	297,763	110,962	73,033
Denominated in				
RMB	115,935	270,052	68,449	48,973
USD	33,973	36,894	39,879	21,126
JPY	—	—	3,973	2,712
EUR	—	—	865	1,037
INR	6	6	6	6
	149,914	306,952	113,172	73,854

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, 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. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

\* As at 31 December 2022, the restricted bank deposits of RMB4,776,000 were frozen due to the dispute between the Group and a third party. The dispute was resolved subsequently and the restricted amount was unfrozen in 2023.

As at 31 December 2022 and 2023, the restricted bank deposits included RMB3,592,000 and RMB1,389,000, respectively, used as performance deposits for certain sales contracts which will become unrestricted after the completion of the contracts.

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	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances . . . . .	43,106	159,513	44,990	10,359
Time deposits . . . . .	20,000	—	7,083	9,265
Restricted bank deposits . . . . .	—	3,592	1,389	—
	<u>63,106</u>	<u>163,105</u>	<u>53,462</u>	<u>19,624</u>
Less:				
Restricted bank deposits . . . . .	—	(3,592)	(1,389)	—
Cash and cash equivalents . . . . .	63,106	159,513	52,073	19,624
Denominated in				
RMB . . . . .	29,127	126,595	27,628	11,493
USD . . . . .	33,973	36,504	25,828	8,125
INR . . . . .	6	6	6	6
	<u>63,106</u>	<u>163,105</u>	<u>53,462</u>	<u>19,624</u>

**24. TRADE AND BILLS PAYABLES****The Group**

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . . . . .	18,275	30,894	30,907	29,707
	<u>18,275</u>	<u>30,894</u>	<u>30,907</u>	<u>29,707</u>

An ageing analysis of the trade 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 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year . . . . .	18,080	30,685	30,907	29,216
Over 1 year . . . . .	195	209	—	491
	<u>18,275</u>	<u>30,894</u>	<u>30,907</u>	<u>29,707</u>

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

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### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . . . . .	20,283	62,224	45,610	61,958
Bills payable . . . . .	—	—	50,000	40,000
	20,283	62,224	95,610	101,958

An ageing analysis of the trade and bills 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 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year . . . . .	20,094	62,044	95,610	101,495
Over 1 year . . . . .	189	180	—	463
	20,283	62,224	95,610	101,958

### 25. OTHER PAYABLES AND ACCRUALS

#### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable . . . . .	19,106	24,523	25,314	17,433
Other tax payables . . . . .	3,260	11,387	3,113	3,009
Payables for non-current assets* . . . . .	66,230	139,330	3,702	3,936
Other payables . . . . .	5,580	8,128	9,663	14,913
	94,176	183,368	41,792	39,291

\* As at 31 December 2022, payables for non-current assets included a payable amount of RMB70,781,000 to the Qingdao government for assets acquisition (note 34).

#### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payable . . . . .	18,386	22,262	21,956	14,715
Other tax payables . . . . .	2,462	10,066	2,641	1,171
Payables for property, plant and equipment . . . . .	—	108	118	—
Other payables . . . . .	4,883	7,519	9,020	16,602
	25,731	39,955	33,735	32,488

Other payables are non-interest-bearing and have no fixed terms of settlement.

## 26. INTEREST-BEARING BANK LOANS

## The Group

	At 31 December								As at 30 June			
	2021				2022				2023			
	Effective interest rate		Maturity		Effective interest rate		Maturity		Effective interest rate		Maturity	
	(%)		RMB'000		(%)		RMB'000		(%)		RMB'000	
Current												
Bank loans—secured*	—		—	—	—	—	—	1.22-1.51	2024	49,803	1.40-2.21	2024
Bank loans—unsecured	—		—	1.83	2023	21,619	1.83	2024	7,987	2.35-2.42	2025	29,434
			—			21,619				57,790		69,233
Analysed into:												
Bank loans repayable:												
Within one year or on demand			—			21,619				57,790		69,233
			—			21,619				57,790		69,233

\* As at 31 December 2023 and 30 June 2024, the certificate deposits of RMB50,000,000 and RMB40,000,000 were secured for the Group's bank loans respectively (note 21).

