The following is the text of a report set out on pages I-1 to I-[●], 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 CHENQI TECHNOLOGY LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Chenqi Technology Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], 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, the consolidated statements of profit or loss, 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 "Relevant Periods"), 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-[●] 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 the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2021, 2022 and 2023 and of the Group's financial performance and cash flows for the Relevant Periods 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 30(h) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

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
[●]

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Guangzhou Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	**Years ended December 31,**		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	1,013,529	1,368,359	2,161,063
Cost of revenue		(1,258,646)	(1,514,269)	(2,311,508)
Gross loss		(245,117)	(145,910)	(150,445)
Other income	*5*	47,455	31,750	54,315
Selling and marketing expenses		(264,667)	(231,354)	(218,895)
General and administrative expenses		(99,860)	(106,772)	(154,979)
Research and development expenses		(116,623)	(105,401)	(118,943)
Credit loss on trade and other receivables	*31(a)*	(872)	(3,905)	(2,203)
Other net loss		(3,791)	(47)	(2,703)
Loss from operations		(683,475)	(561,639)	(593,853)
Finance costs	*6(a)*	(1,152)	(2,640)	(2,615)
Changes in the carrying amount of convertible redeemable preferred shares	*26*	–	(10,407)	(64,502)
Changes in the carrying amount of other financial liabilities issued to investors	*27*	–	(52,097)	(31,824)
Loss before taxation		(684,627)	(626,783)	(692,794)
Income tax	*7(a)*	–	–	–
Loss for the year		(684,627)	(626,783)	(692,794)
Attributable to:				
Equity shareholders of the Company		(684,627)	(626,783)	(692,794)
Loss per share	*10*			
Basic and diluted (RMB)		(7.61)	(6.96)	(7.69)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year	(684,627)	(626,783)	(692,794)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	–	(319)	(8,212)
Other comprehensive income for the year	–	(319)	(8,212)
Total comprehensive income for the year	(684,627)	(627,102)	(701,006)
Attributable to:			
Equity shareholders of the Company	(684,627)	(627,102)	(701,006)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at December 31, 2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current assets				
Property, plant and equipment	*11*	28,282	28,171	63,752
Right-of-use assets	*12*	22,245	15,169	45,445
Intangible assets	*13*	4,446	11,687	29,303
Other non-current assets	*14*	3,269	29,581	8,774
		58,242	84,608	147,274
Current assets				
Inventories	*16*	–	7,142	18,311
Trade receivables	*17*	5,913	14,261	20,044
Prepayments, deposits and other receivables	*18*	18,620	106,876	124,549
Restricted cash	*19*	18,725	987	–
Cash and cash equivalents	*20*	86,981	553,666	612,858
		130,239	682,932	775,762
Current liabilities				
Trade and bills payables	*21*	52,845	58,070	78,168
Accruals and other payables	*22*	232,139	424,400	153,043
Loans and borrowings	*23*	10,000	23,011	14,033
Contract liabilities	*24*	1,292	2,140	2,837
Lease liabilities	*25*	9,854	11,535	31,007
Convertible redeemable preferred shares	*26*	–	247,973	1,161,283
Other financial liabilities issued to investors	*27*	–	726,813	888,913
		306,130	1,493,942	2,329,284
Net current liabilities		(175,891)	(811,010)	(1,553,522)
Total assets less current liabilities		(117,649)	(726,402)	(1,406,248)
Non-current liabilities				
Loans and borrowings	*23*	–	17,027	13,000
Deferred income	*28*	18,273	–	–
Lease liabilities	*25*	15,816	6,211	10,916
		34,089	23,238	23,916
NET LIABILITIES		(151,738)	(749,640)	(1,430,164)
CAPITAL AND RESERVES	*30*			
Share capital		309	309	310
Reserves		(152,047)	(749,949)	(1,430,474)
TOTAL DEFICIT		(151,738)	(749,640)	(1,430,164)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at December 31,		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Non-current asset				
Interests in subsidiaries	*15*	850,953	958,673	2,000,905
Current assets				
Prepayments and other receivables	*18*	–	–	4,833
Cash and cash equivalents	*20*	2	238,638	20,252
		2	238,638	25,085
Current liabilities				
Accruals and other payables	*22*	–	–	10,754
Convertible redeemable preferred shares	*26*	–	247,973	1,161,283
Other financial liabilities issued to investors	*27*	–	221,849	14,665
		–	469,822	1,186,702
Net current assets/(liabilities)		2	(231,184)	(1,161,617)
NET ASSETS		850,955	727,489	839,288
CAPITAL AND RESERVES	*30*			
Share capital		309	309	310
Reserves		850,646	727,180	838,978
TOTAL EQUITY		850,955	727,489	839,288

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Share capital	Share premium	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total equity/ (deficit)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	note 30(b)	*note 30(c)*	*note 30(d)*	*note 30(e)*	*note 30(f)*		
Balance at January 1, 2021	309	899,684	45,141	–	1,203	(432,058)	514,279
Changes in equity for the year ended December 31, 2021							
Loss and total comprehensive income for the year	–	–	–	–	–	(684,627)	(684,627)
Waiver of payment of expenses by a shareholder	–	–	2,601	–	–	–	2,601
Equity-settled share-based transactions	–	–	–	16,009	–	–	16,009
Balance at December 31, 2021	309	899,684	47,742	16,009	1,203	(1,116,685)	(151,738)

The accompanying notes form part of the Historical Financial Information.

	Share capital	Share premium	Capital reserve	Share-based payment reserve	Translation reserve	Other reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	note 30(b)	*note 30(c)*	*note 30(d)*	*note 30(e)*	*note 30(f)*	*note 30(g)*		
Balance at January 1, 2022	309	899,684	47,742	16,009	1,203	–	(1,116,685)	(151,738)
Changes in equity for the year ended December 31, 2022								
Loss for the year	–	–	–	–	–	–	(626,783)	(626,783)
Other comprehensive income for the year	–	–	–	–	(319)	–	–	(319)
Total comprehensive income for the year	–	–	–	–	(319)	–	(626,783)	(627,102)
Waiver of payment of expenses by a shareholder	–	–	1,350	–	–	–	–	1,350
Subscription of restricted share units under onshore share incentive plan	–	–	1,900	–	–	–	–	1,900
Equity-settled share-based transactions	–	–	–	33,166	–	–	–	33,166
Issuance of other financial liabilities to investors	–	–	–	–	–	(7,216)	–	(7,216)
Balance at December 31, 2022	309	899,684	50,992	49,175	884	(7,216)	(1,743,468)	(749,640)

The accompanying notes form part of the Historical Financial Information.

	Share capital	Share premium	Capital reserve	Share-based payment reserve	Translation reserve	Other reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	note 30(b)	*note 30(c)*	*note 30(d)*	*note 30(e)*	*note 30(f)*	*note 30(g)*		
Balance at January 1, 2023	309	899,684	50,992	49,175	884	(7,216)	(1,743,468)	(749,640)
Changes in equity for the year ended December 31, 2023								
Loss for the year	–	–	–	–	–	–	(692,794)	(692,794)
Other comprehensive income for the year	–	–	–	–	(8,212)	–	–	(8,212)
Total comprehensive income for the year	–	–	–	–	(8,212)	–	(692,794)	(701,006)
Waiver of payment of expenses by a shareholder	–	–	2,563	–	–	–	–	2,563
Subscription of restricted stock as replacement of onshore share awards	1	1,899	(1,900)	–	–	–	–	–
Equity-settled share-based transactions	–	–	–	26,386	–	–	–	26,386
Deemed contribution from investors	–	–	–	–	–	12,522	–	12,522
Issuance of other financial liabilities to investors	–	–	–	–	–	(20,989)	–	(20,989)
Balance at December 31, 2023	310	901,583	51,655	75,561	(7,328)	(15,683)	(2,436,262)	(1,430,164)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	**Years ended December 31,**		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash used in operations	*20(b)*	(442,976)	(665,819)	(583,127)
Income tax paid		–	–	–
Net cash used in operating activities		(442,976)	(665,819)	(583,127)
Investing activities				
Interest received		10,850	12,260	14,497
Payment for purchase of property, plant and equipment		(17,433)	(38,262)	(20,303)
Payment for purchase of intangible assets		(3,582)	(11,606)	(21,382)
Net cash used in investing activities		(10,165)	(37,608)	(27,188)

The accompanying notes form part of the Historical Financial Information.

	Note	**Years ended December 31,**		
		2021	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Financing activities				
Capital element of rental paid	*20(c)*	(4,166)	(9,605)	(17,522)
Interest element of rental paid	*20(c)*	(1,033)	(1,054)	(1,191)
Proceeds from subscription of restricted share units under onshore share incentive plan		–	1,900	–
Proceeds from issuance of convertible redeemable preferred shares	*20(c)*	–	226,249	107,693
Proceeds from exercise of warrants	*20(c)*	–	–	680,022
Proceeds from issuance of other financial liabilities to investors	*20(c)*	–	667,500	468,600
Repayment of other financial liabilities to investors	*20(c)*	–	–	(667,500)
Proceeds from advance payments from investors	*20(c)*	–	249,924	125,000
Payments of professional expenses relating to issuance of convertible redeemable preferred shares and other financial liabilities to investors		(157)	(4,206)	(4,438)
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Proceeds from loans and borrowings	*20(c)*	10,000	40,000	10,000
Repayment of loans and borrowings	*20(c)*	–	(10,000)	(23,000)
Interest paid	*20(c)*	(119)	(1,548)	(1,429)
Net cash generated from financing activities		4,525	1,159,160	673,006
Net (decrease)/increase in cash and cash equivalents		(448,616)	455,733	62,691
Cash and cash equivalents at the beginning of the year	*20(a)*	535,597	86,981	553,666
Effect of movements in exchange rates on cash held		–	10,952	(3,499)
Cash and cash equivalents at the end of the year	*20(a)*	86,981	553,666	612,858

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

1.1 General information

Chenqi Technology Limited (the "Company") was incorporated in the Cayman Islands on April 30, 2019, as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, the "Group") are principally engaged in mobility services, technology services and fleet sale and maintenance businesses in the People's Republic of China (the "PRC"). The Company is an investment holding company and does not conduct any substantive business operations of its own but conducts its primary business operations through its subsidiaries.

As at the date of this report, no audited statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

1.2 Basis of preparation and presentation

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods. The accounting policies set out in note 2 have been applied consistently throughout the Relevant Periods and the Group has not early adopted any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2023. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning January 1, 2023 are set out in note 34.

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

During the Relevant Periods, certain of the Group's businesses was conducted through Guangzhou Qichen Technology Co., Ltd. ("Qichen Technology") and its subsidiaries. On July 10, 2019, Guangzhou Chenqi Mobility Technology Co., Ltd. (the "WFOE"), an indirect wholly-owned subsidiary of the Company, entered into a series of contractual arrangements (the "Contractual Arrangements") with Qichen Technology and its registered shareholders. The details of the Contractual Arrangements are set out under the section headed "Contractual Arrangements" of the Document. The Contractual Arrangements, taken as a whole, enable the WFOE to have effective control over Qichen Technology and obtain substantially all of the economic benefits of Qichen Technology. Accordingly, Qichen Technology is regarded as a controlled subsidiary of the Group and the financial position and results of operation of Qichen Technology and its subsidiaries were consolidated into the Historical Financial Information of the Group during the Relevant Periods.

The Group incurred accumulated losses of RMB2,436,262,000 as at December 31, 2023, and recorded net current liabilities of RMB1,553,522,000 and net liabilities of RMB1,430,164,000 as at December 31, 2023. The net current liabilities and net liabilities positions were primarily caused by the convertible redeemable preferred shares and other financial liabilities issued to investors totaling RMB2,050,196,000 as at December 31, 2023, which were classified as financial liabilities (see notes 26 and 27). The Directors of the Company are of the opinion that no material uncertainty exists related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, taking into account the following factors:

– Management has assessed that other financial liabilities issued to investors would be converted to convertible redeemable preferred shares of the Company upon the completion of certain specified events (see note 27) and the preferred rights and redemption features of the convertible redeemable preferred shares would be terminated upon a qualified [**REDACTED**] (see note 26), accordingly, the redeemable convertible preferred shares and other financial liabilities issued to investors would be converted into equity which would lead to a significant improvement to the Group's net current liabilities and net liabilities positions. By excluding the convertible redeemable preferred shares and other financial liabilities issued to investors, the Group would be at a net current assets position of RMB496,674,000 and a net assets position of RMB620,032,000 respectively as at December 31, 2023;

– the Group has unutilized banking facilities of RMB50,000,000 as at December 31, 2023, which can be utilized by the Group to fulfil its liquidity requirements when necessary; and

– the Directors have reviewed the Group's cash flow projections, which cover a period of more than twelve months from December 31, 2023 and are of the opinion that the Group will have sufficient working capital to meet its liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from December 31, 2023.

