The following is the text of a report set out on pages I-1 to I-61, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 天津建设发展集团股份公司 TIANJIN CONSTRUCTION DEVELOPMENT GROUP CO., LTD. AND CHINA EVERBRIGHT CAPITAL LIMITED

Introduction

We report on the historical financial information of 天津建设发展集团股份公司 Tianjin Construction Development Group Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-61, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2021, 2022 and 2023 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated 15 April 2024 (the "**Document**") in connection with the initial [REDACTED] of [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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 and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2021, 2022 and 2023, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 26(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
15 April 2024

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

	Note	Years ended 31 December		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	274,944	287,960	319,437
Cost of sales		(203,238)	(215,365)	(239,131)
Gross profit		71,706	72,595	80,306
Other net income	*5*	4,729	1,012	1,141
Operating and administrative expenses		(24,960)	(24,281)	(28,789)
Impairment losses on trade receivables, lease receivables, other receivables and contract assets	*6*	(3,853)	(10,149)	(5,344)
Profit from operations		47,622	39,177	47,314
Finance costs	*7(a)*	—	—	(366)
Profit before taxation	*7*	47,622	39,177	46,948
Income tax	*8*	(6,208)	(4,087)	(5,903)
Profit and total comprehensive income for the year attributable to equity owners/ shareholders of the Company		41,414	35,090	41,045
Earnings per share				
Basic and diluted *(RMB yuan)*	*11*	0.28	0.23	0.27

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	At 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*12*	45,456	48,299	45,384
Investment properties	*13*	—	—	8,739
Right-of-use assets	*14*	—	—	266
Lease receivables	*15*	6,817	6,602	6,371
Deferred tax assets	*25(b)*	842	2,236	4,334
		53,115	57,137	65,094
Current assets				
Inventories		175	194	282
Contract assets	*17(a)*	126,628	214,735	221,275
Trade and bills receivables	*18*	90,680	123,983	232,497
Lease receivables	*15*	2,335	3,135	1,473
Prepayments, deposits and other receivables	*19*	20,860	12,160	25,010
Restricted bank deposits	*20*	575	575	4,369
Cash and cash equivalents	*20*	11,312	20,200	6,422
		252,565	374,982	491,328
Current liabilities				
Trade and bills payables	*21*	140,811	231,469	275,784
Contract liabilities	*17(b)*	365	746	749
Accrued expenses and other payables	*22*	36,051	37,459	27,797
Lease liabilities	*23*	—	—	81
Bank loans	*24*	—	—	20,000
Income tax payable	*25(a)*	6,644	5,546	6,682
		183,871	275,220	331,093
Net current assets		68,694	99,762	160,235
Total assets less current liabilities		121,809	156,899	225,329
Non-current liabilities				
Lease liabilities	*23*	—	—	142
NET ASSETS		121,809	156,899	225,187
CAPITAL AND RESERVES	*26*			
Paid-in capital/share capital		77,998	77,998	161,845
Reserves		43,811	78,901	63,342
TOTAL EQUITY		121,809	156,899	225,187

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	At 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*12*	26,649	30,634	28,601
Investment properties	*13*	—	—	8,739
Right-of-use assets	*14*	25,957	24,565	23,442
Lease receivables	*15*	6,817	6,602	6,371
Investments in subsidiaries	*16*	15,000	15,000	15,000
Deferred tax assets		842	2,236	4,334
		75,265	79,037	86,487
Current assets				
Inventories		175	194	282
Contract assets	*17(a)*	126,628	199,117	216,257
Trade and bills receivables	*18*	90,680	98,025	204,555
Lease receivables	*15*	2,335	3,135	1,473
Prepayments, deposits and other receivables	*19*	19,791	12,091	44,906
Restricted bank deposits	*20*	575	575	4,369
Cash and cash equivalents	*20*	11,067	20,083	6,382
		251,251	333,220	478,224
Current liabilities				
Trade and bills payables	*21*	140,375	193,099	253,778
Contract liabilities	*17(b)*	365	746	749
Accrued expenses and other payables	*22*	22,005	26,804	29,720
Lease liabilities	*23*	2,763	2,763	2,844
Bank loans	*24*	—	—	20,000
Income tax payable		6,644	5,357	6,682
		172,152	228,769	313,773
Net current assets		79,099	104,451	164,451
Total assets less current liabilities		154,364	183,488	250,938
Non-current liabilities				
Lease liabilities	*23*	27,238	26,344	25,526
NET ASSETS		127,126	157,144	225,412
CAPITAL AND RESERVES	*26*			
Paid-in capital/share capital		77,998	77,998	161,845
Reserves		49,128	79,146	63,567
TOTAL EQUITY		127,126	157,144	225,412

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Paid-in capital/share capital	Capital reserve	Statutory reserve	Special reserve	(Accumulated losses)/ retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26(b))	*(Note 26(d))*	*(Note 26(e))*	*(Note 26(f))*		
Balance at 1 January 2021	77,000	—	1,454	2,024	(1,081)	79,397
Changes in equity for 2021:						
Profit and total comprehensive income for the year	—	—	—	—	41,414	41,414
Capital contributions by an equity owner *(Note 26(b)(i))*	998	—	—	—	—	998
Appropriation to reserves	—	—	3,549	4,965	(8,514)	—
Balance at 31 December 2021 and 1 January 2022	77,998	—	5,003	6,989	31,819	121,809
Changes in equity for 2022:						
Profit and total comprehensive income for the year	—	—	—	—	35,090	35,090
Appropriation to reserves	—	—	2,439	5,622	(8,061)	—
Balance at 31 December 2022 and 1 January 2023	77,998	—	7,442	12,611	58,848	156,899
Changes in equity for 2023:						
Profit and total comprehensive income for the year	—	—	—	—	41,045	41,045
Conversion into a joint stock company with limited liability *(Note 26(b)(ii))*	72,002	10,611	(7,442)	(11,718)	(63,453)	—
Capital contributions *(Note 26(b)(ii))*	4,348	5,652	—	—	—	10,000
Loan capitalisation *(Note 26(b)(ii))*	7,497	9,746	—	—	—	17,243
Appropriation to reserves	—	—	3,603	4,992	(8,595)	—
Balance at 31 December 2023	161,845	26,009	3,603	5,885	27,845	225,187