## 27. CONTRACT LIABILITIES

## The Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Advances from customers				
Sale of goods	27,076	35,578	10,939	10,561
Analysed for reporting purposes as:				
Current liabilities	27,076	35,578	10,939	10,561
	27,076	35,578	10,939	10,561

## The Company

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Advances from customers				
Sale of goods	23,732	32,292	10,672	9,267
Analysed for reporting purposes as:				
Current liabilities	23,732	32,292	10,672	9,267
	23,732	32,292	10,672	9,267



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### 28. DEFERRED INCOME

#### The Group

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants* . . . . .	158,993	143,465	189,569	177,814
At beginning of year/period . . . . .	90,560	158,993	143,466	189,569
Grants received during the year/period . . . . .	78,810	6,710	72,700	480
Released to the statement of profit or loss during the year/period . . . . .	(10,377)	(22,237)	(26,597)	(12,235)
At end of year/period . . . . .	158,993	143,466	189,569	177,814

\* The Group's deferred government grants represented government grants received for projects and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

#### The Company

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants* . . . . .	4,766	4,463	9,442	7,004
At beginning of year/period . . . . .	613	4,766	4,463	9,442
Grants received during the year/period . . . . .	12,060	6,710	9,450	480
Released to the statement of profit or loss during the year/period . . . . .	(7,907)	(7,013)	(4,471)	(2,918)
At end of year/period . . . . .	4,766	4,463	9,442	7,004

### 29. PROVISION

#### The Group and The Company

	Warranties
	RMB'000
At 1 January 2021 . . . . .	202
Additional provision . . . . .	3,943
Amounts utilised during the year . . . . .	(655)
At 31 December 2021 and 1 January 2022 . . . . .	3,490
At 1 January 2022 . . . . .	3,490
Additional provision . . . . .	4,864
Amounts utilised during the year . . . . .	(1,796)
At 31 December 2022 and 1 January 2023 . . . . .	6,558
At 31 December 2022 . . . . .	6,558
Additional provision . . . . .	2,798
Amounts utilised during the year . . . . .	(3,229)
At 31 December 2023 . . . . .	6,127
At 1 January 2024 . . . . .	6,127
Additional provision . . . . .	382
Amounts utilised during the period . . . . .	(1,526)
At 30 June 2024 . . . . .	4,983

The Group generally provides warranties of 12 to 18 months to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

### 30. SHARE CAPITAL/PAID-IN CAPITAL

#### Share capital

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

	Number of shares in issue (in thousand)	Share capital RMB'000
As at 1 January 2022	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each*	360,000	360,000
As at 31 December 2022 and 2023 and 30 June 2024	360,000	360,000

#### Paid-in capital

	RMB'000
As at 1 January 2021	7,850
Capital contribution by shareholders*	1,688
As at 31 December 2021	9,538
Capital contribution by shareholders**	516
Conversion into a joint stock company***	(10,054)
As at 31 December 2022	—

\* During the year ended 31 December 2021, the Company received capital contributions of RMB309,137,000 from fifteen investors. The capital contributions increased the paid-in capital and capital reserve by RMB1,688,000 and RMB307,449,000, respectively.

\*\* During the year ended 31 December 2022, the Company received capital contributions of RMB183,527,000 from four investors. The capital contributions increased the paid-in capital and capital reserve by RMB516,000 and RMB183,011,000, respectively.

\*\*\* In December 2022, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and accumulated losses, amounting to RMB530,410,000 were converted into 360,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

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

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

**(i) Capital reserve**

The capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received, as well as the reserves resulting from transactions with non-controlling interests.

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

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 32 to the Historical Financial Information.