Consequently, the Historical Financial Information has been prepared on a going concern basis.

1.3 Subsidiaries

As of the date of this report, the Company has the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Registered/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Chenqi On Time Technology Limited *(ii)*	BVI May 31, 2019	USD50,000/ Nil	100%	–	Investment holding
Chenqi (HK) Technology Limited *(iii)*	Hong Kong June 11, 2019	HKD1/HKD1	100%	–	Investment holding
Guangzhou Chenqi Mobility Technology Co., Ltd. ("Chenqi Mobility") *(i)(iv)(vi)* 廣州宸祺出行科技有限公司	PRC June 18, 2019	USD300,000,000/ USD249,372,319	99.86%	0.14%	Sale and maintenance of automobiles and provision of technology services
Guangzhou Chenqi Automobile Services Co., Ltd. *(i)(iv)(vi)* 廣州宸祺汽車服務有限公司	PRC June 19, 2019	USD29,133,700/ USD26,220,330	100%	–	Dormant
Guangzhou Qichen Technology Co., Ltd. ("Qichen Technology") *(i)(iv)(v)(vi)* 廣州祺宸科技有限公司	PRC March 29, 2018	RMB10,000,000/ RMB10,000,000	–	100%	Provision of mobility services

Notes:

i The official names of these entities are in Chinese. The English names are for identification purpose only.

ii This entity was not subject to statutory audit requirement under the relevant rules and regulations in the jurisdiction of incorporation.

iii This entity prepared the financial statements for the years ended December 31, 2021, 2022 and 2023 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The financial statements were audited by KPMG.

iv These entities prepared the financial statements for the years ended December 31, 2021, 2022 and 2023 in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. These financial statements were audited by KPMG Huazhen LLP Guangzhou Branch (畢馬威華振會計師事務所(特殊普通合夥)廣州分所).

v This entity is controlled by the Group through the Contractual Arrangements.

vi These entities are limited liability companies established in the PRC.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The functional currency of the Company is United States Dollars ("USD"). The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except for earnings per share information. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVPL are stated at fair value as explained in note 2(d).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information 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.

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

(c) Consolidation

(i) Subsidiaries

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

An investment in a subsidiary is consolidated into the 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.

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 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

(ii) Subsidiaries controlled through the Contractual Arrangements

As certain of the Group's businesses are subject to foreign investment restrictions or prohibition under the relevant PRC laws and regulations (the "Relevant Businesses"), the Group operates the Relevant Businesses in the PRC through Qichen Technology and its subsidiaries, whose equity interests are held by certain registered shareholders (together "Registered Shareholders"). The Group signed the Contractual Arrangements with Qichen Technology and the Registered Shareholders. The Contractual Arrangements include exclusive technical consultancy service agreement, business operation agreement, exclusive option agreement, equity interest pledge agreement and shareholder rights entrustment agreement, which enable the Group to:

- govern the financial and operating policies of Qichen Technology;
- exercise equity holder's voting rights of Qichen Technology;
- receive substantially all of the economic interest returns generated by Qichen Technology in consideration for the technical consultancy and management services provided exclusively by the WFOE, at the discretion of the WFOE;
- obtain an irrevocable and exclusive option to purchase part or all of the equity interests, assets and business in Qichen Technology without paying further consideration at any time as permitted under applicable PRC laws or in accordance with conditions prescribed in the exclusive option agreement; and
- obtain a pledge over all of its equity interests from its respective Registered Shareholders as collateral to secure performance of the obligations of Registered Shareholders and Qichen Technology under the Contractual Arrangements.

Accordingly, the Group in effect has obtained power over Qichen Technology, is exposed to variable returns of Qichen Technology from its involvement with Qichen Technology and has the ability to affect those returns through its power over Qichen Technology. Therefore, the Group controls Qichen Technology and its subsidiaries and account for them as subsidiaries controlled by the Group.

(d) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(e) Property, plant and equipment

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

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 or valuation of items of property, plant and equipment using the straight line method over their estimated useful lives as follows:

Leasehold improvements	4-5 years
Office equipment and furniture	5 years
Operating equipment	3-10 years
Vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognized as expenses in the period in which they are incurred.

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(h)(ii)).

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 useful lives of intangible assets are determined based on factors such as the technological obsolescence. 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	3-5 years

Both the period and method of amortization are reviewed annually.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

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

At the lease commencement date, the Group 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 2(h)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the depreciation period, which is the earlier of the estimated useful lives or lease terms.

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.

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.

(ii) As a lessor

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

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(s)(iv).

When the Group is an intermediate lessor, if the head lease is a short-term lease to which the Group applies the exemption described in note 2(g)(i), the Group classifies the sub-lease as an operating lease.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables).

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).

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

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

– variable-rate financial assets: current effective interest rate;

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 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, 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 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 30 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.

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(s)(v) 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 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;

– right-of-use assets;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, 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).

– *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 period in which the reversals are recognized.

(i) Inventories

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

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

Cost is calculated on specific identification or weighted average basis as appropriate and comprises all costs of purchase 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 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.

(j) Contract liabilities

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 2(s)). 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(k)).

(k) 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.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost using the effective interest method less allowance for credit losses (see note 2(h)(i)).

(l) 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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(h)(i).

(m) 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 cost.

(n) Convertible redeemable preferred shares

Convertible redeemable preferred shares give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events which are beyond the control of both the Group and the preferred shareholders.

At initial recognition, the redemption liabilities resulting from the convertible redeemable preferred shares are measured at the present value of the redemption amount. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

When the convertible redeemable preferred shares are converted into ordinary shares, the carrying amount of the financial liabilities is transferred to share capital and share premium.

(o) Warrants and related loans

During the Relevant Periods, the Company issued warrants to certain investors which give them the right to subscribe for the convertible redeemable preferred shares of the Company. In connection with the issuance of the warrants, the investors simultaneously provided loans to a subsidiary of the Group. Subject to completion of certain specified events, the Group shall repay the loans to the investors and the investors shall exercise the warrants and subscribe for the convertible redeemable preferred shares of the Company.

In the consolidated financial statements, the warrants and related loans are aggregated and treated as if they were a single financial instrument when there are sufficient indicators that the issuance of the warrants and related loans results, in substance, in a single financial instrument. The warrants and related loans, as a single financial instrument, give rise to financial liabilities as they are redeemable upon the occurrence of certain triggering events that are beyond the control of both the Group and the investors. This instrument is accounted for as a compound financial instrument as it contains both liability and equity components. At initial recognition, the redemption liabilities resulting from the warrants and related loans are measured at the present value of the redemption amount. Difference between the present value of the redemption amount, which is the amount separately determined for the liability component, and the consideration received for the issuance of warrants and related loans, which represents the fair value of the compound financial instrument as a whole, is recognized in equity. Subsequent changes in the carrying amount of the redemption liabilities are recognized in profit or loss.

In the Company's financial statements, the warrants are recognized as derivative liabilities and accounted for in accordance with the accounting policy set out in note 2(d).

(p) 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(u)).

(q) 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 period 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 Group operates certain equity-settled share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments of the Group.

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

During the vesting period, the number of share awards 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 period 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 share awards that vest (with a corresponding adjustment to equity). The equity amount of share options is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits). The equity amount of restricted share units is recognized in the capital reserve until the share award is vested.

If new share awards are granted to employees and, on the date when those new share awards are granted, the entity identifies the new share awards granted as replacement share awards for the cancelled share awards, the entity shall account for the granting of replacement share awards in the same way as a modification of the original grant of share awards.

If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period. If a modification reduces the fair value of the equity instruments granted, or is not otherwise beneficial to the employee, the Group continues to recognize the services received as a minimum measured at the original grant date fair value of the equity instruments granted (unless those equity instruments are forfeited) as if that modification had not occurred.

(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.

(r) Income tax

Income tax for the period 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 period, using tax rates enacted or substantively enacted at the end of each Relevant Periods, and any adjustment to tax payable in respect of previous periods.

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

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 Relevant Periods 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.

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 Group or the Company 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 Group or the Company 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.

(s) Revenue and other income

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

Revenue is recognized when control over the service or good 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. In particular, revenue excludes value added tax and is after deduction of any trade discounts and sales rebates.

When another party is involved in providing services or goods to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified services or goods itself (i.e., the Group is a principal) or to arrange for those services or goods to be provided by the other party (i.e., the Group is an agent). This determination is made by identifying each specified service or good promised to the customer in the contract and evaluating whether the entity obtains control of the specified service or good before it is transferred to the customer.

The Group is a principal if it controls the right to the specified service that will be performed by another party, which gives the Group the ability to direct that party to provide the service on the Group's behalf, or obtains control of a good from another party that it then transfers to the customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified service or good by another party. In this case, the Group does not control the specified service or good provided by another party before that service or good is transferred to the customer. When the Group acts as an agent, it recognizes revenue on a net basis in the amount of any fee or commission to which it expects to be entitled, which is the net amount of consideration that the Group retains after paying other parties.

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

(i) Mobility services business

(a) Ride-hailing services

The Group provides ride-hailing services to riders by engaging its registered drivers via its own mobility service platform and connecting to third-party mobility service platforms. The Group has determined that it is the principal and views the riders as its customers in these ride-hailing services because it controls the services provided to riders. Among other things, the Group has control over the promised services before they are provided to the riders as it has the discretion to accept and reject orders from riders; it has the ability to assign and direct its registered drivers to deliver services on behalf of the Group; it sets the service standards and rules with which the registered drivers are obligated to comply when providing the services; and it evaluates the performance of its registered drivers regularly against such standards and rules; it has the discretion in establishing the prices for the services and the fees to its registered drivers separately; and it is the party primarily responsible for fulfilling the services in accordance with the relevant regulations in the PRC and the service agreements.

The Group recognizes revenue on a gross basis at the amount of ride service fees to which the Group is expected to be entitled upon the completion of the ride services. Service costs of third-party mobility service platforms, through which their riders placed orders to the Group, are recognized as cost of revenue.

The Group also provides services to facilitate matching third-party ride-hailing service providers with ride orders received via its own mobility service platform and connecting to third-party mobility service platforms. The Group has determined that it is the agent for these services and views these third-party ride-hailing service providers as the customers, as it does not have the ability to assign and direct the drivers from third-party ride-hailing service providers to deliver the ride services. The Group recognizes the service fee income at the amount charged to the third-party ride-hailing service providers. The Group recognizes these service fee income at the point in time upon the completion of a ride order.

(b) Robotaxi services

The Group also provides ride-hailing services to riders as a principal through its own autonomous vehicles, Robotaxis. The Group recognizes revenue on a gross basis at the amount of ride service fees to which the Group is expected to be entitled upon the completion of the ride services.

(c) Hitch services

The Group provides hitch services to facilitate matching private car owners with riders via its own mobility service platform and connecting to other hitch platforms. The Group has determined that it is the agent for such services, as the Group does not have the ability to assign and direct the private car owners. The Group recognizes revenue from hitch services on a net basis. The Group earns information service fees from private car owners, which the Group views as the customers and recognizes the information service fees upon the completion of a hitch trip.

(d) Incentives

The Group provides various types of incentives to riders and drivers, including discount coupons, direct payment deduction and discounts on services. The accounting policy for major incentives is described as follows.

Incentives to customers

The Group records incentives to riders using ride-hailing services and private car owners providing hitch services, who are regarded as the customers of the Group, as a deduction of revenue, to the extent of the fees collected from the customers, as the Group does not receive a distinct service in exchange for the payment. When the amount of these incentives exceeds the revenue earned on an order by order basis, the excess is recorded in cost of revenue.

Incentives to registered drivers providing ride-hailing services

The incentives to registered drivers providing ride-hailing services are recognized as cost of revenue as they are part of the Group's fulfilment costs for completing the performance obligation under the ride-hailing services.

Incentives to riders when the Group acts as an agent

The Group records incentives to riders in the services to facilitate matching third-party ride-hailing service providers with ride orders received or hitch services as selling and marketing expenses at the time they are redeemed by the riders.

User referrals

Incentives earned by riders and drivers for referring new users to the Group are paid in exchange for a distinct service and are accounted for as customer acquisition costs. The Group records such customer acquisition costs as selling and marketing expenses when incurred.

(ii) Technology services business

Technology services mainly include development of software, smart transportation solutions and other technical services during the Relevant Periods. When the outcome of the contract can be reasonably measured, revenue from the contract is recognized over time during the development process based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of the service.

(iii) Fleet sale and maintenance business

Fleet sale and maintenance business mainly include sales of vehicles and spare parts, and provision of repair and maintenance services.

