The following is the text of a report set out on pages I-1 to I-102, 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 MOBVOI INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Mobvoi Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-102, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 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 December 31, 2021, 2022 and 2023 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-102 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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' judgment, 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 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 December 31, 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 33(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

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

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[***Date***]

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 in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi ("**RMB**"))*

	Note	Year ended December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Continuing operations				
Revenue	*4*	397,914	500,194	507,060
Cost of sales		(248,718)	(164,043)	(180,981)
Gross profit		149,196	336,151	326,079
Research and development expenses		(91,505)	(118,663)	(154,746)
Selling and marketing expenses		(105,938)	(97,120)	(150,711)
Administrative expenses		(48,701)	(55,169)	(88,987)
Other income and loss, net	*5*	35,650	7,584	24,708
Impairment losses recognized on trade receivables	*34(a)*	(461)	(1,195)	(3,885)
(Loss)/profit from operations		(61,759)	71,588	(47,542)
Finance costs	*6(a)*	(1,008)	(1,003)	(253)
Share of losses of a joint venture		(18,567)	(9,362)	—
Gain on disposal of interest in a joint venture/a subsidiary	*16*	—	28,999	773
Changes in fair value of financial assets		—	1,179	—
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	*29*	(98,893)	(775,084)	(753,785)
Loss before taxation from continuing operations	*6*	(180,227)	(683,683)	(800,807)
Income tax	*7(a)*	(1,753)	(1,296)	(1,795)
Loss for the year from continuing operations		(181,980)	(684,979)	(802,602)
Discontinued operations				
Loss for the year from discontinued operations	*11*	(94,316)	15,174	—
Loss for the year		(276,296)	(669,805)	(802,602)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(Expressed in RMB)

	Note	Year ended December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Other comprehensive income for the year (after tax):				
Item that will not be reclassified to profit or loss:				
Exchange differences on translation of financial statements		35,877	(195,647)	(38,803)
Items that may be reclassified subsequently to profit or loss:				
Changes in the fair value of financial assets measured at fair value through other comprehensive income		—	—	1,783
Exchange differences on translation of financial statements of overseas subsidiaries		35,272	(120,100)	(27,821)
Other comprehensive income for the year		71,149	(315,747)	(64,841)
Total comprehensive income for the year attributable to equity shareholders of the Company		(205,147)	(985,552)	(867,443)
Loss per share	*10*	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*12*	2,409	1,403	2,343
Right-of-use assets	*13*	15,632	9,035	3,293
Intangible assets	*14*	2,543	4,474	5,291
Goodwill	*15*	130,660	—	—
Interest in a joint venture	*16*	77,021	—	—
		228,265	14,912	10,927
Current assets				
Inventories	*17*	123,944	94,918	66,734
Trade receivables	*18*	45,464	40,024	57,981
Prepayments, deposits and other receivables	*19*	48,237	34,368	44,484
Financial assets measured at fair value through profit or loss	*20*	7,707	124,119	34,844
Financial assets measured at fair value through other comprehensive income	*21*	—	—	47,066
Time and restricted deposits	*22*	21,081	70,903	780
Cash and cash equivalents	*23*	131,758	40,250	144,324
		378,191	404,582	396,213
Current liabilities				
Trade payables	*24*	29,535	17,694	24,552
Other payables and accruals	*25*	54,387	54,224	63,312
Contract liabilities	*26*	151,842	60,873	53,131
Bank loans	*27*	20,000	20,000	—
Lease liabilities	*28*	6,336	6,831	3,148
Contingently redeemable preferred shares and ordinary shares	*29*	3,240,626	3,536,115	4,353,833
Current taxation	*31*	1,781	1,343	975
Warranty provisions	*32*	15,423	16,467	18,479
Deferred income		—	7,800	—
		3,519,930	3,721,347	4,517,430
Net current liabilities		(3,141,739)	(3,316,765)	(4,121,217)
Total assets less current liabilities		(2,913,474)	(3,301,853)	(4,110,290)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

(Expressed in RMB)

	Note	As at December 31,		
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	28	9,574	2,743	313
Other non-current liabilities	26	—	—	19,738
		9,574	2,743	20,051
NET LIABILITIES		(2,923,048)	(3,304,596)	(4,130,341)
CAPITAL AND RESERVES	33			
Share capital		138	138	138
Reserves		(2,923,186)	(3,304,734)	(4,130,479)
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		(2,923,048)	(3,304,596)	(4,130,341)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31,		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Non-current assets				
Amounts due from subsidiaries	16(b)	1,421,466	1,434,015	1,451,170
Investments in subsidiaries	16(b)	240,119	—	—
		1,661,585	1,434,015	1,451,170
Current assets				
Prepayments, deposits and other receivables		—	—	1,666
Financial assets measured at fair value through profit or loss	20	—	34,844	34,844
Cash and cash equivalents		1,686	429	92
		1,686	35,273	36,602
Current liabilities				
Amounts due to subsidiaries		—	1	13,471
Other payables and accruals		—	—	6,276
Contingently redeemable preferred shares and ordinary shares	29	3,240,626	3,536,115	4,353,833
		3,240,626	3,536,116	4,373,580
Net current liabilities		(3,238,940)	(3,500,843)	(4,336,978)
Total assets less current liabilities		(1,577,355)	(2,066,828)	(2,885,808)
NET LIABILITIES		(1,577,355)	(2,066,828)	(2,885,808)
CAPITAL AND RESERVES	33			
Share capital		138	138	138
Reserves		(1,577,493)	(2,066,966)	(2,885,946)
TOTAL DEFICIT		(1,577,355)	(2,066,828)	(2,885,808)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Company						
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33(b)	*Note 33(c)(i)*	*Note 33(c)(ii)*	*Note 33(c)(iii)*	*Note 33(c)(iv)*		
Balance at January 1, 2021	138	(1,249,619)	50,452	91,428	—	(1,619,948)	(2,727,549)
Changes in equity for 2021:							
Loss for the year	—	—	—	—	—	(276,296)	(276,296)
Other comprehensive income	—	—	—	71,149	—	—	71,149
Total comprehensive income	—	—	—	71,149	—	(276,296)	(205,147)
Equity settled share-based transactions	—	—	9,648	—	—	—	9,648
Balance at December 31, 2021	138	(1,249,619)	60,100	162,577	—	(1,896,244)	(2,923,048)
Balance at January 1, 2022	138	(1,249,619)	60,100	162,577	—	(1,896,244)	(2,923,048)
Changes in equity for 2022:							
Loss for the year	—	—	—	—	—	(669,805)	(669,805)
Other comprehensive income	—	—	—	(315,747)	—	—	(315,747)
Total comprehensive income	—	—	—	(315,747)	—	(669,805)	(985,552)
Repurchase of ordinary shares and preferred shares	—	586,682	—	—	—	—	586,682
Equity settled share-based transactions	—	—	17,322	—	—	—	17,322
Balance at December 31, 2022	138	(662,937)	77,422	(153,170)	—	(2,566,049)	(3,304,596)
Balance at January 1, 2023	138	(662,937)	77,422	(153,170)	—	(2,566,049)	(3,304,596)
Changes in equity for 2023:							
Loss for the year	—	—	—	—	—	(802,602)	(802,602)
Other comprehensive income	—	—	—	(66,624)	1,783	—	(64,841)
Total comprehensive income	—	—	—	(66,624)	1,783	(802,602)	(867,443)
Equity settled share-based transactions	—	—	41,698	—	—	—	41,698
Balance at December 31, 2023	138	(662,937)	119,120	(219,794)	1,783	(3,368,651)	(4,130,341)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

		Year ended December 31,		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash (used in)/generated from operations	*23(b)*	(37,197)	74,104	30,555
Tax paid		(41)	(1,669)	(2,163)
Net cash (used in)/generated from operating activities		(37,238)	72,435	28,392
Investing activities				
Payment for the purchase of property, plant and equipment and intangible assets		(2,870)	(5,163)	(6,474)
Proceeds from sale of property, plant and equipment		68	34	91
Net (increase)/decrease in deposits with banks		(10,270)	(50,176)	19,947
Loan to a third party		(5,230)	—	—
Loans repaid by third parties		3,000	1,000	—
Interest and investment income received		1,120	2,490	5,075
Disposal of discontinued operations, net of cash disposed of	*11*	—	(5,032)	—
Proceeds from disposal of a joint venture	*16*	—	104,469	—
Disposal of a subsidiary, net of cash disposed		—	—	(2,793)
Payment for purchase of financial assets		(7,707)	(100,000)	(207,297)
Proceeds from sale of financial assets		—	11,931	300,286
Net cash (used in)/generated from investing activities		(21,889)	(40,447)	108,835

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(Expressed in RMB)

	Note	Year ended December 31,		
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Financing activities				
Proceeds from new bank loans	*23(c)*	20,000	20,000	—
Repayment of bank loans	*23(c)*	(31,752)	(20,000)	(20,000)
Capital element of lease rentals paid	*23(c)*	(9,299)	(6,336)	(7,065)
Interest element of lease rentals paid	*23(c)*	(462)	(486)	(234)
Borrowing costs paid		(603)	(517)	(19)
Payment for repurchase of ordinary shares and preferred shares	*29*	—	(118,398)	—
Costs paid in connection with the proposed **[REDACTED]** of the Company's shares		—	—	(1,666)
Net cash used in financing activities		(22,116)	(125,737)	(28,984)
Net (decrease)/increase in cash and cash equivalents		(81,243)	(93,749)	108,243
Cash and cash equivalents at January 1,		215,342	131,758	40,250
Effect of foreign exchange rate changes		(2,341)	2,241	(4,169)
Cash and cash equivalents at December 31	*23(a)*	131,758	40,250	144,324

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 Basis of preparation and presentation of Historical Financial Information

Mobvoi Inc. (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act (As Revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, (together, the "**Group**") are principally engaged in rendering of Artificial Intelligence ("**AI**") software solutions and sale of smart devices and other accessories to enterprise and individual customers.