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Years ended 31 December 2021	2022	2023
		RMB'000	RMB'000	RMB'000
Operating activities				
Profit before taxation		47,622	39,177	46,948
Adjustments for:				
Depreciation of property, plant and equipment	7(c)	3,249	3,260	3,775
Depreciation of investment properties	7(c)	—	—	304
Depreciation of right-of-use assets	7(c)	—	—	12
Net gain on disposal of property, plant and equipment	5	—	(80)	—
Finance costs	7(a)	—	—	366
Impairment losses on trade receivables, lease receivables, other receivables and contract assets	6	3,853	10,149	5,344
Interest income on finance lease	5	(565)	(550)	(534)
Changes in working capital:				
Increase in inventories		(136)	(19)	(88)
Increase in contract assets		(82,334)	(91,612)	(13,946)
Increase in trade and bills receivables		(60,358)	(37,318)	(118,229)
Decrease/(increase) in prepayments, deposits and other receivables		5,747	(666)	1,286
Increase in trade and bills payables		89,029	90,658	44,315
Increase in accrued expenses and other payables		7,021	4,349	7,503
(Decrease)/increase in contract liabilities		(1,581)	381	3
Increase in restricted bank deposits		—	—	(3,794)
Cash generated from/(used in) operations		11,547	17,729	(26,735)
Income tax paid	25(a)	(380)	(6,579)	(6,865)
Net cash generated from/(used in) operating activities		11,167	11,150	(33,600)

	Note	Years ended 31 December 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Investing activities				
Payments for the purchase of property, plant and equipment		(3,498)	(8,343)	(1,442)
Proceeds from disposal of property, plant and equipment, net of transaction costs		—	80	—
Rentals received		—	—	2,558
Payments for advances granted to related parties		(11,610)	—	—
Payments for advances granted to third parties		(1,610)	(40,000)	—
Proceeds from repayment of advances granted to related parties		2,750	9,011	—
Proceeds from repayment of advances granted to third parties		1,296	40,000	8,184
Net cash (used in)/generated from investing activities		(12,672)	748	9,300
Financing activities				
Proceeds from capital contributions		998	—	10,000
Proceeds from bank loans	*20(b)*	—	—	30,000
Repayment of bank loans	*20(b)*	—	—	(10,000)
Advances received from third parties	*20(b)*	5,444	183	—
Advances received from related parties	*20(b)*	50	32,109	—
Repayment of advances received from third parties	*20(b)*	(5,876)	(843)	(5,396)
Repayment of advances received from related parties	*20(b)*	(1)	(32,220)	(209)
Payments for [REDACTED] costs in connection with the [REDACTED] of the Company's [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Interest paid	*20(b)*	—	—	(366)
Capital element of lease rentals paid	*20(b)*	—	—	(55)
Net cash generated from/(used in) financing activities		615	(3,010)	10,522
Net (decrease)/increase in cash and cash equivalents		(890)	8,888	(13,778)
Cash and cash equivalents at 1 January	*20(a)*	12,202	11,312	20,200
Cash and cash equivalents at 31 December	*20(a)*	11,312	20,200	6,422

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Tianjin Construction Development Group Co., Ltd. (天津建设发展集团股份公司, the "**Company**") (formerly known as Shanshengyuan Construction Co., Ltd. (山盛源建設有限公司)) was established in the People's Republic of China (the "**PRC**") on 4 November 2010 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company on 6 June 2023.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in construction businesses.

The statutory financial statements of the Company for the years ended 31 December 2021, 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The statutory financial statements of the Company for the year ended 31 December 2021 were audited by Tianjin Xingyuan Certified Public Accountants Co., Ltd. (天津星遠會計師事務所有限公司), and the statutory financial statements of the Company for the year ended 31 December 2022 were audited by Tianjin Xidi Limited Liability Certified Public Accountants (天津市希地有限責任會計師事務所). No audited statutory financial statements of the Company for the year ended 31 December 2023 were available as of the date of this report.

As at the date of this report, the Company had direct interests in the following subsidiaries, all of which are private companies:

Name of company	Place of establishment and business	Date of establishment	Particulars of registered/paid-in capital	Proportion of ownership interest held by the Company	Principal activities
Zhongjianke (Tianjin) Co. Limited *(Notes (i) and (ii))* 中建科(天津)有限公司	The PRC	24 March 2017	RMB50,000,000/ RMB15,000,000	100%	Property rental
Yujiacheng Trading Co. Limited *(Notes (i) and (ii))* 裕嘉程商貿有限公司	The PRC	1 March 2017	RMB50,000,000/Nil	100%	Sales of construction materials
Tianjin Binhai New Area Construction Engineering Co. Limited *(Notes (i) and (ii))* 天津濱海新區建設工程有限公司	The PRC	11 September 2020	RMB100,000,000/ Nil	100%	Construction for municipal, property and decoration projects

Notes:

(i) These entities were registered as limited liability companies under the laws and regulations in the PRC. The official names of the entities are in Chinese. The English translations are for identification only.

(ii) No audited statutory financial statements for the years ended 31 December 2021, 2022 and 2023.

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

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Track Record Period. The Group has not applied any new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2023, the details of which are set out in Note 33.

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The functional currency of the Company is Renminbi ("**RMB**"), which is the same as the presentation currency of the Historical Financial Information.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Use of estimates and judgements

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

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

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

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

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

(d) Investment property

Investment properties are land and/or buildings which are owned for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)(ii)). The depreciation policy is the same as that of property, plant and equipment (see Note 2(e)).

Depreciation is calculated to write off the cost of investment properties, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives
Investment properties	21 years

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(g)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

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

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

	Estimated useful lives
Buildings and buildings improvements	20 years
Motor vehicles and other equipment	3–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

(f) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

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

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

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

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

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(f)(i), then the Group classifies the sub-lease as an operating lease.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including trade receivables and deposits and other receivables);

— contract assets as defined in IFRS 15 (see Note 2(i)); and

— lease receivables.

Measurement of ECLs

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

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

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

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivable.