(a) Sales of vehicles and spare parts

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

(b) Repair and maintenance services

Revenue arising from repair and maintenance services is recognized as and when the service is rendered.

(iv) Practical expedients

The Group has taken 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 has also applied the practical expedient of not disclosing the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations for contracts that had an original expected duration of one year or less in accordance with paragraph 121(a) of IFRS 15.

The Group has also applied the practical expedient in accordance with paragraph 94 of IFRS 15 and expenses customer acquisition costs as incurred because the amortization period would be one year or less.

(v) Rental income from operating leases

Rental income under operating leases is recognized in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable.

(vi) 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.

(vii) 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 other 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 assets are initially recognized as deferred income and subsequently recognized as other income in profit or loss over the useful life of the assets.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into respective functional currencies of group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates 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 each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

(u) Borrowing costs

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

(v) 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.

(w) Segment reporting

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

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

3 ACCOUNTING JUDGMENTS AND ESTIMATES

Note 2(s) contains information about judgments made in respect of determination of whether the Group is principal or agent in provision of various mobility services.

Notes 29 and 27 contain information about the assumptions and their risk factors relating to fair value of equity-settled share-based transactions and financial instruments.

Other key judgments and sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(a) Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision matrix is initially based on the Group's historical observed default rates. At the end of each of the reporting periods, the historical observed default rates had been checked to determine whether they need to be updated and the changes on the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables are disclosed in note 31(a) to the Historical Financial Information.

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(c) Control assessment over Qichen Technology through the Contractual Arrangements

As disclosed in note 2(c)(ii), the directors have determined that the Group has control over Qichen Technology through the Contractual Arrangements notwithstanding that it does not have direct or indirect legal ownership in equity of Qichen Technology. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Qichen Technology and uncertainties in the present legal system in the PRC could limit the Group's ability to enforce the Contractual Arrangements. The directors, based on the advice of its PRC Legal Advisor, consider that the Contractual Arrangements with Qichen Technology are legal, valid and binding under PRC laws. Accordingly, Qichen Technology and its subsidiaries were accounted for as controlled subsidiaries during the Relevant Periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of mobility services, provision of technology services and conduction of fleet sale and maintenance business in the PRC during the Relevant Periods.

(i) Disaggregation of revenue

Disaggregation of revenue is as follows:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by business lines			
Mobility services business			
– Ride-hailing services	1,005,188	1,244,956	1,812,133
– Others *(i)*	7,276	4,812	2,000
	1,012,464	1,249,768	1,814,133
Technology services business	1,065	–	26,545
Fleet sale and maintenance business *(ii)*	–	118,591	320,385
	1,013,529	1,368,359	2,161,063
Disaggregated by sources of revenue			
Revenue from contracts with customers within the scope of IFRS15	1,013,199	1,368,332	2,161,063
Revenue from other sources			
– Leasing of vehicles	330	27	–
	1,013,529	1,368,359	2,161,063
Disaggregation of revenue from contracts with customers by the timing of revenue recognition			
Point in time	1,012,134	1,368,332	2,134,518
Over time	1,065	–	26,545
	1,013,199	1,368,332	2,161,063

Notes:

(i) Others mainly comprised Robotaxi services, hitch services and promotion and marketing services during the Relevant Periods.

(ii) Fleet sale and maintenance business comprises sales of vehicles, provision of repair and maintenance services and other related services. Amongst which, revenue from sales of vehicles amounted to nil, RMB96,954,000 and RMB292,895,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

(ii) Information about major customers

The Group's customer base is diversified and decentralized. No revenue from individual customer contributed over 10% of total revenue of the Group during the Relevant Periods.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments during the Relevant Periods:

Reportable segments	**Operations**
Mobility services business	Provision of ride-hailing services, Robotaxi services, hitch services and other related services
Technology services business	Provision of technology services
Fleet sale and maintenance business	Sale of vehicles, provision of repair and maintenance services and other related services

(i) Segment results, assets and liabilities

The Group's most senior executive management assesses the performance of the reportable segments mainly based on revenue, profit/(loss) and material non-cash items of each reportable segments. There were no separate segment assets and segment liabilities information provided to the Group's most senior executive management as they do not use these information to allocate resources to or evaluate the performance of the reportable segments. Information regarding the Group's reportable segments during the Relevant Periods is set out below.

Year ended December 31, 2021

	Mobility services business	**Technology services business**	**Fleet sale and maintenance business**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
External revenues	1,012,464	1,065	–	1,013,529
Segment revenue	1,012,464	1,065	–	1,013,529
Segment (loss)/profit before taxation	(584,894)	127	–	(584,767)
Interest income from bank deposits	10,758	–	–	10,758
Finance costs	(1,152)	–	–	(1,152)
Depreciation and amortization	(14,568)	–	–	(14,568)
Other material non-cash items:				
– credit loss on trade and other receivables	(872)	–	–	(872)
– service costs of mobility service platform waived by a shareholder	(2,601)	–	–	(2,601)

Year ended December 31, 2022

	Mobility services business *RMB'000*	Technology services business *RMB'000*	Fleet sale and maintenance business *RMB'000*	Total *RMB'000*
External revenues	1,249,768	–	118,591	1,368,359
Segment revenue	1,249,768	–	118,591	1,368,359
Segment loss before taxation	(456,458)	–	(1,049)	(457,507)
Interest income from bank deposits	12,482	–	20	12,502
Finance costs	(2,379)	–	(261)	(2,640)
Depreciation and amortization	(20,977)	–	(1,788)	(22,765)
Other material non-cash items:				
– credit loss on trade and other receivables	(3,905)	–	–	(3,905)
– service costs of mobility service platform waived by a shareholder	(1,350)	–	–	(1,350)

Year ended December 31, 2023

	Mobility services business *RMB'000*	Technology services business *RMB'000*	Fleet sale and maintenance business *RMB'000*	Total *RMB'000*
External revenues	1,814,133	26,545	320,385	2,161,063
Segment revenue	1,814,133	26,545	320,385	2,161,063
Segment (loss)/profit before taxation	(448,399)	4,665	2,245	(441,489)
Interest income from bank deposits	14,526	–	48	14,574
Finance costs	(2,423)	–	(192)	(2,615)
Depreciation and amortization	(31,693)	(155)	(3,353)	(35,201)
Other material non-cash items:				
– credit loss on trade and other receivables	(2,203)	–	–	(2,203)
– service costs of mobility service platform waived by a shareholder	(2,563)	–	–	(2,563)

(ii) ***Reconciliations of reportable segment revenue and segment loss before taxation***

	Years ended December 31,		
	2021 *RMB'000*	**2022** *RMB'000*	**2023** *RMB'000*
i. Revenue			
Total segment revenue	1,013,529	1,368,359	2,161,063
Consolidated revenue	1,013,529	1,368,359	2,161,063

	Years ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
ii. Loss before taxation			
Segment loss before taxation	(584,767)	(457,507)	(441,489)
Unallocated amount:			
– general and administrative expenses	(99,860)	(106,772)	(154,979)
– changes in carrying amount of convertible redeemable preferred shares	–	(10,407)	(64,502)
– changes in carrying amount of other financial liabilities issued to investors	–	(52,097)	(31,824)
Consolidated loss before taxation	(684,627)	(626,783)	(692,794)

(iii) Geographic information

All of the non-current assets of the Group are physically located in the PRC, and the revenue of the Group is all derived from operations in the PRC during the Relevant Periods.

5 OTHER INCOME

	Years ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(i)*	36,697	19,248	39,741
Interest income from bank deposits	10,758	12,502	14,574
	47,455	31,750	54,315

Note:

(i) Government grants represent cash awards granted to certain subsidiaries of the Group by the local government authorities in the PRC, without condition attached or for which management considered the Group has complied with the conditions attaching to them. Government grants mainly include subsidies for economic contribution, research and development expenses, promotion and operating expenses of the mobility services business.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Years ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest on loans and other borrowings	119	1,586	1,424
Interest on lease liabilities	1,033	1,054	1,191
	1,152	2,640	2,615

(b) Staff costs (including directors' emoluments)

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and other benefits	116,634	152,892	172,584
Contributions to defined contribution retirement plan *(i)*	7,775	10,627	12,460
Equity-settled share-based payments	16,009	33,166	26,386
	140,418	196,685	211,430

Note:

(i) Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligations for payments of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amortization of intangible assets *(note 13)*	626	2,007	5,109
Depreciation			
– property, plant and equipment *(note 11)*	6,628	11,419	18,669
– right-of-use assets *(note 12)*	7,314	9,339	11,423
	13,942	20,758	30,092
Losses on disposal of property, plant and equipment	3,324	–	–
Exchange losses	–	–	3,413
Research and development costs *(i)*	116,623	105,401	118,943
Cost of inventories *(note 16)*	1,775	109,246	306,165
[**REDACTED**] expenses	–	–	28,866

Note:

(i) During the years ended December 31, 2021, 2022 and 2023, research and development expenses include staff costs, amortization and depreciation expenses of RMB42,976,000, RMB70,087,000 and RMB92,880,000 in total, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	684,627	626,783	692,794
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	171,157	141,418	144,627
Tax effect of non-deductible expenses *(v)*	(23,670)	(5,775)	(1,197)
Tax effect of non-taxable income	233	4,568	–
Tax effect of additional deduction on research and development costs *(iv)*	19,133	20,462	28,493
Effect of tax losses and temporary differences not recognized	(167,008)	(160,834)	(172,089)
Others	155	161	166
Actual tax expenses	–	–	–

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) Under the current Hong Kong Inland Revenue Ordinance, the Company's Hong Kong subsidiary is subject to Hong Kong Profits Tax at the rate of 16.5% on its taxable income generated from the operations in Hong Kong. A two-tiered profits tax rates regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%.

(iii) Under the PRC Income Tax Law, the Group's subsidiaries in the PRC are subject to the PRC statutory income tax rate of 25%.

(iv) Prior to October 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and relevant regulations. Starting from October 2022, the additional deduction ratio was increased to 100%.

(v) Tax effect of non-deductible expenses for the year ended December 31, 2021 mainly included the tax effect of driver costs without valid invoices for tax deduction.

(b) Deferred tax assets not recognized

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cumulative tax losses	762,030	1,419,332	2,118,039
Deductible temporary differences	116,665	102,699	92,349
	878,695	1,522,031	2,210,388

Tax losses for which no deferred tax asset was recognized will expire as follows:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
2024	61,966	61,966	61,966
2025	80,050	80,050	80,050
2026	620,014	620,014	620,014
2027	–	657,302	657,302
2028	–	–	698,707
	762,030	1,419,332	2,118,039

8 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are set out below:

		Year ended December 31, 2021						
	Note	**Directors' fees**	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Equity-settled share-based payments (note 29)**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors								
Mr. Gao Rui	*(ii)*	–	–	–	–	–	–	–
Mr. Jiang Hua	*(ii)*	–	1,618	1,096	36	2,750	1,745	4,495
Mr. Yuan Feng	*(iii)*	–	–	–	–	–	–	–
Mr. Gu Huinan	*(ii)*	–	–	–	–	–	–	–
Mr. Liu Zhiyun	*(iii)*	–	1,622	1,298	39	2,959	1,428	4,387
Mr. Zhan Weibiao	*(iii)*	–	–	–	–	–	–	–
Mr. Zhong Xiangping	*(ii)*	–	–	–	–	–	–	–
Total		–	3,240	2,394	75	5,709	3,173	8,882

		Year ended December 31, 2022						
	Note	**Directors' fees**	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Equity-settled share-based payments *(note 29)***	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors								
Mr. Gao Rui	*(ii)*	–	–	–	–	–	–	–
Mr. Jiang Hua	*(ii)*	–	1,622	1,587	42	3,251	4,421	7,672
Mr. Yuan Feng	*(iii)*	–	–	–	–	–	–	–
Mr. Gu Huinan	*(ii)*	–	–	–	–	–	–	–
Mr. Liu Zhiyun	*(iii)*	–	205	–	7	212	–	212
Mr. Zhan Weibiao	*(iii)*	–	–	–	–	–	–	–
Mr. Zhong Xiangping	*(ii)*	–	–	–	–	–	–	–
Total		–	1,827	1,587	49	3,463	4,421	7,884

		Year ended December 31, 2023						
	Note	**Directors' fees**	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Equity-settled share-based payments** ***(note 29)***	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors								
Mr. Jiang Hua	*(ii)*	–	1,595	1,195	43	2,833	3,094	5,927
Mr. Gao Rui	*(ii)*	–	–	–	–	–	–	–
Mr. Yuan Feng	*(iii)*	–	–	–	–	–	–	–
Mr. Gu Huinan	*(ii) (v)*	–	–	–	–	–	–	–
Mr. Liu Zhiyun	*(iii)*	–	–	–	–	–	–	–
Mr. Zhan Weibiao	*(iii)*	–	–	–	–	–	–	–
Mr. Liang Weiqiang	*(ii)*	–	–	–	–	–	–	–
Mr. Zhong Xiangping	*(ii)*	–	–	–	–	–	–	–
Ms. Bai Hui	*(ii)*	–	–	–	–	–	–	–
Total		–	1,595	1,195	43	2,833	3,094	5,927

Notes:

(i) During the Relevant Periods, save for the compensation paid to a director for the loss of office as a senior management of the Group in February 2022 in the amount of RMB101,358, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any remuneration during the Relevant Periods.