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

			Proportion of ownership interest		
Company name	Place of incorporation and business and date of incorporation	Particulars of issued and paid-up capital	Held by the Company	Held by the subsidiary	Principal activities
Directly held					
Mobvoi HK Limited (*Note (6) and Note (8)*).	Hong Kong/ September 13, 2012	1 share	100%	—	Provision of smart devices and other accessories
Indirectly held					
Mobvoi US, LLC *(Note (2))*	USA/March 1, 2016	100 units	—	100%	Provision of smart devices and other accessories
AITech B.V. *(Note (2))* . .	Netherlands/ January 21, 2019	10,000 shares	—	100%	Holding company
HK SmartMV Limited *(Note (6) and Note (8))*.	Hong Kong/May 31, 2018	1,000,000 shares	—	100%	Provision of smart devices and other accessories

Company name	Place of incorporation and business and date of incorporation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	 Held by the subsidiary	Principal activities
Mobvoi Taiwan Corporation 台灣出門問問股份有限公司 *(Note (5) and Note (8))*	Taiwan/July 31, 2019	5,850,000 shares	—	100%	Software development
Shanghai Mobvoi Information Technology Company Limited 上海墨百意信息科技有限公司 *(Note (1), Note (3) and Note (8))*	Mainland China/ March 19, 2013	USD90,000,000	—	100%	Provision of AI Software Solutions, software development and procurement of raw materials
Shanghai Yushanzhi Information Technology Co., Ltd 上海羽扇智信息科技有限公司 *(Note (1), Note (3) and Note (8))*	Mainland China/ August 27, 2012	RMB100,000	—	100% *(Note (7))*	Product sales in China
Beijing Yushanzhi Information Technology Company Limited 北京羽扇智信息科技有限公司 *(Note (1), Note (4) and Note (8))*	Mainland China/ March 26, 2014	RMB1,000,000	—	100%	Provision of smart devices and other accessories
Mobvoi Information Technology Company Limited 出門問問信息科技有限公司*(Note (1), Note (4) and Note (8))*.	Mainland China/ March 13, 2017	USD10,000,000	—	100%	Provision of AI Software Solutions, software development

			Proportion of ownership interest		
Company name	**Place of incorporation and business and date of incorporation**	**Particulars of issued and paid-up capital**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
WWZN Information Technology Company Limited 問問智能信息科技有限公司*(Note (1), Note (4) and Note (8))*	Mainland China/ January 4, 2018	USD10,000,000	—	100%	Manufacturing of smart devices and other accessories
Shenzhen WWZN Information Technology Company Limited 深圳問問智能信息科技有限公司 *(Note (1), Note (3) and Note (8))* .	Mainland China/ June 5, 2018	RMB1,000,000	—	100%	Provision of smart devices and other accessories
Wuhan WWZN Information Technology Company Limited 武漢問問智能信息科技有限公司 *(Note (1), Note (3) and Note (8))* .	Mainland China/ August 6, 2018	RMB5,000,000	—	100%	Provision of smart devices and other accessories
Beijing Xiaowen Intelligence Technology Co., Ltd 北京小問智能科技有限公司 *(Note (1)* and *Note (4))*	Mainland China/ April 25, 2018	RMB1,000,000	—	100% *(Note (7))*	Product sales in China
Shenzhen Xiaowen Intelligence Technology Co., Ltd 深圳小問智能科技有限公司*(Note (1)* and *Note (2))*	Mainland China/ June 5, 2018	RMB1,000,000	—	100% *(Note (7))*	Product sales in China

			Proportion of ownership interest		
Company name	**Place of incorporation and business and date of incorporation**	**Particulars of issued and paid-up capital**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
Nanjing Xiaowen Intelligence Technology Co., Ltd 南京小問智能科技有限公司 *(Note (1), Note (3) and Note (8))*	Mainland China/ May 14, 2021	RMB1,500,000	—	100% *(Note (7))*	Provision of AI Software Solutions
Wuhan Xiaowen Intelligence Technology Co., Ltd 武漢小問智能科技有限公司 *(Note (1) and Note (2))*	Mainland China/ August 8, 2018	RMB1,000,000	—	100%	Service sales in China
Mobvoi (Suzhou) Information Technology Company Limited 出門問問(蘇州)信息科技有限公司 *(Note (1), Note (3) and Note (8))* .	Mainland China/ September 27, 2018	RMB3,000,000	—	100%	AIGC technologies development
Mobvoi (Wuhan) Information Technology Company Limited 出門問問(武漢)信息科技有限公司 *(Note (1), Note (3) and Note (8))* .	Mainland China/ April 28, 2018	USD5,000,000	—	100%	Software development
Mobvoi Innovation Technology Company Limited 出門問問創新科技有限公司 *(Note (1), Note (3) and Note (8))* .	Mainland China/ November 17, 2020	USD5,000,000	—	100%	Provision of AI Software Solution and smart devices and other accessories

Company name	Place of incorporation and business and date of incorporation	Particulars of issued and paid-up capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiary	Principal activities
Mobvoi Pte. Ltd. *(Note (2))*	Singapore/ October 25, 2022	200,000 shares	—	100%	Provision of AI Software Solutions

Notes:

1. The official name of this entity is in Chinese. The English name is for identification purpose only. The company was registered as a wholly foreign-owned enterprise under the People's Republic of China (the "**PRC**") Law.

2. No audited statutory financial statements for the years ended December 31, 2021, 2022 and 2023 of these entities have been prepared.

3. The statutory financial statements of this entity for year ended December 31, 2021 were audited by Beijing Dongshen Dingli International Accounting Firm Co., Ltd. (北京東審鼎立國際會計師事務所有限責任公司, the "**Dongshen Dingli**"), and for year ended December 31, 2022 were audited by Dongshen Certified Public Accountants (北京東審會計師事務所 (特殊普通合夥), the "**Dongshen CPA**"), respectively.

4. The statutory financial statements of this entity for years ended December 31, 2021 and 2022 were audited by Dongshen Dingli.

5. The official name of this entity is in Chinese. The English name is for identification purpose only. The statutory financial statements of this entity for the years ended December 31, 2021 and 2022 were audited by Chenye United Certified Public Accountants (宸業聯合會計師事務所).

6. The statutory financial statements of this entity for years ended December 31, 2021 and 2022 were audited by Bright Brilliance CPA Limited (宏信會計師事務所有限公司).

7. The Group accounted Shanghai Yushanzhi Information Technology Co., Ltd. ("**Shanghai Yushanzhi**"), Beijing Xiaowen Intelligence Technology Co., Ltd. ("**Beijing Xiaowen**"), and Nanjing Xiaowen Intelligence Technology Co., Ltd. ("**Nanjing Xiaowen**") as subsidiaries through contractual arrangements during the Track Record Period. In 2021, our Group entered into a series of contractual arrangements with Beijing Xiaowen, pursuant to which our Group had effective control over the financial and operational matters of Beijing Xiaowen and was entitled to all the economic benefits derived from Beijing Xiaowen, and accordingly, Beijing Xiaowen, together with its subsidiary Shenzhen Xiaowen Intelligence Technology Co., Ltd ("**Shenzhen Xiaowen**"), were consolidated into our Group as variable interest entities. In March and May 2023, the Company terminated the aforesaid contractual arrangements with Shanghai Yushanzhi, Nanjing Xiaowen and Beijing Xiaowen, respectively. Shanghai Yushanzhi and Nanjing Xiaowen became wholly owned subsidiaries of the Group through acquisition of 100% equity interest. Beijing Xiaowen and Shenzhen Xiaowen were then deconsolidated from our Group. The consideration received from the termination of these arrangements amounted to RMB100,000.

8. No statutory financial statements for the year ended December 31, 2023 have been prepared for this entity.

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

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

The IASB has issued a number of revised accounting standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised accounting standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2023. The revised accounting standards issued but not yet effective for the accounting year beginning on January 1, 2023 are set out in Note 39.

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 (the "**Stock Exchange**").

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

As at December 31, 2021, 2022 and 2023, the Group had net current liabilities of RMB3,141,739,000, RMB3,316,765,000 and RMB4,121,217,000, respectively, which is primarily due to the classification of the preferred shares and ordinary shares with redemption right (see Note 29) as current liabilities. The preferred rights will be automatically waived upon the **[REDACTED]** of the Company and the preferred shares and ordinary shares will then be reclassified from liabilities to equity. The directors have reviewed the Group's cash flow projections, which cover a period of at least twelve months from December 31, 2023. Notwithstanding the net current liabilities as at December 31, 2021, 2022 and 2023, the directors of the Company consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and contingently redeemable preferred shares and ordinary shares as explained in the accounting policies below.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, 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 judgments 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 recognized 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.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

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 consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and (j)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(j)).

(e) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the group determines fair value of financial instruments, see note 34(e). These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

Debt investments are classified as fair value through other comprehensive income ("**FVOCI**"), if the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale and the contractual cash flows of the investment comprise solely payments of principal and interest. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)):

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(i)).

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 (see note 2(w)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

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 recognized 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 value, if any, using the straight-line method over their estimated useful lives as follows:

—	Office and other equipment	3–5 years
—	Electronic equipment	3 years
—	Leasehold improvement	shorter of the lease term and 5 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 useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(w)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(j)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

— Software and others 1–5 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

(i) 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 contracts contain 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 recognizes 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 capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized 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 amortized 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 recognized when a lease is capitalized 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(g) and 2(j)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortized cost. 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 recognized 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 statement 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.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

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

— financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Other financial assets measured at fair value are not subject to the ECL assessment.

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).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

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

— fixed-rate financial assets, trade 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;

— loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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 and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based 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 at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognizes 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 (including a loan commitment) 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 (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. 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.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

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 recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized in accordance with note 2(u)(ii)(a) 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 amortized 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 reorganization;

— 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 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 recognized 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, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets;

— goodwill; and

— investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— 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 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 recognized 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 recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(k) Inventories and other contract costs

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 realizable 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 realizable 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, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

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

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return. It is measured in accordance with the policy set out in note 2(u)(i)(b).

The Group takes advantage of practical expedient in paragraph 94 of IFRS 15 and recognize the incremental costs of obtaining a contract as an expense if the amortization of the asset is less than one year.

(l) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2(u)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(m)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(u)(i)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(m)).

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.

(m) Trade and other receivables

A receivable is recognized 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 recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(l)).

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 amortized cost, using the effective interest method and including an allowance for credit losses (see note 2(j)(i)).

Insurance reimbursement is recognized and measured in accordance with note 2(t)(i).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Refund liabilities arising from rights of returns and volume rebates are recognized in accordance with the policy set out in note 2(t)(i).