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

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

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, leases receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

Significant increases in credit risk

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

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(q)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

— investment properties;

— property, plant and equipment;

— right-of-use assets; and

— investments in subsidiaries in the Company's statements of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(h) Inventories and other contract costs

(i) Inventories

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

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

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

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

When inventories are sold or assigned to specific construction contracts, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(e)) or intangible assets.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(q).

(i) Contract assets and contract liabilities

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

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

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(q)(iv)).

(j) Trade and other receivables

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

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(g)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(s).

(n) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

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

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

— temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

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

(p) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(q) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

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

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on construction and maintenance services under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method. Under the cost-to-cost method, revenue is recognised based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. The Group also typically agrees to a retention period for certain of the contract value which the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. To the extent that the difference in timing arises for reasons other than the provision of finance, no financing component is deemed to exist.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2(p)(ii).

(ii) Sales of goods or rights

Revenue is recognised when the customer takes possession of and accepts the products or rights. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(iii) Service income

For provision of services, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices.

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(g)(i)).

(v) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(r) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred.

(s) Borrowing costs

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

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

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

(u) Segment reporting

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

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

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty are as follows:

(a) Revenue recognition

As explained in policy Note 2(q), revenue from construction contracts are recognised over time. Such revenue and profit recognition on incomplete projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(b) Impairment losses for receivables and contract assets

The management maintains a loss allowance for receivables and contract assets for estimated losses resulting from the inability of the customers and other debtors to make the required payments. The management bases the estimates on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences and unused tax losses are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the future operating performance of the Group and requires a significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit or loss in future periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in construction businesses in the PRC.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by timing of revenue recognition			
— Overtime	274,944	259,144	308,299
— Point in time	—	28,816	11,138
	274,944	287,960	319,437

During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the total revenue of the Group in the respective years are as follows. Details of concentrations of credit risk arising from largest debtors are set out in Note 27(a).

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	49,178	41,807	—
Customer B	55,800	*Note*	*Note*
Customer C	34,728	*Note*	—
Customer D	—	45,577	*Note*
Customer E	*Note*	94,505	66,600
Customer F	—	—	122,811
Customer G	—	—	43,733

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective years.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at each of the reporting date

The following table includes the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing construction contracts. The transaction price does not include any estimated amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 months.

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Remaining performance obligations expected to be satisfied	117,301	89,618	83,194

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the Track Record Period.

The Group does not have assets or operation outside the PRC. The Group's revenue is generated from customers in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER NET INCOME

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Net gain on sales of demolition right	3,284	—	—
Property management services	572	572	572
Interest income on finance lease	565	550	534
Interest income on bank deposits	21	25	20
Government grants	290	171	26
Net gain on disposal of property, plant and equipment	—	80	—
Others	(3)	(386)	(11)
	4,729	1,012	1,141

6 IMPAIRMENT LOSSES ON TRADE, LEASE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses on trade and bills receivables	1,564	4,015	672
Impairment losses/(reversal of impairment losses) on lease receivables	35	34	(66)
Impairment losses on contract assets	2,121	3,505	7,406
Impairment losses/(reversal of impairment losses) on prepayments, deposits and other receivables	133	2,595	(2,668)
	3,853	10,149	5,344

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	—	—	366

(b) Staff costs

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	16,572	15,436	17,654
Contributions to defined contribution retirement schemes *(Note)*	1,915	1,765	2,146
	18,487	17,201	19,800

Note: The employees of the subsidiaries of the Group participate in defined contribution retirement benefit scheme managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes during the Track Record Period. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC, from the above-mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Other items

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment *(Note 12)*	3,249	3,260	3,775
Depreciation of investment properties *(Note 13)*	—	—	304
Depreciation of right-of-use assets *(Note 14)*	—	—	12
Research and development costs	11,028	10,152	8,309
Professional service fee in connection with the proposed initial [REDACTED] of the Company's [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cost of inventories	97,522	89,172	68,775

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

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

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current tax *(Note 25(a))*			
Provision for the year	6,785	5,481	8,001
Deferred tax *(Note 25(b))*			
Origination and reversal of temporary differences	(577)	(1,394)	(2,098)
	6,208	4,087	5,903

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

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	47,622	39,177	46,948
Expected tax on profit before taxation, calculated at the rate applicable to profits *(Note (i))*	11,906	9,795	11,737
Tax effect of non-deductible expenses	240	78	168
Tax effect of unused tax losses and deductible temporary differences not recognised	—	28	505
Tax effect of utilisation of prior years' unused tax losses previously not recognised	(5)	(9)	(73)
Tax effect on additional deduction of research and development costs *(Note (iii))*	(1,673)	(2,166)	(2,143)
Effect of preferential tax rate and tax concessions *(Note (ii))*	(4,260)	(3,639)	(4,291)
Income tax expense	6,208	4,087	5,903

Notes:

(i) The Company and the subsidiaries of the Group established in the PRC are subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period.

(ii) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**"), which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria.

The Company was qualified as a HNTE and entitled to the preferential tax rate of 15% during the Track Record Period.

(iii) According to the relevant tax rules in the PRC, qualified research and development expenses are allowed for additional tax deduction based on 75%/100% of the relevant expenses during the Track Record Period.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the Track Record Period are as follows:

	Year ended 31 December 2021				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr. Zhao Kuanghua	—	280	90	49	419

	Year ended 31 December 2022				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Mr. Zhao Kuanghua	—	352	15	41	408

	Year ended 31 December 2023				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Zhao Kuanghua	—	362	—	44	406
Ms. Zhao Xiaorong	—	163	—	19	182
Mr. Li Kai	—	227	—	26	253
Mr. Yang Youhua	—	173	—	22	195
Mr. Ni Baqun	—	136	—	16	152
Non-executive director					
Mr. Wang Wenbin	—	164	—	21	185
Supervisors					
Ms. Wang Ling	—	150	—	17	167
Mr. Hu Shixin	—	102	—	12	114
Ms. Zhu Yiwei	—	43	—	5	48
	—	1,520	—	182	1,702

Notes:

(i) On 3 January 2019, Mr. Zhao Kuanghua was appointed as executive director of the Company.