(ii) In August 2023, Mr. Jiang Hua was re-designated as an executive director of the Company and Mr. Gao Rui, Mr. Gu Huinan and Mr. Zhong Xiangping were re-designated as non-executive directors of the Company. In addition, Mr. Liang Weiqiang and Ms. Bai Hui were appointed as non-executive directors of the Company.

(iii) In August 2023, Mr. Yuan Feng, Mr. Liu Zhiyun and Mr. Zhan Weibiao resigned as directors of the Company.

(iv) Mr. Zhang Junyi, Mr. Zhang Senquan and Mr. Li Maoxiang were appointed as independent non-executive directors of the Company in August 2023, with effect from the date of document in connection with the [**REDACTED**] of the Company's shares on the Stock Exchange of Hong Kong Limited.

(v) In March 2024, Mr. Gu Huinan resigned as a non-executive director of the Company and Ms. Xiao Yan was appointed as a non-executive director of the Company.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended December 31, 2021, 2022 and 2023, of the five individuals with the highest emoluments, 2, 1 and 1 are directors whose emoluments are disclosed in note 8.

The aggregate of the emoluments in respect of the other 3, 4, and 4 individuals are as follows:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and other benefits	4,028	5,638	5,396
Discretionary bonuses	4,156	4,111	4,799
Retirement scheme contributions	125	184	213
Equity-settled share-based payments	3,331	10,584	7,426
	11,640	20,517	17,834

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended December 31,		
	2021	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*
HK$3,000,001 to HK$3,500,000	2	–	–
HK$3,500,001 to HK$4,000,000	–	–	2
HK$4,000,001 to HK$4,500,000	–	1	–
HK$4,500,001 to HK$5,000,000	–	–	1
HK$5,000,001 to HK$5,500,000	–	2	–
HK$7,000,001 to HK$7,500,000	1	–	–
HK$7,500,001 to HK$8,000,000	–	–	1
HK$9,500,001 to HK$10,000,000	–	1	–
	3	4	4

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders of the Company of RMB684,627,000, RMB626,783,000 and RMB692,490,000 respectively and the weighted-average number of ordinary shares of 90,000,000 in issue for each of the years in Relevant Periods.

Loss used to determine basic loss per share were calculated as follows:

	Years ended December 31,		
	2021	**2022**	**2023**
Loss attributable to ordinary shareholders of the Company	684,627,000	626,783,000	692,794,000
Less:			
Allocation of loss attributable to holders of unvested restricted stock	–	–	(304,000)
Loss used to determine basic loss per share	684,627,000	626,783,000	692,490,000

Restricted stock of the Company is entitled to dividends once it is subscribed and paid under the share incentive plan. During the year ended December 31, 2023, 190,000 restricted stocks were subscribed and paid, but remained unvested as of December 31, 2023. For the purpose of calculating basic loss per share, the numerator is thus adjusted for the loss attributable to these unvested restricted stocks.

For the purpose of calculating basic loss per share, the denominator did not include the 10,000,000 nil-paid shares issued and reserved for share incentive plan purpose for the years ended December 31, 2021 and 2022. For the year ended December 31, 2023, the denominator did not include the 9,810,000 nil-paid shares issued and reserved for share incentive plan purpose, and the 190,000 subscribed but unvested restricted stocks.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares.

The Group had potential dilutive shares during the years ended December 31, 2021, 2022 and 2023 including the options, restricted share units and restricted stocks issued under the share incentive plans (see note 29), the warrants and convertible redeemable preferred shares. As the Group incurred losses during these periods, the effect of these potential dilutive shares would be anti-dilutive. Therefore, there was no difference between the basic and diluted loss per share during the years ended December 31, 2021, 2022 and 2023.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	**Office equipment and furniture**	**Operating equipment**	**Vehicles**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2021	12,157	9,211	–	–	–	21,368
Additions	717	9,771	10,716	–	–	21,204
Disposals	(4,909)	–	–	–	–	(4,909)
At December 31, 2021 and January 1, 2022	7,965	18,982	10,716	–	–	37,663
Additions	5,661	3,435	2,212	–	–	11,308
At December 31, 2022 and January 1, 2023	13,626	22,417	12,928	–	–	48,971
Additions	366	4,296	1,464	42,924	5,212	54,262
Disposals	–	(29)	–	–	–	(29)
At December 31, 2023	13,992	26,684	14,392	42,924	5,212	103,204
Accumulated depreciation:						
At January 1, 2021	3,102	1,236	–	–	–	4,338
Charge for the year	2,136	2,407	2,085	–	–	6,628
Written back on disposals	(1,585)	–	–	–	–	(1,585)
At December 31, 2021 and January 1, 2022	3,653	3,643	2,085	–	–	9,381
Charge for the year	3,407	4,129	3,883	–	–	11,419

	Leasehold improvements *RMB'000*	Office equipment and furniture *RMB'000*	Operating equipment *RMB'000*	Vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At December 31, 2022 and January 1, 2023	7,060	7,772	5,968	–	–	20,800
Charge for the year	3,894	4,915	4,514	5,346	–	18,669
Written back on disposals	–	(17)	–	–	–	(17)
At December 31, 2023	10,954	12,670	10,482	5,346	–	39,452
Net book value:						
At December 31, 2023	3,038	14,014	3,910	37,578	5,212	63,752
At December 31, 2022	6,566	14,645	6,960	–	–	28,171
At December 31, 2021	4,312	15,339	8,631	–	–	28,282

12 RIGHT-OF-USE ASSETS

	Properties *RMB'000*	Vehicles *RMB'000*	Total *RMB'000*
Cost:			
At January 1, 2021	31,329	–	31,329
Additions	10,660	–	10,660
Derecognition	(2,218)	–	(2,218)
At December 31, 2021 and January 1, 2022	39,771	–	39,771
Additions	2,263	–	2,263
At December 31, 2022 and January 1, 2023	42,034	–	42,034
Additions	11,717	29,982	41,699
At December 31, 2023	53,751	29,982	83,733
Accumulated depreciation:			
At January 1, 2021	12,430	–	12,430
Charge for the year	7,314	–	7,314
Derecognition	(2,218)	–	(2,218)
At December 31, 2021 and January 1, 2022	17,526	–	17,526
Charge for the year	9,339	–	9,339
At December 31, 2022 and January 1, 2023	26,865	–	26,865
Charge for the year	10,924	499	11,423
At December 31, 2023	37,789	499	38,288

	Properties	Vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Net book value:			
At December 31, 2023	15,962	29,483	45,445
At December 31, 2022	15,169	–	15,169
At December 31, 2021	22,245	–	22,245

The Group has obtained the right to use properties as its offices space, auto service center and parking lot, through tenancy agreements. The leases of offices space typically run for a period of two to five years; leases of auto service center and parking lot run for five years.

During the year ended December 31, 2023, the Group entered into an autonomous driving service agreement and acquired the right to use vehicles for a period of eight years.

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

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties	7,314	9,339	10,924
Vehicles	–	–	499
	7,314	9,339	11,423
Interest on lease liabilities *(note 6(a))*	1,033	1,054	1,191
Expense relating to short-term leases	1,369	992	1,107
COVID-19-related rent concessions received	(1,833)	(3,667)	–

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 25, respectively.

13 INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At January 1, 2021	1,622
Additions	3,582
At December 31, 2021 and January 1, 2022	5,204
Additions	9,248
At December 31, 2022 and January 1, 2023	14,452
Additions	22,725
At December 31, 2023	37,177

	Software
	RMB'000
Accumulated depreciation:	
At January 1, 2021	132
Charge for the year	626
At December 31, 2021 and January 1, 2022	758
Charge for the year	2,007
At December 31, 2022 and January 1, 2023	2,765
Charge for the year	5,109
At December 31, 2023	7,874
Net book value:	
At December 31, 2023	29,303
At December 31, 2022	11,687
At December 31, 2021	4,446

14 OTHER NON-CURRENT ASSETS

		As at December 31,	
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment and intangible assets	2,672	25,763	1,600
Prepayments for autonomous driving technology services	–	3,047	4,886
Others	597	771	2,288
	3,269	29,581	8,774

15 INTERESTS IN SUBSIDIARIES

The carrying amount of interests in subsidiaries in the Company's statements of financial position is listed below:

		As at December 31,	
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost *(i)*	835,865	913,070	1,930,473
Deemed investments arising from share-based transactions	15,088	45,603	70,432
	850,953	958,673	2,000,905

Note:

(i) Details of the subsidiaries are set out in note 1.3.

16 INVENTORIES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Vehicles	–	6,898	17,947
Spare parts	–	244	364
	–	7,142	18,311

The analysis of the amount of inventories recognized as an expense and included in consolidated statements of profit or loss is as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	1,775	109,246	306,165

17 TRADE RECEIVABLES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	5,913	14,261	20,044

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of 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*
0 to 30 days	3,821	6,465	12,798
31 to 60 days	1,089	2,154	4,660
61 to 180 days	723	5,628	2,000
over 180 days	280	14	586
	5,913	14,261	20,044

The Group grants credit period to its customers for different revenue streams. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31(a).

18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	2,417	81,461	62,869
Value-added tax recoverable	411	6,123	12,048
Deposits	3,328	4,169	6,895
Receivables due from on-line payment platforms	4,542	3,616	6,415
Receivables of ride service fees due from third-party mobility service platforms which collected on the Group's behalf	7,764	10,031	17,087
Receivables of purchase rebates due from vehicle suppliers	–	–	17,675
Others	158	1,476	1,560
	18,620	106,876	124,549

Prepayments as at December 31, 2022 and 2023 mainly comprised advance payments for purchase of vehicles.

The Company

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for [**REDACTED**] expenses	–	–	4,823
Others	–	–	10
	–	–	4,833

19 RESTRICTED CASH

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash	18,725	987	–

Restricted cash represented cash held in an escrow bank account in the PRC with designated usage for qualified payments under a government subsidy program.

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	86,981	553,666	612,858

The Company

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	2	238,638	20,252

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

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(684,627)	(626,783)	(692,794)
Adjustments for:			
Depreciation	13,942	20,758	30,092
Amortization	626	2,007	5,109
Equity-settled share-based payments	16,009	33,166	26,386
Finance costs	1,152	2,640	2,615
Gain on confiscation of investor's lock-in amounts	–	–	(1,250)
Changes in carrying amount of convertible redeemable preferred shares	–	10,407	64,502
Changes in carrying amount of other financial liabilities issued to investors	–	52,097	31,824
Interest income on bank deposits	(10,758)	(12,502)	(14,574)
Exchange losses	–	–	3,413
Loss arising from disposals of property, plant and equipment	3,324	–	–
	(660,332)	(518,210)	(544,677)

	Years ended December 31, 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Changes in working capital:			
Decrease/(increase) in inventories	12	(7,142)	(11,169)
Decrease/(increase) in trade receivables	2,825	(8,348)	(5,783)
Increase in prepayments, deposits and other receivables	(4,864)	(91,719)	(9,056)
Decrease in restricted cash	12,672	17,738	987
Increase in contract liabilities	802	848	697
Increase in trade and bills payables	31,860	5,225	20,098
Increase/(decrease) in accruals and other payables	174,980	(45,938)	(34,224)
Decrease in deferred income	(931)	(18,273)	–
Cash used in operations	(442,976)	(665,819)	(583,127)

(c) Reconciliation of liabilities arising from financing activities

	Loans and borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(note 23)	*(note 25)*	
At January 1, 2021	–	21,896	21,896
Changes from financing cash flows:			
Proceeds from loans and borrowings	10,000	–	10,000
Capital element of rental paid	–	(4,166)	(4,166)
Interest element of rental paid	–	(1,033)	(1,033)
Interest paid	(119)	–	(119)
Total changes from financing cash flows	9,881	(5,199)	4,682
Other changes:			
Interest expenses *(note 6(a))*	119	1,033	1,152
Increase in lease liabilities from entering into new leases during the year	–	7,940	7,940
Total other changes	119	8,973	9,092
At December 31, 2021	10,000	25,670	35,670