(p) Share capital

Ordinary shares are classified as equity, except for the contingently redeemable ordinary shares with redemption features. See Note 2(aa) for the accounting policy on contingently redeemable preferred shares and ordinary shares.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see note 2(w)).

(r) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in share-based payment reserve. The fair value is measured at grant date using the Binomial option pricing model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the share-based payment reserve until either the option is exercised (when it is included in the amount recognized in share capital and share premium for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

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

(s) 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 recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized 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 assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization 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.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

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

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 realize 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 realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized 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 recognized for any expected reimbursement that would be virtually certain. The amount recognized 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 terminating the contract and the net 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.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

(i) Revenue from contracts with customers

The principal activities of the Group are providing AI software solutions ("**AI Software Solutions**") and sale of smart devices ("**Smart Devices and Other Accessories**"). AI Software Solutions mainly include making use of AI technologies to assist users in content generation ("**AIGC solutions**") and innovative full-stack AI solutions to enterprise customers ("**AI enterprise solutions**"). Smart Devices and Other Accessories include the sale of smart devices.

Revenue is recognized 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 such as value added tax or other sales taxes.

(a) AI Software Solutions

AI Software Solutions include AIGC solutions and AI enterprise solutions.

AIGC solutions

The Group uses AI technologies to assist users to generate content, such as news articles, social media posts and marketing materials. The revenue of AIGC solutions is recognized at a point of time when the customers accept the deliverables, or is recognized over time as the Group provides continuing services to the users during the member subscription period. The proceeds from member subscription fees are initially recorded as contract liabilities and are recognized as revenue ratably over the member subscription period.

AI enterprise solutions

The Group provides AI enterprise solutions to customers, including the design of artificial intelligence solution, delivery of software products, software licensing and integration of products and software. The revenue of AI enterprise solutions is recognized at a point of time when the customers accept the deliverables or when the customers obtain the control of the products and solutions, or is recognized over time as the Group provides continuing services to the enterprise customers during the service period. A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue.

(b) Sale of Smart Devices and Other Accessories

Revenue is recognized when the customer takes possession of and accepts the products. 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.

The Group offers warranties for its products for 12 to 24 months from the date of sale. A related provision is recognized in accordance with the policy set out in note 2(t)(i).

The Group typically offers customers of Smart Devices and Other Accessories that are not made-to-order rights of return for a period of 7 or 30 days upon customer acceptance. It also offers retrospective volume rebates to certain major customers of electronic products when their purchases reach an agreed threshold. Such rights of return and volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of smart devices, the Group recognizes revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A right to recover returned goods (included in finished goods of inventories, see Note 17) and corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

If the products are a partial fulfillment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized 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 amortized cost or FVOCI (recycling) 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 amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(j)(i)).

(b) Government grants

Government grants are recognized in the statement 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 recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) 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 capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned. Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognized on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) 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.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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.

(aa) Contingently redeemable preferred shares and ordinary shares

The Company issued several series of redeemable preferred shares to investors. The instrument holders have the right to require the Company to redeem some or all of the preferred shares held by the holders upon certain redemption events, which are not all within the control of the Company. The Company also became obliged to buy back its ordinary shares upon the occurrence of certain specified contingent events which are not within its control in 2020. The Company recognized the financial liabilities for its obligations to buy back its ordinary shares and preferred shares upon the occurrence of contingent events.

The financial liabilities arising from the redemption obligations are measured at the present values of the redemption amounts. Any changes in the carrying amounts of the contingently redeemable preferred shares and ordinary shares for redemption obligations, except for those changes arising from transactions between the Company and its shareholders in their capacity as owners, were recognized in profit or loss as "changes in the carrying amount of contingently redeemable preferred shares and ordinary shares".

The contingently redeemable preferred shares and ordinary shares were classified as current liabilities as some of the redemption events could occur anytime. Upon the closing of a qualified **[REDACTED]** of the Company, the redemption obligation related to the financial liabilities will expire and the redeemable preferred shares will be automatically converted into ordinary shares of the Company. The financial liabilities will be reclassified from liabilities to equity with no gain or loss.

3 Accounting judgments and estimates

Notes 15 and 34 contain information about the assumptions and their risk factors relating to valuation of goodwill impairment and measurement of ECL allowance for trade receivables. Other significant sources of estimation uncertainty and accounting judgments are as follows:

(i) Share-based compensation arrangement and its fair value measurement

The Group has set up share option schemes and granted options to employees. For equity-settled share award schemes, the fair value of the options at the grant date are determined by using Binomial Model and is expected to be expensed over the respective vesting period. Significant estimate on assumptions, including underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors and an independent third-party valuer.

(ii) Control assessment over other entities through Contractual Arrangements or other arrangements

The Group has a number of involvements with other entities through contractual or other arrangements.

In particular, as disclosed in Note 1, the Group accounted certain entities as subsidiaries through Contractual Arrangements.

The Group considers that it controls these entities through Contractual Arrangements, notwithstanding the fact that it does not hold any direct interest in these entities, as it has power over the financial and operating policies of these entities and receive substantially all of the benefits from the business activities of these entities through Contractual Arrangements.

Accordingly, these entities have been accounted as subsidiaries during the years ended December 31, 2021, 2022 and 2023. However, uncertainties in the present legal system in the PRC could limit the Group's ability to enforce the PRC Contractual Arrangements. Significant judgment is involved in determining whether the Group can exercise control over these entities.

Nevertheless, the directors of the Company, after receiving advice from the PRC Legal Advisor, considered that the PRC Contractual Arrangements are in compliance with the applicable laws and regulations and are legal and valid.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are providing AI Software Solutions and sale of Smart Devices and Other Accessories. AI Software Solutions mainly include making use of AIGC solutions and innovative full-stack AI enterprise solutions. Smart Devices and Other Accessories include the sale of smart devices. Further details regarding the Group's principal activities are disclosed in note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	6,822	39,857	117,605
— AI enterprise solutions	52,697	263,031	225,642
Smart Devices and Other Accessories	338,395	197,306	163,813
	397,914	500,194	507,060

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are as follows. Details of concentrations of credit risk of the Group are set out in Note 34(a).

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Automotive Sub A	*	212,956	138,752
Customer A	95,748	65,900	59,523

* *Less than 10% of the revenue of the respective year*

During the year ended December 31, 2021, the Group entered into an agreement with a subsidiary of Automotive Corporation Group ("**Automotive Sub A**"), pursuant to which the Group agreed to grant a co-ownership of certain intellectual property rights to Automotive Sub A and deliver some other related deliverables and technical trainings to Automotive Sub A. The consideration was allocated into each different and separate deliverable or performance obligation which were identified from the agreement based on their fair value. The Group recognizes revenue upon fulfillment of performance obligations.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 and does not disclose remaining performance obligations as all of the Group's sales contracts have an original expected duration of one year or less.

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

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB19,738,000 (2021 and 2022: RMBNil). This amount represents revenue expected to be recognised in the future from sales contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when performance obligations are satisfied which is expected to occur over the next 12 to 24 months.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 and to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("**CODM**") for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- AI Software Solutions: this segment includes AI enterprise solutions and AIGC solutions.

  AI enterprise solutions: this segment includes innovative full-stack AI-based solutions primarily to enterprise customers; and

  AIGC solutions: this segment includes the use of AI technologies to assist users to generate content.

- Smart Devices and Other Accessories: this segment includes the sale of smart devices;

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those. The measure used for reporting segment result is gross profit.

The Group's CODM monitors the Group's assets and liabilities as a whole, accordingly, no segment assets and liabilities information is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2021, 2022 and 2023 is set out below.

	For the year ended December 31, 2021			
	AI Software Solutions			
	AIGC solutions	AI enterprise solutions	Smart Devices and Other Accessories	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	—	41,681	338,395	380,076
Over time	6,822	11,016	—	17,838
Revenue from external customers and reportable segment revenue	6,822	52,697	338,395	397,914
Reportable segment gross profit	4,695	32,656	111,845	149,196

	For the year ended December 31, 2022			
	AI Software Solutions			
	AIGC solutions	AI enterprise solutions	Smart Devices and Other Accessories	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	—	248,282	197,306	445,588
Over time	39,857	14,749	—	54,606
Revenue from external customers and reportable segment revenue	39,857	263,031	197,306	500,194
Reportable segment gross profit	35,094	249,054	52,003	336,151

	For the year ended December 31, 2023			
	AI Software Solutions		Smart Devices and Other Accessories	Total
	AIGC solutions	AI enterprise solutions		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	12,364	212,939	163,813	389,116
Over time	105,241	12,703	—	117,944
Revenue from external customers and reportable segment revenue	117,605	225,642	163,813	507,060
Reportable segment gross profit	108,384	182,517	35,178	326,079

(ii) Reconciliations of reportable segment results

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Reportable segment adjusted gross profit	149,196	336,151	326,079
Research and development expenses	(91,505)	(118,663)	(154,746)
Selling and marketing expenses	(105,938)	(97,120)	(150,711)
Administrative expenses	(48,701)	(55,169)	(88,987)
Other income and loss, net	35,650	7,584	24,708
Impairment losses recognized on trade receivables	(461)	(1,195)	(3,885)
Finance costs	(1,008)	(1,003)	(253)
Share of losses of a joint venture	(18,567)	(9,362)	—
Gain on disposal of interest in a joint venture/a subsidiary	—	28,999	773
Changes in fair value of financial assets	—	1,179	—
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	(98,893)	(775,084)	(753,785)
Loss before taxation from continuing operations	(180,227)	(683,683)	(800,807)

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Revenues from external customers		
	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	97,191	290,944	328,512
The United States	73,683	55,372	34,600
Italy	50,458	23,756	13,754
Other countries or regions	176,582	130,122	130,194
	397,914	500,194	507,060

5 Other income and loss, net

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Government grants	34,232	8,941	19,748
Interest income	767	2,490	3,896
Net foreign exchange loss	(2,545)	(4,994)	(1,474)
Value added tax and other tax refund	1,215	380	1,148
Others	1,981	767	1,390
	35,650	7,584	24,708

6 Loss before taxation

(a) Finance costs

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	603	517	19
Interest on lease liabilities	405	486	234
	1,008	1,003	253

(b) Staff costs

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	134,812	153,952	172,727
Equity-settled share-based payment expenses *(note 30)*	9,648	17,322	41,698
	144,460	171,274	214,425

(c) Other items

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge			
— property, plant and equipment	1,828	630	956
— right-of-use assets	4,881	6,597	6,694
Amortization cost of intangible assets	2,107	2,389	3,500
Impairment losses recognized			
— trade receivables	461	1,195	3,885
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Auditors' remuneration			
— audit services	178	165	182
Increase in warranty	6,048	1,044	2,012

7 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 represent:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year/period	1,789	1,700	1,795
Over-provision in respect of prior years	(36)	(404)	—
	1,753	1,296	1,795

Notes:

(i) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("**HNTE**") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis.