(ii) On 5 June 2023, Mr. Li Kai, Ms. Zhao Xiaorong, Mr. Yang Youhua and Mr. Ni Baqun were appointed as executive directors of the Company. Prior to being the executive directors of the Company, the aggregate emoluments of Mr. Li Kai, Ms. Zhao Xiaorong, Mr. Yang Youhua and Mr. Ni Baqun for the period from 1 January 2023 to 4 June 2023 were RMB183,000, RMB131,000, RMB97,000 and RMB79,000, respectively.

(iii) On 5 June 2023, Mr. Wang Wenbin was appointed as a non-executive director of the Company and chairman of the Board. Prior to being the non-executive director of the Company, the aggregate emoluments of Mr. Wang Wenbin for the period from 1 January 2023 to 4 June 2023 were RMB135,000.

(iv) On 5 June 2023, Dr. Yan Bing, Mr. Yang Shitai and Mr. Tseung Yuk Hei Kenneth were appointed as independent non-executive directors of the Company. On 15 August 2023, Mr. Tseung Yuk Hei Kenneth resigned and Mr. Shiu Shu Ming was appointed as independent non-executive director of the Company.

(v) On 5 June 2023, Ms. Wang Ling, Mr. Hu Shixin and Ms. Zhu Yiwei were appointed as supervisors of the Company. Prior to being the supervisors of the Company, the aggregate emoluments of Ms. Wang Ling, Mr. Hu Shixin and Ms. Zhu Yiwei for the period from 1 January 2023 to 4 June 2023 were RMB80,000, RMB48,000 and RMB29,000, respectively.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended 31 December 2021, 2022 and 2023 are set forth below:

	Years ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
Directors	1	1	4
Other employees	4	4	1
	5	5	5

The emoluments of the directors and supervisors are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals during the Track Record Period are as followings:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	686	1,085	264
Discretionary bonuses	203	60	—
Retirement scheme contributions	96	131	34
	985	1,276	298

The emoluments of the individuals who are not directors or supervisors and who are amongst the five highest paid individuals of the Group are within the following band:

	Years ended 31 December		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil–Hong Kong dollar 1,000,000	4	4	1

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity owners/shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the Track Record Period.

As described in Note 26(b)(ii), the Company was converted into a joint stock limited liability company and issued 150,000,000 shares with the par value of RMB1 each on 5 June 2023. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2021.

Weighted average number of shares

	Years ended 31 December		
	2021	**2022**	**2023**
	Number of shares	*Number of shares*	*Number of shares*
Ordinary shares deemed to be in issue at 1 January	148,079,961	150,000,000	150,000,000
Effect of ordinary shares deemed to be issued *(Note 26(b)(i))*	378,747	—	—
Effect of ordinary shares issued *(Notes 26(b)(ii))*	—	—	2,614,092
Weighted average number of ordinary shares (deemed to be) in issue	148,458,708	150,000,000	152,614,092

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the Track Record Period. Hence, the diluted earnings per share is the same as basic earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and Buildings improvements	Motor vehicles and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2021	48,380	4,017	52,397
Additions	1,737	286	2,023
At 31 December 2021 and 1 January 2022	50,117	4,303	54,420
Additions	1,210	4,893	6,103
Disposals	—	(454)	(454)
At 31 December 2022 and 1 January 2023	51,327	8,742	60,069
Additions	74	786	860
At 31 December 2023	51,401	9,528	60,929
Accumulated depreciation:			
At 1 January 2021	(4,379)	(1,336)	(5,715)
Charge for the year	(2,418)	(831)	(3,249)
At 31 December 2021 and 1 January 2022	(6,797)	(2,167)	(8,964)
Charge for the year	(2,501)	(759)	(3,260)
Written back on disposals	—	454	454
At 31 December 2022 and 1 January 2023	(9,298)	(2,472)	(11,770)
Charge for the year	(2,468)	(1,307)	(3,775)
At 31 December 2023	(11,766)	(3,779)	(15,545)
Net book value:			
At 31 December 2023	39,635	5,749	45,384
At 31 December 2022	42,029	6,270	48,299
At 31 December 2021	43,320	2,136	45,456

The Company

	Buildings improvements	Motor vehicles and other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2021	24,339	4,017	28,356
Additions	1,737	286	2,023
At 31 December 2021 and 1 January 2022	26,076	4,303	30,379
Additions	1,210	4,893	6,103
Disposals	—	(454)	(454)
At 31 December 2022 and 1 January 2023	27,286	8,742	36,028
Additions	74	374	448
At 31 December 2023	27,360	9,116	36,476
Accumulated depreciation:			
At 1 January 2021	(288)	(1,336)	(1,624)
Charge for the year	(1,275)	(831)	(2,106)
At 31 December 2021 and 1 January 2022	(1,563)	(2,167)	(3,730)
Charge for the year	(1,359)	(759)	(2,118)
Written back on disposals	—	454	454
At 31 December 2022 and 1 January 2023	(2,922)	(2,472)	(5,394)
Charge for the year	(1,244)	(1,237)	(2,481)
At 31 December 2023	(4,166)	(3,709)	(7,875)
Net book value:			
At 31 December 2023	23,194	5,407	28,601
At 31 December 2022	24,364	6,270	30,634
At 31 December 2021	24,513	2,136	26,649

13 INVESTMENT PROPERTIES

The Group and the Company

	Investment properties
	RMB'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	—
Additions	9,043
At 31 December 2023	9,043
Accumulated depreciation:	
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	—
Charge for the year	(304)
At 31 December 2023	(304)
Net book value:	
At 31 December 2023	8,739
At 31 December 2022	—
At 31 December 2021	—

The investment properties owned by the Group are situated in the PRC for capital appreciation. According to the property valuation report issued by an independent valuer, the fair value of the investment properties determined using market value approach at 31 December 2023 is RMB8,778,000.