**The Company**

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve*	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	190,521	43,299	(150,833)	82,987
Loss for the year	—	—	(20,836)	(20,836)
Total comprehensive loss for the year	—	—	(20,836)	(20,836)
Issue of shares	301,034	—	—	301,034
Share-based payments	—	(1,285)	—	(1,285)
At 31 December 2021	491,555	42,014	(171,669)	361,900
At 1 January 2022	491,555	42,014	(171,669)	361,900
Loss for the year	—	—	(76,312)	(76,312)
Total comprehensive loss for the year	—	—	(76,312)	(76,312)
Issue of shares	178,765	—	—	178,765
Conversion into a joint stock company	(565,867)	—	215,921	(349,946)
Share-based payments	—	12,579	—	12,579
At 31 December 2022	104,453	54,593	(32,060)	126,986
At 1 January 2023	104,453	54,593	(32,060)	126,986
Loss for the year	—	—	(75,701)	(75,701)
Total comprehensive loss for the year	—	—	(75,701)	(75,701)
Share-based payments	—	21,464	—	21,464
At 31 December 2023	104,453	76,057	(107,761)	72,749
At 1 January 2024	104,453	76,057	(107,761)	72,749
Loss for the period	—	—	(46,310)	(46,310)
Total comprehensive loss for the period	—	—	(46,310)	(46,310)
Share-based payments	—	13,665	—	13,665
As at 30 June 2024	104,453	89,722	(154,071)	40,104

**32. SHARE-BASED PAYMENTS****Share Award Scheme**

The Group approved and adopted the share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen Yuejiang Consultation Partnership (Limited Partnership) ("Yuejiang LP"), Shenzhen Qimo Investment Partnership (Limited Partnership) ("Qimo LP"), Shenzhen Chumo Consulting Partnership (Limited Partnership) ("Chumo LP") and Shenzhen Lumo Consulting Partnership (Limited partnership) ("Lumo LP") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 31 December 2018, the Group granted 768,672 (equal to 27,525,106 shares after conversion into a joint stock company) restricted share units ("RSUs") of the Company to 12 eligible employees at a subscribed price of RMB1.00. On 31 January 2022, the Group granted 144,937 (equal to 5,190,002 shares after conversion into a joint stock company) restricted share units of the Company to 49 eligible employees at a subscribed price of RMB52.42. On 1 June 2023, the Group granted 12,345,000 restricted share units of the Company to 83 eligible employees at a subscribed price of RMB1.39. On 31 December 2023, the Group granted 1,866,400 restricted share units of the Company to 16 eligible employees at a subscribed price of RMB1.39.

All of the RSUs granted to the Share Incentive Participants shall be subject to both a listing-based condition (the "IPO Condition") as well as service conditions. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

The fair values of the RSUs granted on 31 December 2018, 31 January 2022, 1 June 2023 and 31 December 2023 were estimated at RMB2.99, RMB5.93, RMB7.01 and RMB7.55 per share after conversion into a joint stock company, respectively, by an independent professionally qualified valuer.

The fair values of the RSUs granted were estimated as at the grant date by using discounted cash flow method and hybrid method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the significant inputs to the fair value model used:

	31 December 2018	31 January 2022	1 June 2023	31 December 2023
Risk-free interest rate (%) . . . . .	2.96	2.30	2.29	2.17
Volatility (%) . . . . .	41.17	39.64	40.30	31.32

The movements of the outstanding RSUs granted under the Share Award Scheme during the Relevant Periods were as follows:

	Number of shares
At 1 January 2021 . . . . .	683,582
Forfeited during the year . . . . .	(279,770)
At 31 December 2021 . . . . .	403,812
At 1 January 2022 . . . . .	403,812
Granted during the year . . . . .	144,937
Forfeited during the year . . . . .	(37,973)
Vested during the year . . . . .	(72,391)
At 31 December 2022 . . . . .	438,385
After conversion into a joint stock company . . . . .	15,697,970
At 1 January 2023 . . . . .	15,697,970
Granted during the year . . . . .	14,211,400
Forfeited during the year . . . . .	(884,314)
Vested during the year . . . . .	(199,546)
At 31 December 2023 . . . . .	28,825,510
At 1 January 2024 . . . . .	28,825,510
Forfeited during the period . . . . .	(803,785)
At 30 June 2024 . . . . .	28,021,725

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group recognised share award credit of RMB1,697,000 and expense of RMB12,107,000, RMB20,712,000, RMB5,447,000 and RMB13,432,000, respectively.