Beijing Yushanzhi Information Technology Company Limited and Wenwen Smart Information Technology Company Limited qualify as an HNTE and is entitled for a preferential tax rate of 15% from 2020 to 2025. Mobvoi Information Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2021 to 2023. Mobvoi Innovation Technology Company Limited qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2024. In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are also entitled to an additional tax deductible allowance calculated at 100% of their qualified research and development costs incurred in corresponding period, other subsidiaries are entitled to an additional tax deductible allowance calculated at 75% of their qualified research and development costs incurred before October 1, 2022, and at 100% of qualified research and development costs incurred from October 1, 2022.

All other PRC subsidiaries of the Group are subject to the statutory enterprise income tax rate of 25%.

(ii) The Company was incorporated in the Cayman Islands and it is tax exempted under the tax laws of the Cayman Islands.

(iii) The provision for Hong Kong Profits Tax for the Track Record Period is calculated at 16.5% of the estimated assessable profits for the year, except for two subsidiaries of the Group which are under the two-tiered profits tax rate regime, i.e. the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(iv) Mobvoi US, LLC is a Washington corporation that is subject to U.S. corporate income tax on its taxable income at a rate of up to 24.53% for the Track Record Period.

(v) Mobvoi Taiwan Corporation is a Taipei corporation that is subject to corporate income tax of Taiwan on its taxable income at a rate of up to 20% for the Track Record Period.

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

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year from continuing operations	(180,227)	(683,683)	(800,807)
Tax at the PRC income tax rate of 25%	(45,057)	(170,921)	(200,202)
Tax effects of:			
— additional deduction on research and development expenses	(11,162)	(15,467)	(39,220)
— preferential tax rate	2,211	(4,073)	(3,321)
— different tax rates of foreign jurisdictions	26,223	134,268	208,443
— non-deductible expenses	185	256	686
— utilization of tax losses and deductible temporary difference previously not recognized	(4,032)	(16,628)	(27,547)
— tax losses and deductible temporary difference not recognized	33,421	74,265	62,956
— over provision in respect of prior years	(36)	(404)	—
Actual tax expense	1,753	1,296	1,795

8 Directors' emoluments

Details of emoluments of directors are as follows:

	Year ended December 31, 2021				
	Equity-settled share-based payment expenses	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. LI Zhifei	713	432	120	139	1,404
Ms. LI Yuanyuan	713	432	144	139	1,428
Ms. WANG Qiong *(note iv)*	—	—	—	—	—
Mr. ZHENG Qingsheng *(note v)*	—	—	—	—	—
Mr. BAI Da *(note vi)*	—	—	—	—	—
Ms. K. Kozuki *(note vii)*	—	—	—	—	—
Mr. SOH Wei Ming *(note ii)*	—	—	—	—	—
Mr. Bernd Averes *(note iii)*	—	—	—	—	—
	1,426	864	264	278	2,832

	Year ended December 31, 2022				
	Equity-settled share-based payment expenses	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. LI Zhifei	779	553	—	210	1,542
Ms. LI Yuanyuan	779	569	—	210	1,558
Ms. WANG Qiong *(note iv)*	—	—	—	—	—
Mr. ZHENG Qingsheng *(note v)*	—	—	—	—	—
Mr. BAI Da *(note vi)*	—	—	—	—	—
Ms. K. Kozuki *(note vii)*	—	—	—	—	—
Mr. Bernd Averes *(note iii)*	—	—	—	—	—
	1,558	1,122	—	420	3,100

	Year ended December 31, 2023				
	Equity-settled share-based payment expenses	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Dr. LI Zhifei	5,792	553	—	198	6,543
Ms. LI Yuanyuan	5,792	541	—	163	6,496
Ms. WANG Qiong *(note iv)*	—	—	—	—	—
Mr. ZHENG Qingsheng *(note v)*	—	—	—	—	—
Mr. BAI Da *(note vi)*	—	—	—	—	—
Ms. K. Kozuki *(note vii)*	—	—	—	—	—
	11,584	1,094	—	361	13,039

Notes:

(i) Mr. Chen Yilyu, Prof. Lu Yuanzhu and Mr. Yang Zhe were appointed as independent non-executive directors of the Company on May 17, 2023, May 23, 2023 and March 30, 2024, respectively.

(ii) Mr. SOH Wei Ming was appointed as a director of the Company on March 30, 2017 and resigned as a director of the Company on March 1, 2021.

(iii) Mr. Bernd Averes was appointed as a director of the Company on March 1, 2021 and resigned as a director at September 28, 2022.

(iv) Ms. WANG Qiong was appointed as a director of the Company on December 6, 2013 and resigned as a director at May 12, 2023.

(v) Mr. ZHENG Qingsheng was appointed as a director of the Company on January 28, 2015 and resigned as a director at May 22, 2023.

(vi) Mr. BAI Da was appointed as a director of the Company on July 8, 2019 and resigned as a director at May 16, 2023.

(vii) Ms. K. Kozuki was appointed as a director of the Company on August 18, 2019 and resigned as a director at April 21, 2023.

(viii) During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two, two, and two are directors for each of the years ended December 31, 2021, 2022 and 2023, respectively, whose emoluments are disclosed in Note 8. The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	2,446	2,611	4,428
Discretionary bonuses	556	155	—
Share-based payments	1,546	1,082	9,597
Retirement scheme contributions	133	162	25
	4,681	4,010	14,050

The number of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended December 31,		
	2021	2022	2023
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$1,000,001–HK$1,500,000	1	1	—
HK$1,500,001–HK$2,000,000	1	2	—
HK$2,000,001–HK$2,500,000	1	—	—
HK$2,500,001–HK$3,000,000	—	—	1
HK$3,500,001–HK$4,000,000	—	—	1
HK$9,500,001–HK$10,000,000	—	—	1

10 Loss per share

No loss per share information is presented as its inclusion for the purpose of this report is not considered to be meaningful in view of the capital structure of the Group.

11 Discontinued operations

In September 2020, the Group entered into share purchase agreements with the shareholders of Geekstar Technology Development (Cayman) Co., Ltd. ("**Geekstar**") and Zhixue Education Holdings Limited ("**Zhixue**") to acquire 100% equity interest in Geekstar and Zhixue by issuance of 276,054,000 ordinary shares of the Company in total to the shareholders of Geekstar and Zhixue. The fair value of the ordinary shares issued was RMB256,479,000. On September 30, 2020 ("**Acquisition Date**"), the Group obtained the control over Geekstar and Zhixue. Geekstar is principally engaged in the provision of coding training services for children, and Zhixue is principally engaged in the provision of technology-enabled English language training. As a result of the acquisition, the Group is expected to empower the training industry with AI technologies. As disclosed in note 29, the newly issued shares were with redemption features and as a result were classified as contingently redeemable preferred and ordinary shares. There were no material acquisition-related costs incurred.

During the year of 2021, the training industry was adversely affected by the government policies. Management conducted a review on the carrying amounts of Geekstar and Zhixue cash generating units and recognized impairment losses on goodwill based on the estimated recoverable amounts. Further details are set out in note 15.

On February 24, March 25, 2022 ("**Disposal Dates**"), in view of the continuously negative impact of government policies on training industry, the Company disposed 60% of its shares and lost control in Geekstar and disposed 100% of its shares in Zhixue, respectively, in exchange for the repurchase of all shares of the Company held by some of the original shareholders of the Geekstar and Zhixue.

According to the Group's accounting policy, the financial results of Geekstar and Zhixue were classified as discontinued operations during the Track Record Period. The results of Geekstar and Zhixue were separately presented on the consolidated statement of profit or loss and other comprehensive income.

The retained 40% shares in Geekstar held by the Company was recorded in financial assets measured at fair value through profit or loss because the Company did not have significant influence on Geekstar.

Results of discontinued operations

	2021	2022
	RMB'000	*RMB'000*
Revenue	61,457	531
Cost of sales	(12,428)	(681)
Gross profit	49,029	(150)
Other income and loss, net	(111)	99
Selling and marketing expenses	(57,770)	(2,619)
Administrative expenses	(44,398)	(651)
Impairment loss of goodwill	(33,792)	—
Impairment loss on trade receivables and other receivables	(7,243)	(815)
Changes in fair value of financial assets	27	—
Loss from operations	(94,258)	(4,136)
Finance costs	(58)	—
Gain on sale of discontinued operations	—	19,310
(Loss)/profit for the year from discontinued operations	(94,316)	15,174

Cash used in discontinued operations

	2021	2022
	RMB'000	*RMB'000*
Net cash used in operating activities	(40,162)	(963)
Net cash used in investing activities	(7,707)	—
Net cash used in financing activities	(4,533)	—
Net cash flows for the year	(52,402)	(963)

Effect of disposal of Geekstar and Zhixue on the financial position of the Group

	At Disposal Dates
	RMB'000
Property, plant and equipment	594
Intangible assets	198
Prepayments, deposits and other receivables	2,514
Financial assets measured at fair value through profit or loss	7,707
Cash and cash equivalents	5,032
Current taxation	(65)
Trade payables	(103)
Other payables and accruals	(10,521)
Contract liabilities	(11,891)
Net liabilities	(6,535)
Cash and cash equivalents disposed of	(5,032)
Net cash outflows	(5,032)

12 Property, plant and equipment

Reconciliation of carrying amount

	Office and other equipment	Electronic equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2021	3,155	10,596	209	13,960
Exchange adjustments	(5)	(3)	—	(8)
Additions	259	284	749	1,292
Disposals	(180)	(634)	(209)	(1,023)
At December 31, 2021 and at January 1, 2022	3,229	10,243	749	14,221
Disposal of subsidiaries *(note 11)*	(848)	(697)	—	(1,545)
Exchange adjustments	(7)	(5)	—	(12)
Additions	4	586	38	628
Disposals	(37)	(253)	—	(290)