14 RIGHT-OF-USE ASSETS

The Group

	Leasehold properties
	RMB'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	—
Additions	278
At 31 December 2023	278
Accumulated depreciation:	
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	—
Charge for the year	(12)
At 31 December 2023	(12)
Net book value:	
At 31 December 2023	266
At 31 December 2022	—
At 31 December 2021	—

The Company

	Leasehold properties
	RMB'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022 and 1 January 2023	27,811
Additions	278
At 31 December 2023	28,089
Accumulated depreciation:	
At 1 January 2021	(463)
Charge for the year	(1,391)
At 31 December 2021 and 1 January 2022	(1,854)
Charge for the year	(1,392)
At 31 December 2022 and 1 January 2023	(3,246)
Charge for the year	(1,401)
At 31 December 2023	(4,647)
Net book value:	
At 31 December 2023	23,442
At 31 December 2022	24,565
At 31 December 2021	25,957

The Group has obtained the right to use the properties as its offices through tenancy agreements. The Company has obtained the right to use the properties as its office through tenancy agreements with one of its subsidiaries. The leases run for an initial period of 2 to 20 years.

The Group does not have the option to renew and early terminate the lease and there are no significant restrictions or covenants imposed to the lease. None of the leases includes variable lease payments.

Details of the maturity analysis of lease liabilities are set out in Note 23.

15 LEASE RECEIVABLES

The Group and the Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments receivables	15,308	15,308	12,958
Less: unearned finance income	(6,109)	(5,490)	(5,099)
	9,199	9,818	7,859
Less: loss allowance	(47)	(81)	(15)
	9,152	9,737	7,844
Less: current portion	(2,335)	(3,135)	(1,473)
	6,817	6,602	6,371

During the Track Record Period, through mutual agreement, the anticipated lease end dates for these finance lease receivables were August 2040. The effective interest rates on the finance lease receivables were 7.31%.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received at the end of each reporting period.

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,296	3,061	1,476
After 1 year but within 2 years	765	765	765
After 2 years but within 5 years	2,296	2,296	2,296
After 5 years	9,951	9,186	8,421
	15,308	15,308	12,958
Less: unearned finance income	(6,109)	(5,490)	(5,099)
	9,199	9,818	7,859

16 INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	15,000	15,000	15,000

17 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets			
Arising from performance under construction contracts			
— due from a related party	2,548	—	—
— due from third parties	127,022	221,182	235,128
	129,570	221,182	235,128
Less: loss allowance	(2,942)	(6,447)	(13,853)
	126,628	214,735	221,275
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade receivables" *(Note 18)*	90,630	123,933	232,497

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets that could be billed and settled within one year according to terms of the contracts with customers are classified as current assets. Otherwise, the contract assets are classified as non-current assets.

The amounts of revenue recognised/(reversed) during each of the years ended 31 December 2021, 2022 and 2023 from performance obligations satisfied (or partially satisfied) in previous periods, are RMB301,000, RMB8,400 and RMB(738,000) respectively, mainly due to the changes in estimate of the stage of completion.

Notwithstanding the terms of the contracts with customers, the directors consider that all of the amounts are expected to be billed within one year as at 31 December 2021, 2022 and 2023, except for the amounts of RMB54,508,000, RMB79,680,000 and RMB95,726,000, respectively, which are expected to be billed after more than one year.

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets			
Arising from performance under construction contracts			
— due from a related party	2,548	—	—
— due from third parties	127,022	205,315	229,915
	129,570	205,315	229,915
Less: loss allowance	(2,942)	(6,198)	(13,658)
	126,628	199,117	216,257
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade receivables" *(Note 18)*	90,630	97,975	204,555

(b) Contract liabilities

The Group and the Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
— due to third parties	365	746	749

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

Movements in contract liabilities

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	1,946	365	746
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(1,946)	(336)	(517)
Increase in contract liabilities as a result of billing in advance of construction activities and recognising revenue during the year	365	717	520
Balance at 31 December	365	746	749

All of the contract liabilities are expected to be recognised as revenue within one year, according to the contract term and working progress estimation.

18 TRADE AND BILLS RECEIVABLES

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables for contract work due from:			
— third parties	92,896	130,214	248,493
Bills receivables	50	50	—
	92,946	130,264	248,493
Less: loss allowance	(2,266)	(6,281)	(15,996)
	90,680	123,983	232,497

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables for contract work due from:			
— third parties	92,896	103,650	219,491
Bills receivables	50	50	—
	92,946	103,700	219,491
Less: loss allowance	(2,266)	(5,675)	(14,936)
	90,680	98,025	204,555

Ageing analysis

The ageing analyses of trade and bills receivables based on the invoice date and net of loss allowance, are as follows:

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	72,486	100,502	187,537
1 to 2 years	8,813	15,575	36,682
2 to 3 years	9,381	5,973	6,139
Over 3 years	—	1,933	2,139
	90,680	123,983	232,497

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	72,486	74,544	173,041
1 to 2 years	8,813	15,575	23,236
2 to 3 years	9,381	5,973	6,139
Over 3 years	—	1,933	2,139
	90,680	98,025	204,555

The Company generally requires customers to settle progress billings in accordance with contracted terms. Further details on the Group's credit policy and credit risk arising from trade and bills receivables are set out in Note 27(a).

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Advances to third parties *(Note (i))*	8,184	8,184	—
Advances to staff	356	1,064	584
Advances to a related party *(Note (i))*	9,011	—	—
Value-added-tax recoverable	1,299	155	356
Prepayments for purchase of inventories and services	700	1,796	1,093
Deposits for construction contracts' bidding and performance	1,277	1,571	996
Prepayments for costs incurred in connection with the [REDACTED] of the Company's [REDACTED] *(Note (ii))*	[REDACTED]	[REDACTED]	[REDACTED]
Others	395	107	378
	[REDACTED]	[REDACTED]	[REDACTED]
Less: loss allowance	(362)	(2,957)	(289)
	[REDACTED]	[REDACTED]	[REDACTED]

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Advances to subsidiaries	119	649	20,486
Advances to third parties *(Note (i))*	8,184	8,184	—
Advances to staff	356	1,064	580
Advances to related parties *(Note (i))*	9,011	—	—
Value-added-tax recoverable	118	—	—
Prepayments for purchase of inventories and services	700	1,255	945
Deposits for construction contracts' bidding and performance	1,277	1,571	986
Prepayments for costs incurred in connection with the [REDACTED] of the Company's [REDACTED] *(Note (ii))*	[REDACTED]	[REDACTED]	[REDACTED]
Others	388	85	306
	[REDACTED]	[REDACTED]	[REDACTED]
Less: loss allowance	(362)	(2,957)	(289)
	[REDACTED]	[REDACTED]	[REDACTED]

All of the prepayments, deposits, and other receivables are expected to be recovered, recognised as expenses or transferred to equity within one year.