	Convertible redeemable preferred shares	**Other financial liabilities issued to investors**	**Advance payments from investors**	**Loans and borrowings**	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 26)	*(note 27)*		*(note 23)*	*(note 25)*	
At January 1, 2022	–	–	–	10,000	25,670	35,670
Changes from financing cash flows:						
Proceeds from issuance of Series A convertible redeemable preferred shares	226,249	–	–	–	–	226,249
Proceeds from issuance of other financial liabilities issued to Series A investors	–	667,500	–	–	–	667,500
Proceeds from advance payments from Series B investors	–	–	249,924	–	–	249,924
Proceeds from loans and borrowings	–	–	–	40,000	–	40,000
Repayment of loans and borrowings	–	–	–	(10,000)	–	(10,000)
Capital element of rental paid	–	–	–	–	(9,605)	(9,605)
Interest element of rental paid	–	–	–	–	(1,054)	(1,054)
Interest paid	–	–	–	(1,548)	–	(1,548)
Total changes from financing cash flows	226,249	667,500	249,924	28,452	(10,659)	1,161,466
Other changes:						
Exchange rate difference	11,317	–	–	–	–	11,317
Changes in the carrying amount of convertible redeemable preferred shares	10,407	–	–	–	–	10,407
Changes in the carrying amount of other financial liabilities issued to investors	–	52,097	–	–	–	52,097
Other reserve *(note 30(g))*	–	7,216	–	–	–	7,216
Interest expenses *(note 6(a))*	–	–	–	1,586	1,054	2,640
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	1,681	1,681
Total other changes	21,724	59,313	–	1,586	2,735	85,358
At December 31, 2022	247,973	726,813	249,924	40,038	17,746	1,282,494

	Convertible redeemable preferred shares *RMB'000* *(note 26)*	Other financial liabilities issued to investors *RMB'000* *(note 27)*	Advance payments from investors *RMB'000*	Loans and borrowings *RMB'000* *(note 23)*	Lease liabilities *RMB'000* *(note 25)*	Total *RMB'000*
At January 1, 2023	247,973	726,813	249,924	40,038	17,746	1,282,494
Changes from financing cash flows:						
Proceeds from issuance of Series A convertible redeemable preferred shares	107,693	–	–	–	–	107,693
Proceeds from exercise of Series A warrants	680,022	–	–	–	–	680,022
Proceeds from issuance of other financial liabilities issued to Series B investors	–	468,600	–	–	–	468,600
Proceeds from advance payments from Series B investors	–	–	125,000	–	–	125,000
Proceeds from loans and borrowings	–	–	–	10,000	–	10,000
Repayment of other financial liabilities to Series A investors	–	(667,500)	–	–	–	(667,500)
Repayment of loans and borrowings	–	–	–	(23,000)	–	(23,000)
Capital element of rental paid	–	–	–	–	(17,522)	(17,522)
Interest element of rental paid	–	–	–	–	(1,191)	(1,191)
Interest paid	–	–	–	(1,429)	–	(1,429)
Total changes from financing cash flows	787,715	(198,900)	125,000	(14,429)	(18,713)	680,673
Other changes:						
Exchange rate difference	8,128	–	–	–	–	8,128
Changes in the carrying amount of convertible redeemable preferred shares	64,502	–	–	–	–	64,502
Reclassification of changes in carrying amount of other financial liabilities issued to investors upon exercise of Series A warrants	65,487	(65,487)	–	–	–	–
Difference between the proceeds from exercise of Series A warrants and repayment of other financial liabilities to investors	(12,522)	–	–	–	–	(12,522)
Reclassification of advance payments from Series B investors upon issuance of other financial liabilities to investors	–	373,674	(373,674)	–	–	–
Changes in the carrying amount of other financial liabilities issued to investors	–	31,824	–	–	–	31,824
Other reserve *(note 30(g))*	–	20,989	–	–	–	20,989
Interest expenses *(note 6(a))*	–	–	–	1,424	1,191	2,615
Gain on confiscation of investor's lock-in amounts	–	–	(1,250)	–	–	(1,250)
Increase in lease liabilities from entering into new leases during the year	–	–	–	–	41,699	41,699
Total other changes	125,595	361,000	(374,924)	1,424	42,890	155,985
At December 31, 2023	1,161,283	888,913	–	27,033	41,923	2,119,152

(d) Total cash outflow for leases:

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	1,369	992	1,107
Within financing cash flows	5,199	10,659	18,713
	6,568	11,651	19,820

The amounts related to the following:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Rental paid	6,568	11,651	19,820

(e) Material non-cash transactions

Non-cash transactions mainly included waiver of payment of promotion expenses and service costs of mobility service platform by a shareholder amounting to RMB2,601,000, RMB1,350,000 and RMB2,563,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

21 TRADE AND BILLS PAYABLES

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	52,845	34,766	78,168
Bills payable	–	23,304	–
	52,845	58,070	78,168

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

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	39,752	52,362	65,543
31 to 60 days	8,138	106	213
61 to 90 days	2,137	233	10,820
Over 90 days	2,818	5,369	1,592
	52,845	58,070	78,168

22 ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Deposits from platform users	3,146	5,404	4,833
Deposits from enterprise customers	2,634	3,072	2,776
Payables on behalf of end-users	9,670	17,460	10,316
Payables related to promotion and marketing expenses	82,841	36,102	35,446
Payables related to research and development expenses	73,165	48,253	14,976
Payables related to information technology service expenses	11,764	18,924	9,702
Accrued payroll and benefits	19,612	26,970	27,426
Other taxes payable	6,693	1,603	7,267
Advance payments from investors	–	249,924	–
Payables related to [**REDACTED**] expenses	–	–	10,720
Others	22,614	16,688	29,581
	232,139	424,400	153,043

The Company

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Payables related to [**REDACTED**] expenses	–	–	9,516
Others	–	–	1,238
	–	–	10,754

23 LOANS AND BORROWINGS

The loans and borrowings were as follows:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Unsecured loans	10,000	40,038	27,033

The loans and borrowings were repayable as follows:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	10,000	23,011	14,033
After 1 year but within 2 years	–	4,027	13,000
After 2 years but within 5 years	–	13,000	–
	–	17,027	13,000
	10,000	40,038	27,033

24 CONTRACT LIABILITIES

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Advance payments received from customers	1,292	2,140	2,837

Contract liabilities mainly represented advance payments for purchase of supplies received from car partners of ride-hailing services, and for purchase of maintenance services received from the customers of fleet sale and maintenance business.

Movements in contract liabilities are set out below:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	490	1,292	2,140
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	(490)	(1,292)	(2,140)
Increase in contract liabilities as a result of receiving advance payments from customers during the year	1,292	2,140	2,837
At the end of the year	1,292	2,140	2,837

As at December 31, 2021, 2022 and 2023, all the contract liabilities are expected to be recognized as revenue within one year.

25 LEASE LIABILITIES

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

	As at December 31, 2021		As at December 31, 2022		As at December 31, 2023	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	9,854	10,868	11,535	12,131	31,007	31,789
After 1 year but within 2 years	10,707	11,233	4,698	6,823	3,807	4,139
After 2 years but within 5 years	5,109	5,423	1,513	1,566	7,109	7,554
	15,816	16,656	6,211	8,389	10,916	11,693
	25,670	27,524	17,746	20,520	41,923	43,482
Less: total future interest expenses		(1,854)		(2,774)		(1,559)
Present value of lease liabilities		25,670		17,746		41,923

26 CONVERTIBLE REDEEMABLE PREFERRED SHARES

During the years ended December 31, 2022 and 2023, the Company has entered into Series A financing agreements with several Series A investors, pursuant to which Series A convertible redeemable preferred shares ("Preferred Shares") were issued as follows:

	Number of shares	Issue price per share
Opening as at January 1, 2022	–	
Issuance of Series A Preferred Shares	10,662,966	USD3.194
Outstanding as at December 31, 2022	10,662,966	
Issuance of Series A Preferred Shares	4,696,306	USD3.194
Conversion from other financial liabilities issued to investors *(i)*	32,915,263	USD3.194
Outstanding as at December 31, 2023	48,274,535	

Note:

(i) As detailed in note 27(a), during the year ended December 31, 2022, the Company issued certain warrants to Series A warrant investors which give them the right to subscribe for Series A Preferred Shares upon completion of certain specified events. During the year ended December 31, 2023, upon completion of specified events, the Series A warrant investors exercised their warrants to subscribe for Series A Preferred Shares of the Company pursuant to the terms of such warrants.

The key terms of Series A Preferred Shares are summarized as follows:

Conversion rights

The Series A Preferred Shares shall be convertible, at the option of the holder thereof and at any time after the issue date of Preferred Shares and subject to the vote or written consent of the holders who hold more than 50% of the voting power of the then outstanding Series A Preferred Shares, or automatically converted upon the closing of a qualified [**REDACTED**], into such number of fully-paid and non-assessable ordinary shares based on the then-effective conversion price, without the payment of any additional consideration.

Redemption rights

The holders of Series A Preferred Shares may require the Company to redeem any or all of the Series A Preferred Shares held by them at any time after the occurrence of any of the following triggering events and as approved by the holders who hold at least 30% of the voting power of the outstanding Series A Preferred Shares:

(1) a qualified [**REDACTED**] has not been consummated on or prior to the fifth anniversary of the issue date with respect to the relevant Series A Preferred Shares;

(2) the Company has a material breach prior to the qualified [**REDACTED**]. A material breach means an incurable breach of the Company which results in material impediment to a qualified [**REDACTED**]; or

(3) the Company does not consummate its next round of equity financing within 24 months from the issue date with respect to the relevant Series A Preferred Shares.

The redemption price shall be equal to the sum of the issue price of the Series A Preferred Shares plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series A Preferred Shares to the date of the written redemption notice (inclusive).

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders of the Company shall be distributed in the following sequence:

(i) first, the holders of Series A Preferred Shares shall be entitled to receive the amount equal to the issue price, plus a simple interest of 8% per annum calculated from the issue date (inclusive) of the relevant Series A Preferred Shares to the date of such distribution (inclusive), plus all declared but unpaid dividends on such Series A Preferred Shares, if any; and

(ii) the remaining assets and funds of the Company available for distribution shall be distributed ratably among ordinary shareholders on a pro-rata basis.

Upon occurrence of any deemed liquidation events, unless waived by the holders who hold more than 50% of the voting power of the then outstanding Series A Preferred Shares, any proceeds resulting from the deemed liquidation events shall be distributed in the same way as described above. Deemed liquidation events include:

(i) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other party in which the shareholders immediately prior to such transaction own less than 50% of the surviving entity's voting power in the aggregate immediately after such transaction, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; or

(ii) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group, whether in a single transaction or a series of related transactions.

Dividend rights

The holders of Series A Preferred Shares are entitled to discretionary dividends as and when declared by the board, on an as-if converted basis.

The movements of the financial liabilities arising from the Preferred Shares during the Relevant Periods are as follows:

	Amount
	RMB'000
At January 1, 2022	–
Issuance of Series A Preferred Shares	226,249
Changes in carrying amount	10,407
Exchange differences	11,317
At December 31, 2022 and January 1, 2023	247,973
Issuance of Series A Preferred Shares	107,693
Conversion from other financial liabilities issued to investors *(note 27(a))*	732,987
Changes in carrying amount	64,502
Exchange differences	8,128
At December 31, 2023	1,161,283

27 OTHER FINANCIAL LIABILITIES ISSUED TO INVESTORS

(a) Series A financing

During the year ended December 31, 2022, the Company has entered into Series A financing agreements with several Series A investors, pursuant to which warrants were issued to these investors, which give them the right to subscribe for the Series A Preferred Shares of the Company. Some of these investors are subject to the overseas direct investment registration ("ODI registration") requirements imposed by the PRC government. In connection with the issuance of the Series A warrants, these investors simultaneously provided onshore loans to a subsidiary of the Group in the PRC. Upon the completion of certain specified events including the ODI registration, the subsidiary of the Group shall repay the loans to the investors and the investors shall exercise the warrants to subscribe for relevant Series A Preferred Shares of the Company.

Details of the Series A warrants and related loans issued as at December 31, 2022 are as follows:

	Exercise period	Date of issuance	Number of instruments	Exercise price per convertible redeemable preferred shares	Principal of related loans
					RMB'000
Series A-1 warrants and related loans	Within 12 months from the date of issuance	March 18, 2022	Warrants to subscribe for Series A preferred shares: 24,655,628	USD3.194	500,000
Series A-2 warrants and related loans	Within 12 months from the date of issuance	June 30, 2022	Warrants to subscribe for Series A preferred shares: 8,259,635	USD3.194	167,500
					667,500

The Series A warrants have an exercise period of 12 months and the related loans have an original maturity of 12 months. The principal of related loans provided is the same as the exercise price of the Series A warrants, which is based on the issue price of the relevant Series A Preferred Shares.