#### Share Option Scheme

The Group approved a share option scheme (the "Share Option Scheme") in 2018. Pursuant to the Share Option Scheme, the Group proposed to grant 1.58% of the share options in the original equity structure to the Company through Qimo Investment, one of the share incentive platforms. 40%, 30% and 30% of the share options will be vested when the vesting condition is met over the three years. The vesting of share options is also subject to the IPO Condition. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

On 31 December 2018, the Group granted 114,378 (equal to 4,096,000 shares after conversion into a joint stock company) share options which will vest in instalments over the next three years. The exercise price is RMB8.74 per share.

The fair value of share options granted was estimated at RMB98.77 per share option at the grant date using the Black-Scholes model. The following table lists the key inputs to the model used:

	31 December 2018
Risk-free interest rate (%)	2.58-2.91
Volatility (%)	33.93-37.10

The share options granted and outstanding during the Relevant Periods are as follows:

	Number of shares
At 1 January 2021	56,465
Forfeited during the year	(6,660)
At 31 December 2021	49,805
At 1 January 2022	49,805
Forfeited during the year	(7,094)
At 31 December 2022	42,711
After conversion into a joint stock company	1,529,415
At 1 January 2023	1,529,415
Forfeited during the year	—
At 31 December 2023 and 30 June 2024	1,529,415

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group recognised share award expenses of RMB412,000, RMB472,000, RMB752,000, RMB398,000 and RMB233,000, respectively.

**33. DISPOSAL OF A SUBSIDIARY**

In July 2021, the Group disposed of 90% equity interests in Wuhan Yuejiang Zhidao Technology Co., LTD. to independent third parties, at a cash consideration of RMB1,000,000. The transaction was completed on 21 July 2021.

	2021
	RMB'000
<b>Net assets disposed of:</b>	
Cash and bank balances	1,251
Trade receivables	213
Prepayments and other receivables	163
Inventories	143
Property, plant and equipment	130
Trade payables	(374)
Accruals and other payables	(306)
Non-controlling interests	(57)
Subtotal	1,163
Loss on disposal of a subsidiary	(163)
Total consideration	1,000
<b>Satisfied by:</b>	
Cash	1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2021
	RMB'000
Cash consideration	1,000
Cash and bank balances disposed of	(1,251)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(251)

**34. ASSETS ACQUISITION**

In 2020, the Group signed a cooperation agreement with Qingdao government, pursuant to which the government will incorporate an entity named Qingdao Yuejiang Robotics Co., Ltd. ("Yuejiang Robotics"), used as a platform to acquire the land use right and build a factory in Qingdao according to the Group's plan. After completion of the construction the land and the building will be delivered to the Group for use and the Group is committed to acquiring the equity interests in Yuejiang Robotics which holds the assets.

In April 2022, the construction was completed and the assets were delivered to the Group. In December 2022, the Group and the Qingdao government signed an agreement to acquire 100% equity interests in Yuejiang Robotics with reference to the fair value of the assets. The transfer of the equity interests in Yuejiang Robotics was completed in June 2023.

The commercial substance of the transaction is to acquire the land use right and the building and the purchase obligation as stipulated in the agreement is non-cancellable. Therefore, when the government transfers the completed building and land use right to the Group, the Group obtains control of the assets. The subsequent agreement to acquire equity interests in Yuejiang Robotics is a payment arrangement between the parties for the purchase of the assets.

As at 31 December 2022, the Group recognized property, plant and equipment of RMB60,332,000, right-of-use assets of RMB9,529,000 and the other payables of RMB70,781,000. In June 2023 when the transfer of the equity interests in Yuejiang Robotics was completed, the Group recognised the working capital of Yuejiang Robotics and settled the other payables with the amount of RMB71,540,000.