	Office and other equipment	Electronic equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2022 and at January 1, 2023	2,341	9,874	787	13,002
Disposal of a subsidiary	—	(234)	—	(234)
Exchange adjustments	10	7	—	17
Additions	—	2,068	35	2,103
Disposals	—	(1,004)	—	(1,004)
At December 31, 2023	2,351	10,711	822	13,884
Accumulated depreciation:				
At January 1, 2021	(1,636)	(8,384)	(145)	(10,165)
Exchange adjustments	4	2	—	6
Charge for the year	(766)	(1,709)	(152)	(2,627)
Written back on disposals	136	630	208	974
At December 31, 2021 and at January 1, 2022	(2,262)	(9,461)	(89)	(11,812)
Disposal of subsidiaries *(note 11)*	389	562	—	951
Exchange adjustments	6	4	—	10
Charge for the year	(294)	(461)	(275)	(1,030)
Written back on disposals	37	245	—	282
At December 31, 2022 and at January 1, 2023	(2,124)	(9,111)	(364)	(11,599)
Disposal of a subsidiary	—	51	—	51
Exchange adjustments	(10)	(7)	—	(17)
Charge for the year	(76)	(605)	(275)	(956)
Written back on disposals	—	980	—	980
At December 31, 2023	(2,210)	(8,692)	(639)	(11,541)
Net book value:				
At December 31, 2021	967	782	660	2,409
At December 31, 2022	217	763	423	1,403
At December 31, 2023	141	2,019	183	2,343

13 Right-of-use assets

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1,	16,649	19,210	19,210
Additions	18,729	—	952
Early termination of lease term	(16,168)	—	—
Expiration of lease term	—	—	(1,942)
At December 31	19,210	19,210	18,220
Accumulated depreciation:			
At January 1,	(5,003)	(3,578)	(10,175)
Charge for the year	(9,012)	(6,597)	(6,694)
Early termination of lease term	10,437	—	—
Expiration of lease term	—	—	1,942
At December 31	(3,578)	(10,175)	(14,927)
Net book value:			
At December 31	15,632	9,035	3,293

The right-of-use assets represented properties leased for own use. The additions to right-of-use assets primarily related to capitalized lease payments payable under new tenancy agreements. None of the leases include variable lease payments.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets of buildings	9,012	6,597	6,694
Interest on lease liabilities	462	486	234
Expenses relating to short-term leases	974	1,398	1,834

Total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 23(d) and 28, respectively.

14 Intangible assets

	Software and others
	RMB'000
Cost:	
At January 1, 2021	6,986
Exchange adjustments	(2)
Additions	1,580
At December 31, 2021 and January 1, 2022	8,564
Disposal of subsidiaries *(note 11)*	(214)
Exchange adjustments	(3)
Additions	4,536
At December 31, 2022 and January 1, 2023	12,883
Exchange adjustments	4
Additions	4,317
At December 31, 2023	17,204
Accumulated amortization:	
At January 1, 2021	(3,863)
Exchange adjustments	2
Charge for the year	(2,160)
At December 31, 2021 and January 1, 2022	(6,021)
Disposal of subsidiaries *(note 11)*	16
Exchange adjustments	3
Charge for the year	(2,407)
At December 31, 2022 and January 1, 2023	(8,409)
Exchange adjustments	(4)
Charge for the year	(3,500)
At December 31, 2023	(11,913)
Net book value:	
At December 31, 2021	2,543
At December 31, 2022	4,474
At December 31, 2023	5,291

The amortization charge for the year is included in "Cost of sales", "Research and development expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

15 Goodwill

	RMB'000
Cost:	
At January 1, 2021, December 31, 2021 and January 1, 2022	164,452
Disposals	(164,452)
At December 31, 2022 and 2023	—
Accumulated impairment losses:	
At January 1, 2021	—
Impairment loss	(33,792)
At December 31, 2021 and January 1, 2022	(33,792)
Disposals	33,792
At December 31, 2022 and 2023	—
Carrying amount:	
At December 31, 2021	130,660
At December 31, 2022	—
At December 31, 2023	—

The goodwill of the Group arose from the acquisition of Geekstar and Zhixue as disclosed in Note 11.

Impairment tests for cash-generating units containing goodwill

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Provision of online education services	130,660	—	—

The recoverable amount of the CGU is determined based on fair value less cost of disposal. Fair value is the price that would be received to sell the CGU in an orderly transaction between market participants at the measurement date. The pre-tax discount rate is 21% as of December 31, 2021.

An impairment loss of RMB33,792,000 was recognized in "loss from discontinued operations" during the year ended December 31, 2021 as disclosed in note 11.

16 Interest in a joint venture and subsidiaries

(a) Interest in a joint venture

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest in a joint venture	77,021	—	—

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest (2020-2021)		
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary
Mobvoi JV	Incorporated	The PRC	USD 80,000,000	50%	—	50%

The joint venture of the Company ("**Mobvoi JV**") was established by the Group with Automotive Sub A in 2017. The Group initially held 50% equity interest of Mobvoi JV.

In March 2022, the Group transferred all its shares in Mobvoi JV to Automotive Sub A for a cash consideration of USD15,000,000 and recognized a net gain on the disposal amounting to RMB28,999,000.

Mobvoi JV, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

Summarized financial information of Mobvoi JV adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	As at December 31, 2021
	RMB'000
Gross amounts of Mobvoi JV	
Current assets	97,280
Non-current assets	106,780
Current liabilities	(35,487)
Non-current liabilities	—
Equity	168,573
Included in the above assets and liabilities:	
Cash and cash equivalents	49,687

	As at/Year ended December 31, 2021
	RMB'000
Revenue	63,198
Loss for the year	(37,134)
Included in the above loss:	
Depreciation and amortization	8,510
Interest income	615
Reconciled to the Group's interest Mobvoi JV	
Gross amounts of Mobvoi JV's net assets	168,573
Group's effective interest	50%
Group's share of Mobvoi JV's net assets	84,287
Exchange adjustment	(7,266)
Carrying amount of the Group's interest	77,021

(b) Investments in subsidiaries

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries	1,421,466	1,434,015	1,451,170
Interest in subsidiaries	240,119	—	—
	1,661,585	1,434,015	1,451,170

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment. The directors regard the amounts as non-current as they do not intend to request repayment of the amounts within twelve months from the end of the reporting period.

17 Inventories

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	100,925	82,250	87,397
Work in progress	21,093	21,093	—
Raw materials	21,912	12,438	9,041
	143,930	115,781	96,438
Less: write down of inventories	(19,986)	(20,863)	(29,704)
	123,944	94,918	66,734

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	184,821	121,567	100,166
Write down of inventories	11,219	9,630	21,974
	196,040	131,197	122,140

18 Trade receivables

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties *(note 36(d))*	3,944	3,954	—
Amounts due from third parties	47,725	43,470	69,266
Gross amount of trade receivables	51,669	47,424	69,266
Less: loss allowance *(note 34(a))*	(6,205)	(7,400)	(11,285)
Trade receivables, net	45,464	40,024	57,981

All of the trade receivables are expected to be recovered or recognized as expense within one year.

Aging analysis

As at the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	44,873	39,818	56,592
90-360 days	591	206	1,389
	45,464	40,024	57,981

Trade receivables are generally due within 90 days from the invoice date. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 34(a).

19 Prepayments, deposits and other receivables

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for:			
— Commissioned processing fee and inventory	5,462	6,206	1,912
— Service fees	5,283	4,388	4,133
— Costs incurred in connection with the proposed **[REDACTED]** of the Company's shares *(note (i))*	—	—	1,666
	10,745	10,594	7,711
Deductible input VAT	13,547	14,585	9,321
Refundable VAT for export sales	5,877	5,004	17,637
Deposits	5,180	3,811	4,083
Advances to third parties	5,230	—	—
Due from a related party	—	—	4,971
Bills receivable	12,000	—	—
Others	1,618	428	815
	43,452	23,828	36,827
Less: loss allowance	(5,960)	(54)	(54)
	37,492	23,774	36,773
	48,237	34,368	44,484

Note:

(i) The balances will be transferred to the share premium account within equity upon the **[REDACTED]** of the Company's shares on the Stock Exchange.

20 Financial assets measured at fair value through profit or loss

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products *(note (i))*	7,707	89,275	—
Other investment in equity securities *(note (ii))*	—	34,844	34,844
	7,707	124,119	34,844

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Other investment in equity securities *(note ii)*	—	34,844	34,844

Notes:

(i) As at December 31, 2021 and 2022, the wealth management products were issued by reputable financial institutions in the PRC. The principal amount and expected returns of these wealth management products are not guaranteed.

(ii) As at December 31, 2022 and 2023, the other investment in equity securities represented the remaining investment in Geekstar held by the Company. Please find more details in note 11.

21 Financial assets measured at fair value through other comprehensive income

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposit	—	—	47,066

22 Time and restricted deposits

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturity over 3 months	—	50,176	774
Pledged time deposits *(note 27)*	20,750	20,500	—
Other restricted deposits	331	227	6
	21,081	70,903	780

23 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	7	—	—
Cash at bank	111,751	40,250	31,001
Time deposits and highly liquid investments with initial terms within three months	20,000	—	113,323
	131,758	40,250	144,324

(b) Reconciliation of loss before taxation to cash (used in)/generated from operations:

	Note	Year ended December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Loss before taxation		(274,543)	(668,509)	(800,807)
Adjustments for:				
Depreciation		11,639	7,627	7,650
Amortization		2,160	2,407	3,500
Impairment losses recognized on trade receivables		2,123	2,010	3,885
Impairment loss on prepayments, deposits and other receivables		5,581	—	—
Impairment of goodwill		33,792	—	—
Write down of inventories		11,219	9,630	21,974
Warranty provisions	*6(c)*	6,048	1,044	2,012
Gain on sale of property, plant and equipment		(548)	(26)	(67)
Share of profits less losses of joint venture		18,567	9,362	—
Changes in fair value of financial assets		(27)	(1,179)	—
Changes in carrying amount of contingently redeemable preferred shares and ordinary shares		98,893	775,084	753,785
Equity-settled share-based payment expenses	*6(b)*	9,648	17,322	41,698
Gain on disposal of a joint venture		—	(28,999)	—
Gain on disposal of subsidiaries		—	(19,310)	(773)
Gain on disposal of financial assets measured at fair value through other comprehensive income		—	—	(1,522)
Investment income from wealth management products		—	—	(404)
Net finance costs		1,408	(1,486)	(1,717)
Foreign exchange loss		3,386	4,994	1,474
Changes in working capital:				
(Increase)/decrease in inventories		(31,304)	19,397	6,210
(Increase)/decrease in trade receivables		(18,599)	3,430	(22,440)
Decrease/(increase) in prepayments, deposits and other receivables		16,548	10,966	(9,634)
Increase/(decrease) in trade payables		4,917	(11,738)	13,056
Increase/(decrease) in other payables and accruals		61,895	(57,922)	12,675
Cash (used in)/generated from operations		(37,197)	74,104	30,555

(c) 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 cash flow statement as cash flows from financing activities.