Notes:

(i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(ii) The balance at 31 December 2022 and 2023 will be transferred to the capital reserve account within equity upon the [REDACTED] of the Company's [REDACTED] on the [REDACTED] (the "**[REDACTED]**").

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	11,887	20,775	10,791
Less: restricted bank deposits *(Note (i))*	(575)	(575)	(4,369)
Cash and cash equivalents in the consolidated statements of financial position and consolidated statements of cash flows	11,312	20,200	6,422

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	11,642	20,658	10,751
Less: restricted bank deposits *(Note (i))*	(575)	(575)	(4,369)
Cash and cash equivalents	11,067	20,083	6,382

Note:

(i) The balance of restricted bank deposits as at 31 December 2023 mainly represent frozen bank deposits amounted to RMB3,794,000 by court due to a litigation against the Company, and security deposits placed at bank for letter of guarantee amounted RMB575,000, which would be released upon the letter of guarantee expires.

(b) Reconciliation of liabilities arising from financing activities

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

	Bank loans	Amounts due to related parties	Amounts due to third parties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	—	17,514	6,488	24,002
Changes from financing cash flows:				
Advances from third parties	—	—	5,444	5,444
Advances from related parties	—	50	—	50
Repayment to third parties	—	—	(5,876)	(5,876)
Repayment to related parties	—	(1)	—	(1)
Total changes from financing cash flows	—	49	(432)	(383)
At 31 December 2021 and 1 January 2022	—	17,563	6,056	23,619
Changes from financing cash flows:				
Advances from third parties	—	—	183	183
Advances from related parties	—	32,109	—	32,109
Repayment to third parties	—	—	(843)	(843)
Repayment to related parties	—	(32,220)	—	(32,220)
Total changes from financing cash flows	—	(111)	(660)	(771)
At 31 December 2022	—	17,452	5,396	22,848

	Bank loans	Amounts due to related parties	Amounts due to third parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	—	17,452	5,396	—	22,848
Changes from financing cash flows:					
Proceeds from bank loans	30,000	—	—	—	30,000
Repayment of bank loans	(10,000)	—	—	—	(10,000)
Repayment to third parties	—	—	(5,396)	—	(5,396)
Repayment to related parties	—	(209)	—	—	(209)
Capital element of lease rentals paid	—	—	—	(55)	(55)
Interest paid	(366)	—	—	—	(366)
Total changes from financing cash flows	19,634	(209)	(5,396)	(55)	13,974
Other changes:					
Interest expenses	366	—	—	—	366
Increase in lease liabilities from entering into new leases during the year	—	—	—	278	278
Loan capitalisation *(Note 26(b)(ii))*	—	(17,243)	—	—	(17,243)
Total other changes	366	(17,243)	—	278	(16,599)
At 31 December 2023	20,000	—	—	223	20,223

21 TRADE AND BILLS PAYABLES

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— due to third parties	140,811	231,469	269,934
Bills payables	—	—	5,850
	140,811	231,469	275,784

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— due to third parties	140,375	193,099	250,236
Bills payables	—	—	3,542
	140,375	193,099	253,778

The ageing analyses of trade and bills payables based on the invoice date, are as follows:

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	129,228	178,927	182,260
1 to 3 years	11,583	51,644	88,171
Over 3 years	—	898	5,353
	140,811	231,469	275,784

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	129,076	140,851	177,515
1 to 3 years	11,299	51,350	71,180
Over 3 years	—	898	5,083
	140,375	193,099	253,778

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

22 ACCRUED EXPENSES AND OTHER PAYABLES

The Group

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties *(Note (i))*	17,563	17,452	—
Amounts due to third parties *(Note (i))*	6,056	5,396	—
Payables for costs incurred in connection with the [REDACTED] of the Company's [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payables for staff related costs	3,501	3,809	4,824
Others	3,854	2,220	1,383
Financial liabilities measured at amortised cost	30,974	28,877	12,407
Other tax payables	5,077	8,582	15,390
	36,051	37,459	27,797

The Company

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries *(Note (i))*	3,307	10,539	4,039
Amounts due to related parties *(Note (i))*	270	159	—
Amounts due to third parties *(Note (i))*	5,996	5,335	—
Payables for costs incurred in connection with the [REDACTED] of the Company's [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payables for staff related costs	3,501	3,731	4,544
Others	3,854	2,220	1,357
Financial liabilities measured at amortised cost	16,928	21,984	16,140
Other tax payables	5,077	4,820	13,580
	22,005	26,804	29,720

Note:

(i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

All of the accrued expenses and other payables are expected to be settled within one year or are repayable on demand.

23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's and Company's lease liabilities at the end of each reporting period:

The Group

	At 31 December 2023	
	Present value of the minimum lease payments	**Total minimum lease payments**
	RMB'000	*RMB'000*
Within 1 year	81	89
After 1 year but within 2 years	142	145
	223	234
Less: total future interest expenses		(11)
Present value of lease liabilities		223

The Company

	At 31 December 2021		At 31 December 2022		At 31 December 2023	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,763	2,952	2,763	2,952	2,844	3,041
After 1 year but within 2 years	2,586	2,952	2,586	2,952	2,728	3,097
After 2 years but within 5 years	6,803	8,857	6,803	8,857	6,803	8,857
After 5 years	17,849	38,383	16,955	35,431	15,995	32,479
	27,238	50,192	26,344	47,240	25,526	44,433
	30,001	53,144	29,107	50,192	28,370	47,474
Less: total future interest expenses		(23,143)		(21,085)		(19,104)
Present value of lease liabilities		30,001		29,107		28,370

24 BANK LOANS

The Group and the Company

	At 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans:			
— Unguaranteed and unsecured	—	—	20,000

All of the Group's banking facilities were utilised as of 31 December 2023. Certain of the Group's bank loans is subject to the fulfilment of covenants commonly found in lending arrangement with financial institution. If the Group were to breach the covenants, the loan would become repayable on demand. The Group regularly monitors its compliance with the covenants. At 31 December 2023, none of the covenants relating to the bank loans had been breached.