## 35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Major non-cash transactions

During the years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,574,000, RMB7,125,000, RMB6,013,000, RMB4,813,000 and RMB5,062,000, respectively, in respect of lease arrangements for factory, office and laboratory premises.

During the year ended 31 December 2023, the Group had offset the payables for property, plant and equipment with the deferred income in the amount of RMB63,250,000, based on agreements with government authorities.

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

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

	Interest bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021	23,045	5,824	28,869
Changes from financing cash flow	(23,414)	(4,296)	(27,710)
Changes from non-financing cash flow	—	6,574	6,574
Accretion of interest	369	289	658
At 31 December 2021 and 1 January 2022	—	8,391	8,391
Changes from financing cash flow	21,613	(5,208)	16,405
Changes from non-financing cash flow	—	7,125	7,125
Accretion of interest	6	440	446
At 31 December 2022 and 1 January 2023	21,619	10,748	32,367
Changes from financing cash flow	35,531	(6,536)	28,995
Changes from non-financing cash flow	—	4,736	4,736
Accretion of interest	640	459	1,099
At 31 December 2023 and 1 January 2024	57,790	9,407	67,197
At 31 December 2023 and 1 January 2024	57,790	9,407	67,197
Changes from financing cash flow	10,902	(3,086)	7,816
Changes from non-financing cash flow	—	2,765	2,765
Accretion of interest	541	161	702
At 30 June 2024	69,233	9,247	78,480
At 31 December 2022 and 1 January 2023	21,619	10,748	32,367
Changes from financing cash flow	7,810	(3,660)	4,150
Changes from non-financing cash flow	—	3,629	3,629
Accretion of interest	303	250	553
At 30 June 2023 (Unaudited)	29,732	10,967	40,699

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### (c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows 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	RMB'000
				(Unaudited)	
Within operating activities . . . . .	1,334	596	1,092	400	514
Within financing activities . . . . .	4,296	5,208	6,536	3,660	3,086
	<u>5,630</u>	<u>5,804</u>	<u>7,628</u>	<u>4,060</u>	<u>3,600</u>

### 36. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits and pledged certificate deposits are included in note 23 and note 21 to the Historical Financial Information.

### 37. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Contracted, but not provided for:</b>				
Purchase of items of property, plant and equipment . . . . .	<u>26,017</u>	<u>—</u>	<u>1,624</u>	<u>2,565</u>

The Group had the following short-term lease commitments at the end of each of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year . . . . .	<u>133</u>	<u>99</u>	<u>438</u>	<u>183</u>



## 38. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and six months ended 30 June 2023.

- (a) Name and relationships of the related parties:

Name	Relationship
Mr. Liu Peichao	The substantial shareholder
Mr. Lang Xulin	Director
Mr. Wu Zhiwen	Director
Mr. Xiang Guanglong	Director
Zhejiang Tiexi intelligent technology Co., LTD ("浙江鐵犀智能科技有限公司")	Associate of the Group
REGAL ALLIED INTERNATIONAL LIMITED ("君和國際有限公司")	Other entities controlled or jointly controlled by the Company's director (Ms. Cai Wenjuan)

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

	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)	
Sales of products to:					
Zhejiang Tiexi Intelligent Technology Co., LTD	103	—	—	—	—
REGAL ALLIED INTERNATIONAL LIMITED	838	—	—	—	—
Loans borrowed from Mr. Liu Peichao*	2,412	—	—	—	—
Loans borrowed from Mr. Lang Xulin*	1,126	—	—	—	—
Loans borrowed from Mr. Wu Zhiwen*	826	—	—	—	—
Interest expenses for loans from Mr. Liu Peichao (note 6).	103	—	—	—	—
Interest expenses for loans from Mr. Lang Xulin (note 6)	3	—	—	—	—
Interest expenses for loans from Mr. Wu Zhiwen (note 6)	3	—	—	—	—

- \* The loans from Mr. Liu Peichao, Mr. Lang Xulin and Mr. Wu Zhiwen were unsecured and non-trade in nature with an interest rate of 4.75% p.a. and were repaid in 2021.