If the ODI registration approval is obtained before maturity, the Group shall repay the principal of related loans without interest to the investors. If the ODI approval is not obtained before maturity and if the parties fail to reach any agreement to extend the maturity, the Group shall repay the principal of related loans plus an interest based on market loan interest rate accruing from loan issuance date to the repayment date.

In addition, upon occurrence of any triggering events for redemption or any deemed liquidation events (as set out in note 26), the holders of Series A warrants may require the Group to repay the principal of related loans plus an interest of 8% per annum accruing from loan issuance date to the repayment date.

During the year ended December 31, 2023, upon completion of the specified events including the ODI registration, the investors exercised all the Series A warrants to subscribe for an aggregate of 32,915,263 Series A Preferred Shares of the Company. Simultaneously, the Group fully repaid the related loans to these investors.

(b) Series B financing

During the years ended December 31, 2022 and 2023, the Company has entered into a series of financing agreements with several Series B investors, pursuant to which warrants were issued on August 14, 2023 to these investors, which give them the right to subscribe for the Series B Preferred Shares of the Company. These investors are subject to the ODI registration requirements imposed by the PRC government. In connection with the issuance of the Series B warrants, these investors simultaneously provided onshore loans to a subsidiary of the Group in the PRC. Upon the completion of certain specified events including the ODI registration, the subsidiary of the Group shall repay the loans to the investors and the investors shall exercise the warrants to subscribe for relevant Series B Preferred Shares of the Company.

Prior to issuance of the Series B warrants on August 14, 2023, some of the Series B investors have prepaid lock-in amounts in connection with the investments to a subsidiary of the Group in the PRC, amongst which, RMB373,674,000 of lock-in amounts were converted into the onshore loans provided to the Group upon issuance of relevant Series B warrants.

Details of the Series B warrants and related loans issued as at December 31, 2023 are as follows:

	Exercise period	Date of issuance	Number of instruments	Exercise price per convertible redeemable preferred shares	Principal of related loans
					RMB'000
Series B warrants and related loans	Within 12 months from the date of issuance	August 14, 2023	Warrants to subscribe for Series B preferred shares: 27,669,969	RMB30.44	842,274

The Series B warrants have an exercise period of 12 months and the related loans have an original maturity of 12 months. The principal of related loans provided is the same as the exercise price of the Series B warrants.

If the ODI registration approval is obtained, the Group shall repay the principal of related loans without interest to the investors.

In addition, upon occurrence of any redemption triggering events or any deemed liquidation events as set out below, the holders of Series B warrants may require the Group to repay the principal of related loans plus an interest of 8% per annum accruing from the date of payment of related lock-in amounts or loans to the repayment date.

Redemption triggering events include:

(1) a qualified [**REDACTED**] has not been consummated on or prior to the fifth anniversary of the issue date with respect to the relevant preferred shareholder or warrant holder; or

(2) the Company has a material breach prior to the qualified [**REDACTED**]. A material breach means an incurable breach of the Company which results in material impediment to a qualified [**REDACTED**].

Deemed liquidation events include:

(1) any consolidation, amalgamation, scheme of arrangement or merger of the Company with or into any other party in which the shareholders immediately prior to such transaction own less than 50% of the surviving entity's voting power in the aggregate immediately after such transaction, or any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; or

(2) a sale, transfer, lease or other disposition of all or substantially all of the assets of the Group, whether in a single transaction or a series of related transactions.

As of December 31, 2023, the Series B warrants have not been exercised.

(c) Recognition of the warrants and related loans issued in Series A and Series B financing

The Group

In accordance with the accounting policy as set out in note 2(o), the Group accounted for the warrants and related loans issued to investors as a single financial instrument. The warrants and related loans are measured at the present value of the redemption amount, which is the higher of: 1) the present value of the redemption amount if ODI registration approval is obtained before maturity; 2) the present value of the redemption amount if ODI registration approval is not obtained before maturity; and 3) the present value of redemption amount upon the occurrence of redemption triggering events or deemed liquidation events.

The movements of warrants and related loans during the Relevant Periods are set out as below:

	RMB'000
At January 1, 2022	–
Issuance of warrants and related loans to Series A investors(*)	674,716
Changes in carrying amount	52,097
At December 31, 2022 and January 1, 2023	726,813
Exercise of warrants and conversion into Series A Preferred Shares *(note 26)*	(732,987)
Issuance of warrants and related loans to Series B investors(*)	863,263
Changes in carrying amount	31,824
At December 31, 2023	888,913

Note:

* On initial recognition of the Series A and Series B warrants and related loans, the respective difference of RMB7,216,000 and RMB20,989,000 between the present value of the redemption amount and the principal of related loans was debited to other reserve during the years ended December 31, 2022 and 2023, respectively (see note 30(g)(i)).

The Company

In accordance with the accounting policy as set out in notes 2(o) and 2(d), the Company accounted for the warrants issued to investors as derivative liabilities measured at FVPL in the Company's financial statements.

The movements of the warrants during the Relevant Periods are set out as below:

	RMB'000
At January 1, 2022	–
Issuance of warrants to Series A investors	–
Changes in fair value	214,252
Exchange differences	7,597
At December 31, 2022 and January 1, 2023	221,849
Exercise of Series A warrants	(221,849)
Issuance of warrants to Series B investors	–
Changes in fair value	14,665
At December 31, 2023	14,665

The fair value of the warrants was determined with the assistance of an independent third-party valuation firm, Guangdong Excellence Real Estate Appraisal & Consulting Co., Ltd. ("Guangdong Excellence").

As the warrant contracts stipulate that the investors must exercise the option once the ODI registration approval is obtained, which has been fulfilled at the valuation points, the warrants are treated as forward contracts, and no-arbitrage pricing principle is used to estimate the forward prices of the shares, which is in part based on the equity value of the Company estimated using the income approach. Key assumptions are set out as below:

	As at December 31, 2022 *Series A warrants*	**As at December 31, 2023** *Series B warrants*
Discount rate	14.31%	13.93%
Risk-free interest rate	2.88%	2.66%
Discount for lack of marketability	8.32%	4.93%

28 DEFERRED INCOME

	As at December 31, 2021		
	Balance at the beginning of the year *RMB'000*	**Amounts recognized in other income during the year** *RMB'000*	**Balance at the end of the year** *RMB'000*
Government grants	19,204	(931)	18,273

	As at December 31, 2022		
	Balance at the beginning of the year *RMB'000*	**Amounts recognized in other income during the year** *RMB'000*	**Balance at the end of the year** *RMB'000*
Government grants	18,273	(18,273)	–

As at December 31, 2021 and 2022, deferred income represented government grants received from local government authorities in Guangzhou, the PRC, for subsidizing promotion and operation expenses of certain subsidiaries of the Group. Government grants received were initially recognized in the consolidated statements of financial position as deferred income and were subsequently recognized as other income when relevant conditions were met.

29 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On July 14, 2021, a [**REDACTED**] share incentive plan was approved by the shareholders and board of directors of the Company (the "[**REDACTED**] Share Incentive Plan"). Under the [**REDACTED**] Share Incentive Plan, an executive committee ("the Committee") designated by the board of directors was authorized to grant options, restricted shares or other stock-based awards to eligible employees of the Group. The maximum number of shares available for the awards under this plan is 10,000,000 shares.

(a) Options

On July 21, 2021 and July 30, 2021, the Committee approved the grant of options to purchase an aggregate of 6,515,400 and 23,000 ordinary shares of the Company respectively, to certain employees of the Group at an exercise price of RMB10 per share.

On July 21, 2022, the Committee approved the grant of options to purchase an aggregate of 1,043,460 ordinary shares of the Company to certain employees of the Group at an exercise price of RMB20.2794 per share.

On July 21, 2023, the Committee approved the grant of options to purchase an aggregate of 990,470 ordinary shares of the Company to certain employees of the Group at an exercise price of RMB30.44 per share.

The options granted are subject to different vesting schedules: 1) the options granted to the employees whose service with the Group begins on or after January 1, 2020 will vest in equal installments on the first, second, third and fourth anniversaries of the date of grant; 2) for the options granted to the employees whose service began before January 1, 2020, 50% of the options will vest on the first anniversary of the date of grant and the remaining 50% shall vest in equal installments on the second and third anniversaries of the date of grant respectively ("Specified Vesting Period"). The vesting of options is also on the condition that the employees remain in service and fulfill the performance requirements. In addition, the vested options will be forfeited if the continued service period of the employee from the date of grant is less than 2 years. That is, the actual length of vesting period of the options is not less than 2 years. The Group recognized the share compensation expenses over actual length of vesting period or the Specified Vesting Period, whichever is longer.

The options lapse on the twelfth anniversary of the respective grant date, unless terminated earlier by the board of directors.

The movements of the options during the years ended December 31, 2021, 2022 and 2023 are summarized as follows:

	Number of options	Weighted-average exercise price *RMB per share*	Weighted-average grant date fair value *RMB per share*
Outstanding at January 1, 2021	–	–	–
Granted	6,538,400	10.00	12.01
Forfeited	(62,000)	10.00	12.01
Outstanding at December 31, 2021	6,476,400	10.00	12.01
Exercisable at December 31, 2021	–	–	–
Non-vested at December 31, 2021	6,476,400	10.00	12.01
Outstanding at January 1, 2022	6,476,400	10.00	12.01
Granted	1,043,460	20.2794	11.83
Forfeited	(1,036,450)	11.38	11.99
Outstanding at December 31, 2022	6,483,410	11.42	11.98
Exercisable at December 31, 2022	–	–	–
Non-vested at December 31, 2022	6,483,410	11.42	11.98
Outstanding at January 1, 2023	6,483,410	11.42	11.98
Granted	990,470	30.44	17.12
Forfeited	(423,820)	13.99	12.59
Outstanding at December 31, 2023	7,050,060	13.94	12.67
Exercisable at December 31, 2023	3,773,763	10.00	12.01
Non-vested at December 31, 2023	3,276,297	18.48	13.43

As at December 31, 2021, 2022 and 2023, the weighted average remaining contractual life of the options outstanding is 11.60, 10.74 and 10.91 years, respectively.

The fair value of options granted on July 21, 2021 and July 30, 2021, and that of options granted on July 21, 2022 and July 21, 2023 were determined using the binominal option-pricing model, with the assistance of independent third-party valuation firms, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle") and Guangdong Excellence, respectively.

Assumptions used in the binominal option-pricing model are presented below:

	Grant date			
	As at July 21, 2021	**As at July 30, 2021**	**As at July 21, 2022**	**As at July 21, 2023**
Fair value per share	RMB12.01	RMB12.04	RMB11.83	RMB17.12
Risk-free interest rate	3.08%	3.03%	2.86%	2.55%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	54.92%	55.35%	44.59%	54.83%
Expected multiples	2.2	2.2	2.2	2.2
Contractual life	12 years	12 years	12 years	12 years

Expected dividend yield is estimated based on the Company's expected dividend policy over the expected life of the options. Expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the share options.

The fair value of options granted during the years ended December 31, 2021, 2022 and 2023 were RMB78,525,000, RMB12,340,000 and RMB16,957,000, respectively. Total compensation expenses calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss for the above options were RMB15,088,000, RMB30,515,000 and RMB23,571,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

(b) Restricted share units of Chenqi Mobility and replacement by restricted stock of the Company

On July 14, 2021, in connection with implementing the [**REDACTED**] Share Incentive Plan of the Company, the shareholders and board of directors of the Company also approved and adopted a share incentive plan of Chenqi Mobility, a wholly-owned subsidiary of the Company in the PRC (the "Onshore Share Incentive Plan"). Under this plan, the board of directors of Chenqi Mobility was authorized to grant restricted share units ("RSUs") of Chenqi Mobility to certain employees of the Group. The maximum number of RSUs available for the awards under this plan is 1,453,309 units. Simultaneously, an equivalent of 940,000 nil-paid shares of the Company under the [**REDACTED**] Share Incentive Plan were reserved for future grant of share awards of the Company to the same grantees as replacement of the onshore share awards if the onshore share awards are required to be cancelled prior to a qualified [**REDACTED**] of the Company.

On July 21, 2021, the board of directors of Chenqi Mobility approved the grant of an aggregate of 1,453,309 RSUs of Chenqi Mobility to certain employees of the Group at a subscription price of USD1 per unit.

On July 21, 2022, the board of directors of Chenqi Mobility approved the grant of an aggregate of 131,263 RSUs of Chenqi Mobility to an employee of the Group at a subscription price of USD2.02794 per unit.