	Bank loans	Lease liabilities	Contingently redeemable preferred shares and ordinary shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 28)*	*(Note 29)*	
At January 1, 2021	31,752	12,739	3,216,535	3,261,026
Changes from financing cash flows:				
Proceeds from new bank loans	20,000	—	—	20,000
Repayment of bank loans	(31,752)	—	—	(31,752)
Capital element of lease rentals paid	—	(9,299)	—	(9,299)
Interest element of lease rentals paid	—	(462)	—	(462)
Other borrowing costs paid	(603)	—	—	(603)
Total changes from financing cash flows	(12,355)	(9,761)	—	(22,116)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	18,728	—	18,728
Decrease in lease liabilities from termination of leases	—	(6,258)	—	(6,258)
Interest on lease liabilities *(note 6(a))*	—	462	—	462
Interest expenses *(note 6(a))*	603	—	—	603
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	—	—	98,893	98,893
Exchange adjustments	—	—	(74,802)	(74,802)
Total other changes	603	12,932	24,091	37,626
At December 31, 2021	20,000	15,910	3,240,626	3,276,536

	Bank loans	Lease liabilities	Contingently redeemable preferred shares and ordinary shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 28)*	*(Note 29)*	
At January 1, 2022	20,000	15,910	3,240,626	3,276,536
Changes from financing cash flows:				
Proceeds from new bank loans	20,000	—	—	20,000
Repayment of bank loans	(20,000)	—	—	(20,000)
Capital element of lease rentals paid	—	(6,336)	—	(6,336)
Interest element of lease rentals paid	—	(486)	—	(486)
Other borrowing costs paid	(517)	—	—	(517)
Repurchase of preferred shares and ordinary shares	—	—	(118,398)	(118,398)
Total changes from financing cash flows	(517)	(6,822)	(118,398)	(125,737)
Other changes:				
Interest on lease liabilities *(note 6(a))*	—	486	—	486
Interest expenses *(note 6(a))*	517	—	—	517
Changes in the carrying amount of contingently redeemable preferred shares and ordinary shares	—	—	775,084	775,084
Repurchase of ordinary shares upon disposal of subsidiaries			(110,092)	(110,092)
Net effect of repurchase of ordinary shares and preferred shares from Automotive Sub B	—	—	(588,981)	(588,981)
Exchange adjustments changes	—	—	337,876	337,876
Total other changes	517	486	413,887	414,890
At December 31, 2022	20,000	9,574	3,536,115	3,565,689

	Bank loans	Lease liabilities	Contingently redeemable preferred shares and ordinary shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 28)*	*(Note 29)*	
At January 1, 2023	20,000	9,574	3,536,115	3,565,689
Changes from financing cash flows:				
Repayment of bank loans	(20,000)	—	—	(20,000)
Capital element of lease rentals paid	—	(7,065)	—	(7,065)
Interest element of lease rentals paid	—	(234)	—	(234)
Other borrowing costs paid	(19)	—	—	(19)
Total changes from financing cash flows	(20,019)	(7,299)	—	(27,318)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	952	—	952
Interest on lease liabilities *(note 6(a))*	—	234	—	234
Interest expenses *(note 6(a))*	19	—	—	19
Changes in fair value of financial liabilities	—	—	753,785	753,785
Exchange adjustments changes	—	—	63,933	63,933
Total other changes	19	1,186	817,718	818,923
At December 31, 2023	—	3,461	4,353,833	4,357,294

(d) Total cash outflow for leases

Amounts included in the statements of cash flows for leases represent lease rental paid and comprise the following:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	1,022	1,440	2,704
Within financing cash flows	9,761	6,822	7,299
	10,783	8,262	10,003

24 Trade payables

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade payables due to			
— third parties	29,535	17,694	24,552

As at the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within one year or on demand	29,535	17,694	24,552

25 Other payables and accruals

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Payables for services	3,638	1,288	6,602
Payables for advertising	1,884	2,280	8,851
Payables for research and development related costs	982	2,055	1,402
Others	3,146	2,275	2,417
Financial liabilities measured at amortised cost	9,650	7,898	19,272
Payroll and welfare payable	22,632	24,985	18,005
Other tax payables	22,105	21,341	26,035
	54,387	54,224	63,312

26 Contract liabilities

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by major products or service lines			
AI Software Solutions			
— AIGC solutions	4,546	19,645	66,729
— AI enterprise solutions	145,549	40,016	4,985
Smart Devices and Other Accessories	1,747	1,212	1,155
	151,842	60,873	72,869
Less: non-current portion	—	—	(19,738)
	151,842	60,873	53,131

Movements in contract liabilities

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1,	67,464	151,842	60,873
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(27,834)	(112,212)	(60,422)
Increase in contract liabilities as a result of receipts in advance	112,212	21,243	72,418
Balance at December 31	151,842	60,873	72,869

All of the current contract liabilities are expected to be recognized as income within one year.

27 Bank loans

At the end of each reporting period, the bank loans are secured by the Group's time deposit and repayable in 1 year.

In 2021, the Group borrowed RMB20,000,000 from a bank at a fixed interest rate of 3.85% per annum, for which the Group pledged a time deposit of RMB20,750,000.

In 2022, the Group borrowed RMB20,000,000 from a bank at a fixed interest rate of 2.70% per annum, for which the Group pledged a time deposit of RMB20,500,000. The bank loan of RMB20,000,000 was repaid in January 2023 and accordingly, the pledge of the above-mentioned time deposit was released at the same time.

28 Lease liabilities

The lease liabilities were repayable as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	6,336	6,831	3,148
After 1 year but within 2 years	6,831	2,743	313
After 2 years but within 5 years	2,743	—	—
	9,574	2,743	313
	15,910	9,574	3,461

29 Contingently redeemable preferred shares and ordinary shares

The Group and the Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Contingently redeemable preferred shares	2,571,121	2,042,728	2,458,493
Contingently redeemable ordinary shares	669,505	1,493,387	1,895,340
	3,240,626	3,536,115	4,353,833

The movements of the contingently redeemable preferred shares and ordinary shares during the Track Record Period are set out as below:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
The Group and the Company			
At January 1,	3,216,535	3,240,626	3,536,115
Changes in the carrying amount of financial liabilities	98,893	775,084	753,785
Repurchase of ordinary shares upon disposal of subsidiaries	—	(110,092)	—
Repurchase of ordinary shares and preferred shares	—	(707,379)	—
Effect of foreign exchange rate changes	(74,802)	337,876	63,933
At December 31	3,240,626	3,536,115	4,353,833

(a) Issuance of the contingently redeemable preferred shares and ordinary shares

The key terms of the preferred shares and ordinary shares are summarized as follow:

Redemption features

Upon the occurrence of certain specified triggering events including failure of a qualified **[REDACTED]** or share sale by a specified date ("**Maturity Redemption Event**") and the earlier of 1) captive structure of certain entities within the Group becoming invalid, illegal or unenforceable pursuant to applicable laws and 2) a material breach of the representations and warranties or undertakings ("**Breach Redemption Event**"), which are not all within the control of the Company, the Company shall redeem all or part of the then issued and outstanding preferred shares upon request at the redemption price of 100% of the issue price with an 8% compound per annum return calculated from the issue date, plus any accrued but unpaid dividends upon maturity redemption event, or 150% of the issue price plus any accrued but unpaid dividends upon breach redemption event.

In addition to the above redemption rights, in the event that, as a result of any person holding a direct or indirect interest in any shares (the "**Subject Shares**"), any Governmental Authority shall (a) prohibit any of the group companies from distributing all or any part of the earnings or cash or other assets thereof to its shareholders based outside of the PRC, or (b) refuse to grant, revoke or suspend any consent, approval, license or permit (the "**Consent**") necessary for the operation, maintenance, ownership or status of any Group Company, or the conduct of its business in the ordinary course, and the Person holding such interest fails to cure such situation within 30 days after receiving written notice from the Company, then to the extent necessary to eliminate such prohibition or to secure such Consent, the Company shall, at the request of the Board or the Majority Investors, repurchase up to all of such Subject Shares (the "**Redeemed Shares**") at the redemption price per share equal to the higher of (i) (A) with respect to the Ordinary Shares, the original subscription price thereof (as adjusted for any share dividends, combinations, splits, recapitalizations and the like), (B) with respect to the Preferred Shares, the breach redemption price, and (ii) the fair market value thereof as determined by an independent appraiser as appointed by the Board of Directors in good faith.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any Deemed Liquidation Event, all assets and funds of the Company legally available for distribution shall be distributed at the issue price of the preferred shares in the following order: Series D Preferred shares, Series C Preferred shares, Series B Preferred shares, Series A-2 preferred shares, Series A-1 Preferred shares and Series A Preferred shares. After the preference amount of preferred shares have been paid in full, the remaining assets and funds of the Company available for distribution shall be ratably distributed among all ordinary shareholders and preferred shareholders on an as-converted basis.

Conversion features

Any preferred share may, at the option of the holder, be converted at any time after the date of issuance of such shares into fully-paid and non-assessable ordinary shares based on the applicable then-effective conversion Price.

Each Preferred Share shall automatically be converted, based on the applicable then-effective conversion price into fully-paid and non-assessable ordinary shares upon the earlier of (i) the closing of a Qualified **[REDACTED]**, or (ii) the date specified by written consent or agreement of the majority of certain series of preferred shareholders.

The then-effective conversion price shall initially be the issue price of preferred shares and shall be subject to adjustment and readjustment from time to time as including but not limited to share splits and combinations, provided that the conversion Price shall not be less than the par value of the ordinary Shares.

Contingently redeemable preferred shares are measured at the redemption price of the preferred shares under worst case at the end of each reporting period.