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(c) Outstanding balances with related parties:

**The Group**

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Amounts due from a related party:				
Mr. Xiang Guanglong* . . . . .	—	—	14	—
Zhejiang Tiexi Intelligent Technology Co., LTD.**	43	37	—	—
	43	37	14	—
Amounts due to related parties:				
Mr. Liu Peichao*** . . . . .	102	—	—	—
Mr. Lang Xulin*** . . . . .	3	—	—	—
Mr. Wu Zhiwen*** . . . . .	3	—	—	—
	108	—	—	—

\* Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position

\*\* Trade in nature, included in "Trade and bills receivables" in the consolidated statement of financial position

\*\*\* Non-trade in nature, included in "Other payables and accruals" in the consolidated statement of financial position

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, bonuses, allowances and					
benefits in kind . . . . .	2,146	3,036	3,405	1,695	1,708
Pension scheme contributions . . . . .	24	43	59	29	32
Equity-settled share-based payment expenses . . . . .	(5,441)	2,232	3,539	547	2,979
	(3,271)	5,311	7,003	2,271	4,719

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

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# ACCOUNTANTS' REPORT

## 39. 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 were as follows:

### The Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Financial assets				
Financial assets at fair value through profit or loss:				
Structured deposits and certificates of deposit . . . . .	272,720	190,400	174,383	145,983
Financial assets at amortised cost:				
Trade and bills receivables . . . . .	16,438	40,436	41,608	33,040
Financial assets included in other receivables and other assets . . . . .	5,752	3,470	3,632	3,551
Restricted bank deposits . . . . .	821	9,189	2,210	821
Cash and cash equivalents . . . . .	149,093	297,763	110,962	73,033
	172,104	350,858	158,412	110,445
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments . . . . .	—	—	80	—
Financial liabilities at amortised cost:				
Trade and bills payables . . . . .	18,275	30,894	30,907	29,707
Financial liabilities included in other payables and accruals . . . . .	71,810	147,458	13,365	18,849
Lease liabilities . . . . .	8,391	10,747	9,407	9,247
Interest-bearing bank loans . . . . .	—	21,619	57,790	69,233
	98,476	210,718	111,469	127,036

### The Company

	Year ended 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Financial assets				
Financial assets at fair value through profit or loss:				
Structured deposits and Certificates of deposit . . . . .	222,720	190,400	174,383	145,983
Financial assets at amortised cost:				
Trade and bills receivables . . . . .	23,150	165,118	139,709	114,898
Financial assets included in other receivables and other assets . . . . .	15,302	3,215	87,906	137,147
Restricted bank deposits . . . . .	—	3,592	1,389	—
Cash and cash equivalents . . . . .	63,106	159,513	52,073	19,624
	101,558	331,438	281,077	271,669
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments . . . . .	—	—	80	—
Financial liabilities at amortised cost:				
Trade and bills payables . . . . .	20,283	62,224	95,610	101,958
Financial liabilities included in other payables and accruals . . . . .	4,883	7,627	9,138	16,602
Lease liabilities . . . . .	7,547	8,291	5,746	6,197
	32,713	78,142	110,494	124,757

**40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department 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 analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual 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 fair values of the financial assets and financial liabilities at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

**Fair value hierarchy****Financial assets:**

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
Structured deposits and certificates of deposits .	—	272,720	—	272,720

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
Structured deposits and certificates of deposits .	—	190,400	—	190,400

**APPENDIX I****ACCOUNTANTS' REPORT**

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
Structured deposits and Certificate Deposits . . .	—	174,383	—	174,383

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
Structured deposits and Certificate Deposits . . .	—	145,983	—	145,983

**Financial liabilities:**

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
Forward currency contracts . . . . .	—	80	—	80