The RSUs granted to employees vest in four equal installments on the first, second, third and fourth anniversaries of the date of grant ("Specified Vesting Period") respectively, on the condition that the employees remain in service, have fulfilled the performance requirements and have made the subscription payments for respective installments. In addition, if the employees leave the Group before expiration of the lock-up period after consummation of a qualified [**REDACTED**] of the Group, the awarded RSUs will be forfeited. That is, the actual length of vesting period of the RSUs is subject to an [**REDACTED**] condition. The Group recognized the share compensation expenses over the estimated actual vesting period, which is based on an estimate of when the lock-up period of a qualified [**REDACTED**] will expire or the Specified Vesting Period, whichever is longer.

The RSUs lapse on the twelfth anniversary of the respective grant date, unless terminated earlier by the board of directors.

The Onshore Share Incentive Plan was administered by a special purpose vehicle, which was consolidated.

On July 6, 2023, the shareholders and board of directors of Company resolved to cancel the 1,306,279 outstanding RSUs of Chenqi Mobility granted to six employees under the Onshore Share Incentive Plan and approved the grant of an equivalent of 848,760 restricted stock ("RS") of the Company under the [**REDACTED**] Share Incentive Plan to the same employees, as a replacement of the onshore share awards. The terms of the restricted stock of the Company granted to the employees, including the vesting schedule and subscription prices are substantially consistent with those under the Onshore Share Incentive Plan.

After the cancellation of the Onshore Share Incentive Plan, the special purpose vehicle was de-registered.

The movements of the RSUs of Chenqi Mobility and RSs of the Company during the Relevant Periods are summarized respectively as follows:

	Number of RSUs of Chenqi Mobility	**Weighted-average subscription price**	**Weighted-average grant date fair value**
		RMB equivalent per unit	*RMB equivalent per unit*
Outstanding at January 1, 2021	–	–	–
Granted	1,453,309	6.47	6.96
Outstanding at December 31, 2021	1,453,309	6.47	6.96
Outstanding at January 1, 2022	1,453,309	6.47	6.96
Granted	131,263	13.71293	4.75
Forfeited	(278,293)	6.47	6.96
Outstanding at December 31, 2022	1,306,279	7.20	6.73
Outstanding at January 1, 2023	1,306,279	7.20	6.73
Cancellation of RSUs of Chenqi Mobility and replacement by RSs of the Company	(1,306,279)	7.20	6.73
Outstanding at December 31, 2023	–	–	–

	Number of RSs of the Company	**Weighted-average subscription price**	**Weighted-average grant date fair value**
		RMB per share	*RMB per share*
Outstanding at January 1, 2023	–	–	–
Cancellation of RSUs of Chenqi Mobility and replacement by RSs of the Company	848,760	11.07	10.37
Forfeited	(67,500)	10.00	10.75
Outstanding at December 31, 2023	781,260	11.17	10.33

The fair value of RSUs granted on July 21, 2021 and July 21, 2022 were determined using the Black-Scholes option-pricing model, with the assistance of independent third-party valuation firms, Jones Lang LaSalle and Guangdong Excellence, respectively.

Assumptions used in the Black-Scholes option-pricing model are presented below:

	Grant date	
	As at July 21, 2021	**As at July 21, 2022**
Fair value per RSU	USD1.08	USD0.7
Fair value per RSU (equivalent to RMB)	RMB6.96	RMB4.75
Risk-free interest rate	0.73%	2.24% – 2.46%
Expected dividend yield	0%	0%
Expected volatility	49.89%	36.98% – 45.65%

Expected dividend yield is estimated based on the Chenqi Mobility's expected dividend policy over the expected life of the RSUs. The expected volatility is based on the historical volatility of selected comparable companies in the period of the expected life of the RSUs.

As the terms of the RSs of the Company granted to the employees as replacement of RSUs of Chenqi Mobility are substantially consistent with those under the Onshore Share Incentive Plan and did not increase the total fair value of the share awards or are otherwise beneficial to the employees, the Group continued to recognize the compensation expense of RSs based on the original grant date fair value over the original vesting period.

The fair value of RSUs granted during the years ended December 31, 2021 and 2022 were RMB10,109,000 and RMB626,000 respectively. Total compensation expenses of RSUs and RSs calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss were RMB921,000, RMB2,651,000 and RMB2,815,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

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	Share capital *RMB'000*	**Share premium** *RMB'000*	**Share-based payment reserve** *RMB'000*	**Translation reserve** *RMB'000*	**Other reserve** *RMB'000*	**Retained earnings/ (accumulated losses)** *RMB'000*	**Total** *RMB'000*
Balance at January 1, 2021	309	899,684	–	(44,568)	–	2	855,427
Changes in equity for the year ended December 31, 2021							
Total comprehensive income for the year	–	–	–	(19,560)	–	–	(19,560)
Equity settled share-based transactions	–	–	15,088	–	–	–	15,088
Balance at December 31, 2021 and January 1, 2022	309	899,684	15,088	(64,128)	–	2	850,955

	Share capital *RMB'000*	Share premium *RMB'000*	Share-based payment reserve *RMB'000*	Translation reserve *RMB'000*	Other reserve *RMB'000*	Retained earnings/ (accumulated losses) *RMB'000*	Total *RMB'000*
Changes in equity for the year ended December 31, 2022							
Loss for the year	–	–	–	–	–	(223,270)	(223,270)
Other comprehensive income for the year	–	–	–	69,289	–	–	69,289
Total comprehensive income for the year	–	–	–	69,289	–	(223,270)	(153,981)
Equity settled share-based transactions	–	–	30,515	–	–	–	30,515
Balance at December 31, 2022 and January 1, 2023	309	899,684	45,603	5,161	–	(223,268)	727,489
Changes in equity for the year ended December 31, 2023							
Loss for the year	–	–	–	–	–	(97,115)	(97,115)
Other comprehensive income for the year	–	–	–	13,301	–	–	13,301
Total comprehensive income for the year	–	–	–	13,301	–	(97,115)	(83,814)
Subscription of restricted stock as replacement of onshore share awards	1	1,899	–	–	–	–	1,900
Equity settled share-based transactions	–	–	24,829	–	–	–	24,829
Conversion of Series A Preferred Shares from exercise of warrants	–	–	–	–	168,884	–	168,884
Balance at December 31, 2023	310	901,583	70,432	18,462	168,884	(320,383)	839,288

(b) Share capital

(i) Authorized share capital

The Company was incorporated in the Cayman Islands on April 30, 2019 with authorized share capital of USD50,000, divided into 100,000,000 ordinary shares with a par value of USD0.0005 each. The then shareholders subscribed for 90,000,000 shares in aggregate at USD1.456685 per share and the remaining authorized 10,000,000 ordinary shares were reserved for share incentive plan purpose. The excess of capital injections made by the then equity shareholders over the par value was credited to share premium.

On March 18, 2022, additional ordinary shares and Series A Preferred Shares with a par value of USD0.0005 each were authorized.

On August 11, 2023, additional ordinary shares and Series B Preferred Shares with a par value of USD0.0005 each were authorized.

At the end of each reporting period during the Relevant Periods, the Company's authorized shares including the shares held for share incentive plan was as follows:

	As at December 31, 2021		As at December 31, 2022		As at December 31, 2023	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
		USD'000		*USD'000*		*USD'000*
Ordinary shares	100,000,000	50	171,642,863	86	383,151,607	192
Series A Preferred Shares	–	–	68,357,137	34	68,357,137	34
Series B Preferred Shares	–	–	–	–	28,491,256	14
Total	100,000,000	50	240,000,000	120	480,000,000	240

(ii) Issued shares

At the end of each reporting period during the Relevant Periods, the number of issued ordinary shares of the Company was as follows:

	As at December 31,		
	2021	2022	2023
Ordinary Shares issued and fully paid	90,000,000	90,000,000	90,190,000
Ordinary shares issued but not yet paid(*)	10,000,000	10,000,000	9,810,000
Total	100,000,000	100,000,000	100,000,000

Note:

* 10,000,000 nil-paid shares were issued and reserved for share incentive plan purpose as at December 31, 2021 and 2022. During the year ended December 31, 2023, 190,000 shares were paid for subscription of restricted stock under share incentive plan, and 9,810,000 shares remained as nil-paid as at December 31, 2023.

In addition, 10,662,966 and 48,274,535 Series A Preferred Shares were issued as at December 31, 2022 and 2023, respectively, and were accounted for as financial liabilities (see note 26).

(c) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

(d) Capital reserve

The capital reserve mainly comprises the following:

– waiver of payment of promotion expenses and service costs of mobility service platform by shareholders; and

– subscription of RSUs under the Onshore Share Incentive Plan.

(e) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the options and the RSUs of Chenqi Mobility which were subsequently replaced by RSs of the Company, granted to the employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(q)(ii).

(f) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(g) Other reserve

Other reserve mainly represents:

i) the differences of RMB7,216,000 and RMB20,989,000 between the present value of the redemption amount and loan principal on initial recognition of the Series A and Series B warrants and related loans respectively (note 27); and

ii) deemed contribution from investors arising from the difference between the proceeds from exercise of Series A warrants and repayment of other financial liabilities to investors.

(h) Dividends

No dividend has been paid or declared by the Company during the Relevant Periods.

(i) 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 services and goods 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.

The Group defines "capital" as including all components of equity, convertible redeemable preferred shares and other financial liabilities issued to investors. The Group's policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business.

The Group was not subject to externally imposed capital requirements during the Relevant Periods.

31 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, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high credit ratings, for which the Group considers have low credit risk.

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. For mobility services business, trade receivables are mainly due from individual riders and enterprise customers. For individual riders, the Group requests immediate settlement when the trip is completed. For enterprise customers, the Group usually grants a credit period within 30 days. For fleet sale and maintenance business, the Group normally requests advance payment for sale of vehicles before the delivery of goods and grants a credit period of 20 to 30 days for provision of repair and maintenance services. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2021, 2022 and 2023, 25.9%, 30.2% and 28.5% of total trade receivables was due from the Group's top 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. The Group segments its trade receivables based on type of customers, due to different loss patterns experienced in different customer segments.

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*
Mobility services - individual riders			
0 to 30 days	12.20%	902	110
31 to 60 days	42.07%	416	175
61 to 180 days	65.46%	1,190	779
over 180 days	100.00%	4,887	4,887
		7,395	5,951
Mobility services - enterprise customers			
0 to 30 days	2.98%	1,394	42
31 to 60 days	7.01%	1,168	83
61 to 180 days	67.65%	34	23
		2,596	148
Others (i)	0.00%	2,021	–
		12,012	6,099

	As at December 31, 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Mobility services - individual riders			
0 to 30 days	10.01%	1,408	141
31 to 60 days	37.19%	285	106
61 to 180 days	69.55%	959	667
over 180 days	100.00%	7,207	7,207
		9,859	8,121
Mobility services - enterprise customers			
0 to 30 days	1.00%	3,089	31
31 to 60 days	1.00%	1,401	14
61 to 180 days	11.03%	1,968	217
over 180 days	66.67%	42	28
		6,500	290
Others (i)	0.00%	6,313	–
		22,672	8,411

	As at December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Mobility services - individual riders			
0 to 30 days	9.00%	2,432	219
31 to 60 days	35.02%	494	173
61 to 180 days	66.64%	1,136	757
over 180 days	100.00%	8,612	8,612
		12,674	9,761
Mobility services - enterprise customers			
0 to 30 days	1.00%	5,076	51
31 to 60 days	1.99%	3,273	65
61 to 180 days	17.61%	1,147	202
over 180 days	71.79%	39	28
		9,535	346
Others (i)	0.00%	7,942	–
		30,151	10,107

Note:

(i) These trade receivables were mainly due from related parties. The Group has assessed that these trade receivables have low credit risk and the ECL rate for these trade receivables are immaterial, and thus the loss allowance is immaterial.

Expected loss rates are based on actual loss experience over the past 12 months. 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 during the Relevant Periods is as follows:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	6,025	6,099	8,411
Credit loss allowance recognized during the year	74	2,312	1,696
Balance at December 31	6,099	8,411	10,107

Deposits and other receivables

In respect of the receivables to be collected from riders on behalf of customers arising from the services to facilitate matching third-party ride-hailing service providers with ride orders received, the Group measures the loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix that is consistent with that is used in the calculation for trade receivables due from individual riders in mobility services. The gross carrying amount as at December 31, 2022 and 2023 were RMB1,998,000 and RMB3,562,000, respectively. The loss allowance as at December 31, 2022 and 2023 were RMB1,255,000 and RMB2,819,000, respectively.

In respect of the receivables due from third-party mobility service platforms who collected ride service fees from riders on behalf of the Group, the Group measures the loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The gross carrying amount as at December 31, 2021, 2022 and 2023 were RMB8,562,000, RMB11,167,000 and RMB17,166,000, respectively. The loss allowance as at December 31, 2021, 2022 and 2023 were RMB798,000, RMB1,136,000 and RMB79,000, respectively.