25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Years ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Income tax payable at 1 January	239	6,644	5,546
Provision for the year *(Note 8(a))*	6,785	5,481	8,001
Income tax paid	(380)	(6,579)	(6,865)
Income tax payable at 31 December	6,644	5,546	6,682

(b) Deferred tax assets recognised

Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:	**Credit loss allowance on trade, lease and other receivables and contract assets**
	RMB'000
At 1 January 2021	265
Credited to profit or loss *(Note 8(a))*	577
At 31 December 2021 and 1 January 2022	842
Credited to profit or loss *(Note 8(a))*	1,394
At 31 December 2022 and 1 January 2023	2,236
Credited to profit or loss *(Note 8(a))*	2,098
At 31 December 2023	4,334

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(o), the Group has not recognised deferred tax assets in respect of cumulative unused tax losses and deductible temporary differences arising from certain subsidiaries of the Group of RMB2,244,000, RMB2,320,000 and RMB4,050,000 as at 31 December 2021, 2022 and 2023, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The year of expiry of unused tax losses not recognised is as follows:

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Year of expiry:			
2023	981	947	657
2024	1,263	1,263	1,263
2027	—	110	110
2028	—	—	1,620
	2,244	2,320	3,650

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Paid-in capital/share capital	Capital reserve	Statutory reserve	Special reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26(b))	*(Note 26(d))*	*(Note 26(e))*	*(Note 26(f))*		
At 1 January 2021	77,000	—	1,454	2,024	5,204	85,682
Changes in equity for 2021:						
Profit and total comprehensive income for the year	—	—	—	—	40,446	40,446
Capital contributions by an equity owner *(Note 26(b)(i))*	998	—	—	—	—	998
Appropriation to reserves	—	—	3,549	4,965	(8,514)	—
At 31 December 2021 and 1 January 2022	77,998	—	5,003	6,989	37,136	127,126
Changes in equity for 2022:						
Profit and total comprehensive income for the year	—	—	—	—	30,018	30,018
Appropriation to reserves	—	—	2,439	5,622	(8,061)	—
At 31 December 2022 and 1 January 2023	77,998	—	7,442	12,611	59,093	157,144
Changes in equity for 2023:						
Profit and total comprehensive income for the year	—	—	—	—	41,025	41,025
Conversion into a joint stock company with limited liability *(Note 26(b)(ii))*	72,002	10,611	(7,442)	(11,718)	(63,453)	—
Capital contributions *(Note 26(b)(ii))*	4,348	5,652	—	—	—	10,000
Loan capitalisation *(Note 26(b)(ii))*	7,497	9,746	—	—	—	17,243
Appropriation to reserves	—	—	3,603	4,992	(8,595)	—
At 31 December 2023	161,845	26,009	3,603	5,885	28,070	225,412

(b) Paid-in capital/share capital

(i) Paid-in capital

For the purpose of the Historical Financial Information, the paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock limited liability company. On 20 October 2021, an equity owner injected the paid-in capital of the Company amounted to RMB998,400.

(ii) Share capital

	Number of shares	Amount
	'000	*RMB'000*
Ordinary shares, issued and fully paid		
At 1 January 2023	—	—
Issuance of ordinary shares upon conversion into a joint stock company *(Note (i))*	150,000	150,000
Issuance of ordinary shares by capital contributions *(Note (ii))*	4,348	4,348
Issuance of ordinary shares by loan capitalisation *(Note (iii))*	7,497	7,497
At 31 December 2023	161,845	161,845

Notes:

(i) On 5 June 2023, the Company was converted into a joint stock limited liability company and issued 150,000,000 shares with a par value of RMB1 each.

(ii) In July 2023, the Company entered into a capital increase agreement with an independent investor, pursuant to which the investor made capital injection of RMB10,000,000 in the Company as consideration for subscription of 4,347,826 shares of the Company. RMB4,348,000 and RMB5,652,000 were credited in the Company's share capital and capital reserve account, respectively.

(iii) In October 2023, Mr. Wang Wenbin, Shengyuan Group Holdings (Tianjin) Co., Ltd. ("**Shengyuan Holding**"), Zhiweilai (Tianjin) Enterprise Management Co. Limited ("**Tianjin Zhiweilai**") and the Company entered into a loan assignment agreement, pursuant to which Mr. Wang Wenbin assigned the amounts of RMB13,411,000 due from the Company to Shengyuan Holding and the amounts of RMB3,832,000 due from the Company to Tianjin Zhiweilai, respectively. On 1 December 2023, the Company, Shengyuan Holding and Tianjin Zhiweilai entered into a loan capitalisation agreement, pursuant to which Shengyuan Holding and Tianjin Zhiweilai subscribed for 5,830,940 shares and 1,665,983 shares of the Company at the consideration of RMB13,411,000 and RMB3,832,000 by way of loan capitalisation, respectively. RMB7,497,000 and RMB9,746,000 were credited in the Company's share capital and capital reserve account, respectively.

(c) Dividends

No dividends have been declared by the Company and its subsidiaries during the Track Record Period.

(d) Capital reserve

The capital reserve comprises: (i) the differences between the [REDACTED] of [REDACTED] of ordinary shares and the share capital of the Company and (ii) the [REDACTED] received in excess of the total amount of the par value of shares [REDACTED] in relation to the conversion into a joint stock company as disclosed in Note 26(b).

(e) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company and the Company's subsidiaries incorporated in the PRC are required to transfer 10% of their net profits each year to the statutory reserve until the reserve reaches 50% of the registered capital. The statuary reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in liquidation.

(f) Special reserve

Pursuant to the relevant PRC regulations, required to transfer production and maintenance funds at fixed rates based on relevant bases to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

(g) Capital management

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

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

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is not exposed to significant currency risk.

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, lease receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk. Deposits for construction contract's bidding and performance, advances to third parties, advances to staff, advances to a related party, other receivables and deposits (the "**Receivables**") have been included in prepayments, deposits and other receivables. The

Group has applied the general approach in IFRS 9 to measure the loss allowance for the receivables at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. The Group does not provide any guarantees which would expose the Group to credit risk.