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

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

**Foreign currency risk**

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

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## ACCOUNTANTS' REPORT

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	(Decrease)/ increase in equity
	%	RMB'000	RMB'000
Year ended 31 December 2021			
If RMB weakens against the US\$	5	1,435	1,435
If RMB strengthens against the US\$	5	(1,435)	(1,435)
Year ended 31 December 2022			
If RMB weakens against the US\$	5	2,367	2,367
If RMB strengthens against the US\$	5	(2,367)	(2,367)
Year ended 31 December 2023			
If RMB weakens against the US\$	5	3,357	3,357
If RMB strengthens against the US\$	5	(3,357)	(3,357)
Six months ended 30 June 2024			
If RMB weakens against the US\$	5	1,865	1,865
If RMB strengthens against the US\$	5	(1,865)	(1,865)

### Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

### Maximum exposure and year-end staging

The tables below show 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.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	25,785	25,785
Financial assets included in other receivables and other assets	6,467	—	—	—	6,467
Restricted bank balances	821	—	—	—	821
Cash and cash equivalents	149,093	—	—	—	149,093
	156,381	—	—	25,785	182,166

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As at 31 December 2022

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	50,716	50,716
Financial assets included in other receivables and other assets	3,843	—	—	—	3,843
Restricted bank balances	9,189	—	—	—	9,189
Cash and cash equivalents	297,763	—	—	—	297,763
	310,795	—	—	50,716	361,511

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	48,484	48,484
Financial assets included in other receivables and other assets	4,063	—	—	—	4,063
Restricted bank balances	2,210	—	—	—	2,210
Cash and cash equivalents	110,962	—	—	—	110,962
	117,235	—	—	48,484	165,719

As at 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	RMB'000
Trade and bills receivables*	—	—	—	38,767	38,767
Financial assets included in other receivables and other assets	3,943	—	—	—	3,943
Restricted bank balances	821	—	—	—	821
Cash and cash equivalents	73,033	—	—	—	73,033
	77,797	—	—	38,767	116,564

\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when 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.

At the end of each of the Relevant Periods, the Group had no significant concentrations of credit risk which are disclosed in note 19 to the Historical Financial Information.

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## ACCOUNTANTS' REPORT

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2021

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables . . . . .	18,275	—	18,275
Financial liabilities included in other payables and accruals . . . . .	71,810	—	71,810
Lease liabilities . . . . .	5,147	12,341	17,488
	<u>95,232</u>	<u>12,341</u>	<u>107,573</u>

As at 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables . . . . .	30,894	—	30,894
Financial liabilities included in other payables and accruals . . . . .	147,458	—	147,458
Lease liabilities . . . . .	5,588	7,438	13,026
Interest-bearing bank loans . . . . .	21,625	—	21,625
	<u>205,565</u>	<u>7,438</u>	<u>213,003</u>

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables . . . . .	30,907	—	30,907
Financial liabilities included in other payables and accruals . . . . .	13,365	—	13,365
Lease liabilities . . . . .	10,715	3,473	14,188
Interest-bearing bank loans . . . . .	58,430	—	58,430
	<u>113,417</u>	<u>3,473</u>	<u>116,890</u>

As at 30 June 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables . . . . .	29,707	—	29,707
Financial liabilities included in other payables and accruals . . . . .	18,849	—	18,849
Lease liabilities . . . . .	7,935	4,056	11,991
Interest-bearing bank loans . . . . .	69,924	—	69,924
	<u>126,415</u>	<u>4,056</u>	<u>130,471</u>



**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 requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 30 June 2024
	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets . . . . .	665,085	925,420	734,888	669,143
Total liabilities . . . . .	349,434	470,386	361,585	342,211
Asset-liability ratio . . . . .	53%	51%	49%	51%

\* The asset-liability ratio is calculated by dividing total liabilities by total assets.

**42. EVENTS AFTER THE RELEVANT PERIODS**

No significant events have occurred in respect of any period subsequent to 30 June 2024.

**43. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2024.