(b) Issuance of ordinary shares for the acquisition

The issued ordinary shares of the Company are puttable financial instruments, which include the contractual obligation for the Company to repurchase the shares upon the occurrence of the event as mentioned at redemption features.

Before the issuance of ordinary shares to acquire Geekstar and Zhixue, all issued shares have the same subscription price and have fulfilled the exemption condition in IAS 32. The existing ordinary shares of the Company were then classified as equity.

Upon the issuance of new ordinary shares for the acquisition of Geekstar and Zhixue, as the redemption prices for the newly issued ordinary shares were different from other shares due to different original subscription prices, ordinary shares were no longer identical to each other, and the exemption condition under IAS 32 was no longer fulfilled. As a result, all the ordinary shares were reclassified to financial liabilities.

(c) Repurchase of ordinary shares and preferred shares from Automotive Sub B

In September 2022, the Company repurchased all the preferred shares and ordinary shares from a subsidiary of Automotive Corporation Group ("**Automotive Sub B**") and exchanged cash consideration of USD17 million. The Company recorded the difference between the consideration exchanged and the accumulated changes in the Company's financial liabilities arising from the ordinary shares and preferred shares repurchased as capital reserve.

30 Equity settled share-based transactions

The Company has a share option scheme which was adopted in 2015 whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company. The options vest at the later of four years from the date of grant and a qualified **[REDACTED]** and share sale has been consummated. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
— Prior to December 31, 2019 . . .	145,950,764	Later of four years from the date of grant and a Qualified **[REDACTED]** or Share Sale has been consummated	10 years
— In 2020	26,630,101	Later of four years from the date of grant and a Qualified **[REDACTED]** or Share Sale has been consummated	10 years
— In 2021	11,166,238	Later of four years from the date of grant and a Qualified **[REDACTED]** or Share Sale has been consummated	10 years
— In 2022	18,054,261	Later of four years from the date of grant and a Qualified **[REDACTED]** or Share Sale has been consummated	10 years
— In 2023	42,093,368	Later of four years from the date of grant and a Qualified **[REDACTED]** or Share Sale has been consummated	10 years
Options granted . .	243,894,732		

(b) The number and weighted average exercise prices of share options are as follows:

	Year ended December 31,					
	2021		2022		2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*
Outstanding at the beginning of the year.	0.88	104,990	0.85	103,626	0.86	116,372
Forfeited during the year.	0.72	(12,530)	0.70	(5,308)	0.84	(4,710)
Granted during the year	0.49	11,166	0.83	18,054	0.85	42,093
Outstanding at the end of the year .	0.85	103,626	0.86	116,372	0.86	153,755
Exercisable at the end of the year .		—		—		—

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Binomial Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

	Year ended December 31,		
	2021	2022	2023
Fair value of share options and assumptions			
Fair value at measurement date	RMB0.47-0.51	RMB0.51-1.61	RMB1.83-1.85
Share price	RMB0.91-3.33	RMB2.38-3.74	RMB2.48-3.66
Exercise price	RMB0.77	RMB0.84	RMB0.82
Expected volatility (expressed as weighted average volatility used in the modeling under Binomial Model)	48.5-58.1%	54.3-57.7%	52.1%
Option life (expressed as weighted average life used in the modeling under Binomial Model)	9.0-10.0 years	9.3-10.0 years	9.8-10.0 years
Expected dividends	0%	0%	0%
Risk-free interest rate (based on Exchange Fund Notes)	1.4-1.7%	2.3-3.9%	3.5%

31 Income tax in the consolidated statements of financial position

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

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At January 1,	69	1,781	1,343
Provision for the year	1,753	1,296	1,795
Effect of disposal of subsidiaries	—	(65)	—
Income tax paid	(41)	(1,669)	(2,163)
At December 31	1,781	1,343	975

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(s), the Group has not recognized deferred tax assets in respect of cumulative tax losses RMB939,444,000, RMB744,379,000 and RMB954,840,000 as at December 31, 2021, 2022 and 2023, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

(c) Deferred tax liabilities not recognized

At December 31, 2021, 2022 and 2023, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB1,687,000, RMB10,696,000 and RMB5,613,000, respectively. No deferred tax liabilities have been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

32 Warranty provisions

Provision for Smart Devices and Other Accessories warranties

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At January 1,	9,375	15,423	16,467
Additional provisions made	55,683	39,562	37,502
Provisions utilized	(49,635)	(38,518)	(35,490)
At December 31,	15,423	16,467	18,479

Under the terms of the Group's sales agreements, the Group offers warranties for its Smart Devices and Other Accessories. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

33 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 statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	Capital reserve	Share based payments reserve	Exchange reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2021	138	(1,250,719)	50,452	51,609	(365,677)	(1,514,197)
Changes in equity for 2021:						
Loss for the year	—	—	—	—	(108,683)	(108,683)
Other comprehensive income	—	—	—	35,877	—	35,877
Total comprehensive income	—	—	—	35,877	(108,683)	(72,806)
Equity settled share-based transactions	—	—	9,648	—	—	9,648
Balance at December 31, 2021 and January 1, 2022	138	(1,250,719)	60,100	87,486	(474,360)	(1,577,355)
Changes in equity for 2022:						
Loss for the year	—	—	—	—	(897,830)	(897,830)
Other comprehensive income	—	—	—	(195,647)	—	(195,647)
Total comprehensive income	—	—	—	(195,647)	(897,830)	(1,093,477)
Repurchase of ordinary shares and preferred shares	—	586,682	—	—	—	586,682
Equity settled share-based transactions	—	—	17,322	—	—	17,322
Balance at December 31, 2022 and January 1, 2023	138	(664,037)	77,422	(108,161)	(1,372,190)	(2,066,828)
Changes in equity for 2023:						
Loss for the year	—	—	—	—	(821,875)	(821,875)
Other comprehensive income	—	—	—	(38,803)	—	(38,803)
Total comprehensive income	—	—	—	(38,803)	(821,875)	(860,678)
Equity settled share-based transactions	—	—	41,698	—	—	41,698
Balance at December 31, 2023	138	(664,037)	119,120	(146,964)	(2,194,065)	(2,885,808)

(b) Share capital

(i) Authorized share capital

At December 31, 2023, the authorized ordinary share capital is 2,968,160,889 shares of US$0.0000479889 each.

(ii) Issued ordinary shares

	Year ended December 31,					
	2021		2022		2023	
	No. of shares		No. of shares		No. of shares	
	('000)	*RMB'000*	*('000)*	*RMB'000*	*('000)*	*RMB'000*
Ordinary shares:						
At January 1,	736,698	138	736,698	138	736,698	138
Shares issued	—	—	69,677	—	—	—
Shares cancelled	—	—	(69,677)	—	—	—
At December 31	736,698	138	736,698	138	736,698	138

As disclosed in Note 11, in September 2020, the Company acquired 100% shares of Geekstar and Zhixue by issuance of 276,054,000 ordinary shares of the Company in total to the original shareholders of Geekstar and Zhixue.

In February and March 2022, the Company disposed its 60% shares in Geekstar and 100% shares in Zhixue, respectively, in exchange for the shares of the Company held by some of the original shareholders of the Geekstar and Zhixue.

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve primarily comprises 1) the issuance of preferred shares, 2) the reclassification from equity to liabilities arising from issuance of ordinary shares to acquire Geekstar and Zhixue, and 3) the difference between the consideration exchanged and the accumulated changes in the Company's financial liabilities arising from the ordinary shares and preferred shares repurchased from Automotive Sub B.

(ii) Share-based payments reserve

The share-based payment reserve comprises the Company's equity settled share-based payments (see Note 30).

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(iv) Other reserves

Other reserves comprise changes in the fair value of financial assets measured at fair value through other comprehensive income.

(d) Dividends

No dividends were paid by the companies comprising the Group during the Track Record Period. The Company did not declare and pay any dividends since its incorporation.

(e) 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 shareholders 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.

34 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

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 and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

Trade receivables

The Group has established a credit risk management policy under which 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. Trade receivables are due within a period of 0-90 days from the date of billing.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of December 31, 2021, 2022 and 2023, 80%, 65% and 50% of the total trade receivables was due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Other receivables

Other receivables include deposits, staff advance, tax reimbursement for export and others. The identified impairment loss of deposits, staff advance tax reimbursement for export were immaterial.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at December 31, 2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 90 days	11.15%	50,505	(5,632)
90 – 360 days	19.48%	734	(143)
More than 1 year	100.00%	430	(430)
		51,669	(6,205)

	As at December 31, 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 90 days	13.77%	46,179	(6,361)
90 – 360 days	28.72%	289	(83)
More than 1 year	100.00%	956	(956)
		47,424	(7,400)

	As at December 31, 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 90 days	12.02%	64,325	(7,733)
90–360 days	33.64%	2,093	(704)
More than 1 year	100.00%	2,848	(2,848)
		69,266	(11,285)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and deposits and other receivables during the year/period is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1,	6,844	12,165	7,454
Amounts written off during the year	(2,383)	(6,721)	—
Impairment losses recognized during the year	7,704	2,010	3,885
Balance at December 31	12,165	7,454	11,339

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2021				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(note 27)*	20,233	—	—	20,233	20,000
Lease liabilities *(note 28)*	6,822	7,058	2,764	16,644	15,910
Trade payables *(note 24)*	29,535	—	—	29,535	29,535
Other payables and accruals *(note 25)*	9,650	—	—	9,650	9,650
Contingently redeemable preferred shares and ordinary shares *(note 29)*	3,240,626	—	—	3,240,626	3,240,626
	3,306,866	7,058	2,764	3,316,688	3,315,721

	As at December 31, 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans *(note 27)*	20,000	—	—	20,000	20,000
Lease liabilities *(note 28)*	7,058	2,764	—	9,822	9,574
Trade payables *(note 24)*	17,694	—	—	17,694	17,694
Other payables and accruals *(note 25)*	7,898	—	—	7,898	7,898
Contingently redeemable preferred shares and ordinary shares *(note 29)*	3,536,115	—	—	3,536,115	3,536,115
	3,588,765	2,764	—	3,591,529	3,591,281

	As at December 31, 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities *(note 28)*	3,186	422	—	3,608	3,461
Trade payables *(note 24)*	24,552	—	—	24,552	24,552
Other payables and accruals *(note 25)*	19,272	—	—	19,272	19,272
Contingently redeemable preferred shares and ordinary shares *(note 29)*	4,353,833	—	—	4,353,833	4,353,833
	4,400,843	422	—	4,401,265	4,401,118

(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 interest rate risk arises primarily from bank loans.

Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of each reporting period:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Fixed rate borrowings:			
Bank loans	20,000	20,000	—
Variable rate borrowings:			
Bank loans	—	—	—
	20,000	20,000	—

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, EUR, TWD, GBP, HKD, SGD and AUD. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

	Exposure to foreign currencies as at December 31, 2021						
	USD	EUR	GBP	HKD	TWD	SGD	AUD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	5,694	12,157	20,414	—	1,146	2	46
Prepayments, deposits and other receivables	5,497	—	—	3	50	—	—
Trade payables	(5,489)	—	—	(1)	—	—	—
Other payables and accruals	(886)	(1,495)	(272)	(65)	(197)	—	(15)
Cash and cash equivalents	29,578	1,609	9,162	1,184	1,126	48	220
Gross exposure arising from recognized assets and liabilities	34,394	12,271	29,304	1,121	2,125	50	251

	Exposure to foreign currencies as at December 31, 2022						
	USD	EUR	GBP	HKD	TWD	SGD	AUD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	7,524	790	20,283	—	541	—	3
Prepayments, deposits and other receivables	1,601	1	—	17	55	—	—
Trade payables	(8,022)	(16)	—	—	—	—	—
Other payables and accruals	(642)	(251)	(108)	(114)	—	—	—
Cash and cash equivalents	6,278	323	2,017	377	3,203	4,210	666
Gross exposure arising from recognized assets and liabilities	6,739	847	22,192	280	3,799	4,210	669

	Exposure to foreign currencies as at December 31, 2023						
	USD	EUR	GBP	HKD	TWD	SGD	AUD
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	6,289	1,735	33,576	—	142	—	31
Prepayments, deposits and other receivables	5,084	3	—	—	56	—	—
Trade payables	(12,924)	—	—	—	—	—	—
Other payables and accruals	(293)	—	(61)	—	—	—	—
Cash and cash equivalents	121,784	909	531	1,419	1,415	2,470	108
Gross exposure arising from recognized assets and liabilities	119,940	2,647	34,046	1,419	1,613	2,470	139

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/loss after tax (and retained profits/accumulated losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

	As at December 31,					
	2021		2022		2023	
	Increase/ (decrease) in foreign exchange rates	*Effect on loss after tax and retained profits RMB'000*	*Increase/ (decrease) in foreign exchange rates*	*Effect on loss after tax and retained profits RMB'000*	*Increase/ (decrease) in foreign exchange rates*	*Effect on loss after tax and retained profits RMB'000*
United States Dollars	10%	528	10%	6,036	10%	11,884
	(10%)	(528)	(10%)	(6,036)	(10%)	(11,884)
Euros	10%	27	10%	161	10%	265
	(10%)	(27)	(10%)	(161)	(10%)	(265)
Great Britain Pounds	10%	169	10%	856	10%	3,404
	(10%)	(169)	(10%)	(856)	(10%)	(3,404)
Hong Kong Dollars	10%	31	10%	160	10%	142
	(10%)	(31)	(10%)	(160)	(10%)	(142)
New Taiwan Dollars	10%	256	10%	54	10%	161
	(10%)	(256)	(10%)	(54)	(10%)	(161)
Singapore Dollar	10%	349	10%	13	10%	248
	(10%)	(349)	(10%)	(13)	(10%)	(248)
Australian Dollar	10%	56	10%	46	10%	14
	(10%)	(56)	(10%)	(46)	(10%)	(14)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.

(e) Fair value measurement

(i) Assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at the end of each reporting date:

	Fair value at December 31, 2021	**Fair value measurements as at December 31, 2021 categorized into**
		Level 2
		RMB'000
Wealth management products	7,707	7,707

	Fair value at December 31, 2022	Fair value measurements as at December 31, 2022 categorized into	
		Level 2	**Level 3**
		RMB'000	*RMB'000*
Wealth management products	89,275	89,275	—
Other investment in equity securities	34,844	—	34,844

	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorized into	
		Level 2	**Level 3**
		RMB'000	*RMB'000*
Certificates of deposit	47,066	47,066	—
Other investment in equity securities	34,844	—	34,844

During the Track Record Period, there were no transfers between Level 2 and Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

As at December 31, 2022, the fair value of other investment in equity securities in financial assets measured at fair value through profit or loss was based on the discounted cash flow method. The significant unobservable input is the discount rate. An increase/decrease in the discount rate would have a decrease/increase impact on the fair value of the investment. Key assumptions are set out below:

	As at December 31, 2022
Discount rate	18%

If the Company's discount rate applied in the valuation had been 1% lower or higher than management's estimation as at December 31, 2022, the fair value of the other investment in equity securities would increase/(decrease) by the amounts listed in table below:

	As at December 31, 2022
	RMB'000
Discount rate decrease 1%	4,974
Discount rate increase 1%	(4,224)

As at December 31, 2023, the fair value of other investment in equity securities in financial assets measured at fair value through profit or loss was based on the market approach by reference to price-to-sales ("**p/s**") ratio of comparable companies. The key unobservable input is the p/s ratio of around 2.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The following table presents the fair values of the group's financial assets and financial liabilities that are not measured at fair value at the end of each reporting date.

	Carrying amounts at December 31, 2021	**Fair value at December 31, 2021**	**Fair value measurements as at December 31, 2021 categorized into**
			Level 3
	RMB'000	*RMB'000*	*RMB'000*
Contingently redeemable preferred shares and ordinary shares	3,240,626	2,677,794	2,677,794

	Carrying amounts at December 31, 2022	Fair value at December 31, 2022	Fair value measurements as at December 31, 2022 categorized into
			Level 3
	RMB'000	*RMB'000*	*RMB'000*
Contingently redeemable preferred shares and ordinary shares	3,536,115	3,531,052	3,531,052

	Carrying amounts at December 31, 2023	Fair value at December 31, 2023	Fair value measurements as at December 31, 2023 categorized into
			Level 3
	RMB'000	*RMB'000*	*RMB'000*
Contingently redeemable preferred shares and ordinary shares	4,353,833	4,348,778	4,348,778

As at December 31, 2021, 2022 and 2023, the Group applied the discount cash flow method to determine the underlying equity value of the Group and adopted the equity allocation method to determine the fair value of the contingently redeemable preferred shares and ordinary shares.

35 Commitments

The Group did not have any capital commitments as at December 31, 2021, 2022 and 2023.

36 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 as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	3,007	3,054	5,448
Post-employment benefits	193	286	247
Equity compensation benefits	2,423	2,508	19,298
	5,623	5,848	24,993

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Related parties and the relationship

Name of related parties	*Note*	**Relationship with the Group**
Technology Corporation A		A company under common control with a shareholder
Mobvoi JV	*(i)*	Joint venture disposed (up to March 2022)
Automotive Sub B	*(ii)*	Shareholder of the Company (up to September 2022)
Beijing Xiaowen	*(iii)*	A company controlled by one of the Directors of the Company (from May 2023)

Notes:

(i) From its incorporation of April 2017 to March 2022, Mobvoi JV was a joint venture of the Company. In March 2022, the Company disposed all its shares in Mobvoi JV. Please find more details in Note 16.

(ii) In March 2017, Automotive Sub B became a shareholder of the Company. In September 2022, the Company repurchased all shares held by Automotive Sub B.

(iii) The Company terminated the aforesaid contractual arrangements with Beijing Xiaowen in May 2023 and Beijing Xiaowen and its subsidiaries were then deconsolidated from our Group.

(c) Significant transactions with related parties

In addition to the transactions disclosed elsewhere in the accountants' report, the Group entered into the following material related party transactions during the Track Record Period:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Rendering of services			
— Technology Corporation A	10,973	20,121	6,510
— Mobvoi JV *(note (ii))*	16,200	180	—
— Automotive Sub A *(note (iii))*	3,240	212,956	—
	30,413	233,257	6,510
Purchasing of services			
— Beijing Xiaowen	—	—	2,830
	—	—	2,830

Notes:

(i) Rendering of services represents income from AI enterprise solutions in Revenue (note 4).

(ii) The services rendered to Mobvoi JV include research and development support and services which mainly related to speech dialogue system. Mobvoi JV is no longer a related party of the Group upon the repurchase of shares in March 2022. The services rendered to Mobvoi JV by the Group amounted to RMBNil and RMB41,127,000 for the nine months ended December 31, 2022 and for the year ended December 31, 2023, respectively.

(iii) The Automotive Sub A is no longer a related party of the Group from September 2022. As disclosed in Note 4(a)(i), the transactions between Automotive Sub A and the Group amounted to RMBNil and RMB138,752,000 for the three months ended December 31, 2022 and for the year ended December 31, 2023, respectively.

(d) Balances with related parties as at the end of each reporting period

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
— Technology Corporation A	1,634	3,954	—
— Mobvoi JV	2,310	—	—
	3,944	3,954	—
Other receivables			
— Beijing Xiaowen	—	—	4,971

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
— Automotive Sub A	93,564	—	—

All of the balances with related parties are trade in nature.

At December 31, 2022 and 2023, Mobvoi JV and Automotive Sub A were not the related parties of the Group. The contract liabilities relating to Mobvoi JV amounted to RMB39,630,000 and RMBNil and the accounts receivables relating to Mobvoi JV amounted to RMB1,166,000 and RMBNil as at December 31, 2022 and 2023, respectively. There were no balances with Automotive Sub A as at December 31, 2022 and 2023.

37 Immediate and ultimate controlling party

The directors of the Company consider the immediate holding company of the Company at December 31, 2023 to be Mobvoi AGI Limited, and the ultimate controlling party to be Dr. Li Zhifei.

38 Subsequent events

[Subsequent to December 31, 2023, there is no significant subsequent event.]

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year beginning on January 1, 2023

Up to the date of issue of these financial statements, the IASB has issued a number of amended standards, which are not yet effective for the year beginning on January 1, 2023 and which have not been adopted in the historical financial information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")	January 1, 2024
Amendments to HKAS 1, Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")	January 1, 2024
Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback	January 1, 2024
Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements	January 1, 2024
Amendments to HKAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability	January 1, 2025
Amendments to HKFRS 10, Consolidated financial statements and HKAS 28, Investments in associates and joint ventures: 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 December 31, 2023.