In order to manage the credit risk, the Group regularly monitor the collections of trade receivables and the certification process of projects to take follow-up actions on the balances of trade receivables and contract assets. The Group generally recognise trade receivables upon certifications granted by the customers or completion of settlement audit of projects under the payment terms of the contracts. Payment terms may vary for different customers and projects.

Trade receivables, lease receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate. At 31 December 2021, 2022 and 2023, 22.7%, 20.3% and 24.8% of the total trade receivables and contract assets, respectively, was due from the Group's largest debtor, and 48.0%, 57.5% and 55.8% of the total trade receivables and contract assets, respectively, was due from the five largest debtors. In order to manage the credit risk, the Group continuously monitor the level of exposure by ongoing review of credit records of customers to take follow-up actions on the balances of trade receivables and contract assets.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Trade receivables and contract assets for contract work are considered past due once billings have been made and revenue has been recognised, respectively. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables, lease receivables and contract assets at an amount equal to lifetime ECLs. The calculation of loss allowance for trade receivables, lease receivables and contract assets were carried out by an independent specialist (the "**Valuer**"), with experience in expected credit loss calculation. The loss allowance is estimated by taking into account the probability of default ("**PD**"), loss given default ("**LGD**"), exposure at default ("**EAD**") and forward looking information. The average PD and LGD adopted is the published data of construction industry by MOODY'S.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, lease receivables and contract assets as at 31 December 2021, 2022 and 2023:

	At 31 December 2021	
	Gross carrying amount	**Loss allowance**
	RMB'000	*RMB'000*
Current (not past due)	84,170	1,404
Within 1 year past due	115,191	2,409
1 to 2 years past due	20,925	791
2 to 3 years past due	11,379	651
	231,665	5,255

	At 31 December 2022	
	Gross carrying amount	Loss allowance
	RMB'000	*RMB'000*
Current (not past due)	74,109	1,281
Within 1 year past due	235,751	5,216
1 to 2 years past due	27,395	1,081
2 to 3 years past due	17,343	1,043
Over 3 years past due	6,616	4,188
	361,214	12,809

	At 31 December 2023	
	Gross carrying amount	Loss allowance
	RMB'000	*RMB'000*
Current (not past due)	50,894	1,059
Within 1 year past due	335,192	8,907
1 to 2 years past due	74,283	3,684
2 to 3 years past due	12,086	912
Over 3 years past due	19,025	15,302
	491,480	29,864

Movements in the loss allowance account in respect of trade receivables, lease receivables and contract assets during the Track Record Period are as follows:

	Years ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	1,535	5,255	12,809
Impairment losses recognised during the year	3,720	7,554	17,055
Balance at 31 December	5,255	12,809	29,864

Note:

(i) The impairment losses recognised are contributed to the origination of new trade receivables and contract assets net of those settled and the increase in days past due.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of each reporting period, the contractual maturities of the Group's financial liabilities other than lease liabilities (see Note 23) are on demand or within one year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's bank loans and lease liabilities at fixed rates and cash at bank at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. Overall, the Group's exposure to interest rate risk is not significant.

(d) Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021, 2022 and 2023.

28 COMMITMENTS

Capital commitments outstanding at respective reporting period end dates not provided for in the Historical Financial Information were as follows:

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	—	77	—

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	1,382	1,988	2,209
Discretionary bonuses	294	69	—
Retirement scheme contributions	188	239	275
	1,864	2,296	2,484

Total remuneration is included in "staff costs" (See Note 7(b)).

(b) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:

Names of related parties	**Relationship**
Mr. Wang Wenbin 王文彬	Ultimate controlling party
Ms. Dou Enyan 竇恩艷	The spouse of Mr. Wang Wenbin
Jiangshengyuan Construction Co., Ltd.* ("**Jiangshengyuan**") 江盛源建設有限公司	An entity controlled by Mr. Wang Wenbin's cousins

* The official name of this entity is in Chinese. The English translation of the name is for identification purpose only.

(c) Transactions with related parties during the Track Record Period

	Years ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Rendering of construction services to Jiangshengyuan	1,968	—	—
Advances received from Mr. Wang Wenbin	—	—	—
Advances received from Jiangshengyuan	50	32,109	—
Repayment of advances received from Mr. Wang Wenbin	(1)	(270)	—
Repayment of advances received from Jiangshengyuan	—	(31,950)	(209)
Payments for advances granted to Jiangshengyuan	(11,610)	—	—
Proceeds from repayment of advances granted to Jiangshengyuan	2,750	9,011	—

(d) Balances with related parties

The Group's balances with related parties as at the end of each reporting period are as follows:

	At 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature:			
Contract assets from Jiangshengyuan *(Note 17(a))*	2,548	—	—
Non-trade in nature:			
Amounts due from Jiangshengyuan *(Note 19)*	9,011	—	—
Amounts due to Mr. Wang Wenbin *(Note 22)*	17,513	17,243	—
Amounts due to Jiangshengyuan *(Note 22)*	50	209	—

All of the advances granted to and received from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

30 CONTINGENT LIABILITIES

The Company is named defendant on a lawsuit in respect of its construction business. As at the date of this report, the lawsuit is under review before the court, and the Company's bank deposits of RMB3,794,000 has been frozen by the court for this lawsuit. If the Company is found to be liable by the court, the total expected monetary compensation may amount to approximately RMB2,506,000 in addition to the payables of RMB1,288,000 recognised in the consolidated statement of financial position of the Group as at 31 December 2023. Based on legal advices and assessment from the directors of the Company, no provision has been provided in respect of this claim.

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2023, the directors consider the immediate holding Company of the Group to be Shengyuan Group Holdings (Tianjin) Co., Ltd., which is established in the PRC. This entity does not produce financial statements available for public use. At 31 December 2023 the directors consider the ultimate controlling party of the Group to be Mr. Wang Wenbin.

32 SUBSEQUENT EVENTS

There is no significant subsequent event after 31 December 2023.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2023

Up to date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards which are not yet effective for the accounting period beginning on 1 January 2023 and which have not been adopted in the Historical Financial Information. These include the following:

	Effective for accounting period beginning on or after
Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*	1 January 2024
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1, *Non-current liabilities with covenants*	1 January 2024
Amendments to IFRS 16, *Lease Liability in a sale and leaseback*	1 January 2024
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of [REDACTED]. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2023.