In determining the ECL for remaining deposits and other receivables, management has taken into account of the historical default experience and forward-looking information, as appropriate. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding deposits and other receivables balances due from them is low.

Movement in the loss allowance account in respect of deposits and other receivables during the Relevant Periods is as follows:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1	–	798	2,391
Credit loss allowance recognized during the year	798	1,593	507
Balance at December 31	798	2,391	2,898

(b) Liquidity risk

The Group's objective when managing liquidity is to maintain sufficient cash and cash equivalents to meet its liabilities when they are due. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash, adequate committed lines of funding from major financial institutions, or to retain adequate financing arrangements to meet its liquidity requirements in the short and longer term. Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The following tables show the remaining contractual maturities as at December 31, 2021, 2022 and 2023 of the Group's 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*
Trade payables	52,845	–	–	52,845	52,845
Accruals and other payables	232,139	–	–	232,139	232,139
Loans and borrowings	10,257	–	–	10,257	10,000
Lease liabilities	10,868	11,233	5,423	27,524	25,670
Total	306,109	11,233	5,423	322,765	320,654

	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*
Trade and bills payables	58,070	–	–	58,070	58,070
Accruals and other payables	424,400	–	–	424,400	424,400
Loans and borrowings	24,137	4,647	13,033	41,817	40,038
Lease liabilities	12,131	6,823	1,566	20,520	17,746
Convertible redeemable preferred shares	247,973	–	–	247,973	247,973
Other financial liabilities issued to investors	726,813	–	–	726,813	726,813
Total	1,493,524	11,470	14,599	1,519,593	1,515,040

	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*
Trade and bills payables	78,168	–	–	78,168	78,168
Accruals and other payables	153,043	–	–	153,043	153,043
Loans and borrowings	14,685	13,032	–	27,717	27,033
Lease liabilities	31,789	4,139	7,554	43,482	41,923
Convertible redeemable preferred shares	1,161,283	–	–	1,161,283	1,161,283
Other financial liabilities issued to investors	888,913	–	–	888,913	888,913
Total	2,327,881	17,171	7,554	2,352,606	2,350,363

(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 does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting periods. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group's interest rate risk arises primarily from cash at banks at variable rates, which exposes the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest-bearing financial instruments at the end of reporting period.

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Fixed rate instruments			
Restricted deposits	18,725	987	–
Cash at bank	36,139	132,632	103,935
Loans and borrowings	10,000	40,038	27,033
Lease liabilities	25,670	17,746	41,923
Convertible redeemable preferred shares	–	247,973	1,161,283
Other financial liabilities issued to investors	–	726,813	888,913
	19,194	898,951	2,015,217
Variable rate instruments			
Cash at bank	50,842	421,034	508,923

(ii) Sensitivity analysis

At December 31, 2021, 2022 and 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss and accumulated losses by approximately RMB508,000, RMB4,210,000 and RMB5,089,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's loss for the year (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss for the year (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through transactions or recognized monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The Group's transactions in the PRC are mainly denominated in RMB. The Company and the Group's subsidiaries in other geographical locations mainly incurred financing transactions which were denominated in USD during the Relevant Periods and mainly adopted USD as the functional currency. As a result, the directors do not expect that there was any significant foreign exchange exposure which may arise as a currency risk for the Group during the Relevant Periods. The Group was mainly exposed to the currency risk relating to the cash balances that are denominated in a foreign currency during the Relevant Periods. The cash balances denominated in foreign currency at the end of each reporting periods were insignificant, hence, no sensitivity analysis is presented.

(e) Fair value measurement

The carrying amounts of the Group's financial instruments carried at amortized cost are not materially different from their fair values as at December 31, 2021, 2022 and 2023.

32 COMMITMENTS

Capital commitments outstanding as at period end not provided for in the financial statements were as follows:

	As at December 31,		
	2021	**2022**	**2023**
	RMB’000	*RMB’000*	*RMB’000*
Contracted purchase of software	1,461	8,009	425
Contracted purchase of property, plant and equipment	4,549	13,789	7,411
Total	6,010	21,798	7,836

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the Relevant Periods, the directors are of the view that the following are related parties of the Group which have material transactions with the Group:

(1) An investor who exercises joint control over the Company

Guangzhou Automobile Group Co., Ltd. (“GAC”) (廣州汽車集團股份有限公司)*

(2) Entities controlled by the investors who exercise joint control over the Company

Da Sheng Technology Co., Ltd. (大聖科技股份有限公司)*

GAC Aion New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車股份有限公司)*

GAC Business Co., Ltd. (廣汽商貿有限公司)*

GAC Capital Co., Ltd. (廣汽資本有限公司)*

GAC Component Co., Ltd. (廣汽零部件有限公司)*

GAC Passenger Vehicle Co., Ltd. (廣汽乘用車有限公司)*

GAC Trumpchi Car Sales Co., Ltd. (廣汽傳祺汽車銷售有限公司)*

Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司)*

Guangzhou Automobile Financial Leasing Co., Ltd. (previously known as Guangzhou Automobile Leasing Co., Ltd.) (廣州廣汽融資租賃有限公司)*

Guangzhou Changsheng Automotive Sales Service Co., Ltd. (廣州長盛汽車銷售服務有限公司)*

Guangzhou GAC Baoshang Steel Processing Co., Ltd. (廣州廣汽寶商鋼材加工有限公司)*

Guangzhou Panyu Aian Automobile Sales and Service Co., Ltd. (previously known as Guangzhou GAC Commerce Changwei New Energy Auto Sales Co., Ltd.) (廣州番禺埃安汽車銷售服務有限公司)*

Youpai Energy Technology (Guangzhou) Co., Ltd. (previously known as Guangzhou GAC Trading Renewable Resources Co., Ltd.) (優湃能源科技(廣州)有限公司)*

Guangzhou Huawang Semiconductor Technology Co., Ltd. (previously known as Guangzhou Hua Wang Automobile Electronics Co., Ltd.) (廣州華望半導體科技有限公司)*

Guangzhou Lixin Automobile Service Co., Ltd. (廣州麗新汽車服務有限公司)*

Guangzhou Parker Auto Parts Co., Ltd. (廣州帕卡汽車零部件有限公司)*

Guangzhou Qichen Automobile Service Co., Ltd. (廣州祺宸汽車服務有限公司)*

Guangzhou Zhicheng Industry Co., Ltd. (廣州智誠實業有限公司)*

Guangzhou Guangqi Ogihara Die&Stamping Co., Ltd. (廣州廣汽荻原模具衝壓有限公司)*

Aion Automobile Sales and Service Co., Ltd. (埃安汽車銷售服務有限公司)*

Zhongcheng Auto Insurance Co., Ltd. (眾誠汽車保險股份有限公司)*

Guangzhou Changjiang Automobile Service Co., Ltd. (廣州長匠汽車服務有限公司)*

GAC Energy Technology Co., Ltd. (廣汽能源科技有限公司)*

Yinpai Battery Technology Co., Ltd. (因湃電池科技有限公司)*

GAC International Automobile Sales Service Co., Ltd. (廣汽國際汽車銷售服務有限公司)*

Guangzhou GAC Commerce Changrun Automotive Sales Co., Ltd. (廣州廣汽商貿長潤汽車銷售有限公司)*

Guangzhou GAC Commerce Changning Automotive Sales Service Co., Ltd. (廣州廣汽商貿長寧汽車銷售有限公司)*

Guangzhou GAC Commerce Changhong Automobile Technology Service Co., Ltd. (廣州廣汽商貿長宏汽車科技服務有限公司)*

Guangzhou Honda First Sales Co., Ltd. (廣州本田汽車第一銷售有限公司)*

Urumqi Changyou Liqun Automobile Sales Service Co., Ltd. (烏魯木齊長友利群汽車銷售服務有限公司)*

Guangzhou Changli Auto Sales Co., Ltd. (廣州長力汽車銷售有限公司)*

Guangzhou Guangai Insurance Brokers Co., Ltd. (廣愛保險經紀有限公司)*

Guangzhou Guangai Digital Technology Co., Ltd. (廣州廣愛數字科技有限公司)*

Guangzhou Nansha Qingpao Automobile Service Co., Ltd. (廣州南沙氫跑汽車服務有限公司)*

Guangzhou Huaxu Optoelectronics Technology Co., Ltd. (廣州華旭光電科技有限公司)*

Shenzhen Tencent Computer System Co., Ltd. (深圳市騰訊計算機系統有限公司)*

Tencent Cloud Computing (Beijing) Co., Ltd. (騰訊雲計算(北京)有限責任公司)*

Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司)*

Tencent Dadi Tongtu (Beijing) Technology Co., Ltd. (騰訊大地通途(北京)科技有限公司)*

Tenpay Payment Technology Co., Ltd. (財付通支付科技有限公司)*

China Lounge Investments Limited. (中隆投資有限公司)*

(3) Joint ventures of the investor who exercises joint control over the Company

GAC Auto Finance Co., Ltd. (廣汽匯理汽車金融有限公司)*

GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司)*

GAC Honda Automobile Co., Ltd. (廣汽本田汽車有限公司)*

GAC Toyota Motor Co., Ltd. (廣汽豐田汽車有限公司)*

Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊–本田摩托(廣州)有限公司)*

Guangdong Qianshun Travel Technology Co., Ltd. (廣東乾順出行科技有限公司)*

Guangzhou Qinglan Semiconductor Co., Ltd. (廣州青藍半導體有限公司)*

Shenzhen Zhihua Technology Investment Co., Ltd. (深圳智華科技投資有限公司)*

GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司)*

Guangdong Xingzhi Internet Technology Co., Ltd. (廣東行致互聯科技有限公司)*

Guangzhou GAC Commerce Changhe Auto Technology Co., Ltd. (廣州廣汽商貿長和汽車科技有限公司)*

Cooper Standard Sealing Systems (Guangzhou) Co., Ltd. (申雅密封件(廣州)有限公司)*

(4) Associates of the investor who exercises joint control over the Company

Futian-Rikun Storage and Transportation (Guangzhou) Co., Ltd. (富田–日捆儲運(廣州)有限公司)*

GAC Aisin Automatic Gearbox Co., Ltd. (廣汽愛信自動變速器有限公司) *

Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球(天津)物流有限公司)*

Hechuang Smart Technology Co., Ltd. (合創汽車科技有限公司)*

Guangzhou Xinjie New Energy Automobile Sales and Service Co., Ltd. (廣州新捷新能源汽車銷售服務有限公司)*

* The official names of these entities are in Chinese. The English translation of the names is for identification only.

(b) 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.

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and other benefits	5,883	6,284	5,978
Discretionary bonuses	5,440	5,341	5,316
Retirement scheme contributions	143	175	213
Equity-settled share-based payments	5,552	10,825	8,832
	17,018	22,625	20,339

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

(c) Related party transactions

During the Relevant Periods, the Group entered into the following material related party transactions with an investor who exercises joint control over the Company and the subsidiaries, joint ventures and associates of the investors who exercise joint control over the Company:

	Years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Transaction amounts with related parties:			
Provision of services			
Provision of marketing services	2,942	928	–
Provision of technology services	1,065	–	22,871
Provision of ride-hailing services	750	816	2,021
Provision of vehicles maintenance services	–	14,413	12,644
Provision of other services	–	1,843	3,379
Sales of goods	263	1,982	73,225
Purchase of services and goods			
Purchase of drivers' services	81,330	15,600	4,568
Purchase of drivers' management services	10,740	11,076	8,340
Payment processing costs	5,682	6,118	7,259
Purchase of information technology support services	16,747	30,757	37,852
Purchase of goods	–	40,703	262,021
Purchase of operating equipment	11,687	1,047	52
Purchase of mobility platform services	–	51	13,297
Purchase of other services	–	962	3,785
Leases			
Lease of vehicles from a related party	307	57	–
Lease of vehicles to a related party	330	27	–
Expenses paid on the Group's behalf	1,343	1,372	2
Deposits			
Deposits received from related parties	130	100	810
Deposits paid to related parties	–	–	881

(d) Balance with related parties

As at the end of each reporting period, the Group recorded the following material related party balances with an investor who exercises joint control over the Company and the subsidiaries, joint ventures and associates of the investors who exercise joint control over the Company:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:			
Trade related			
Trade receivables	2,534	5,677	5,237
Prepayments, deposits and other receivables	130	63,846	33,388
Amounts due to related parties:			
Trade related			
Trade and bills payables	8,044	28,641	1,594
Accruals and other payables	13,572	19,484	10,667
Contract liabilities	14	259	71
Non-trade related			
Accruals and other payables	1,343	625	–

The non-trade related balances due to a related party are unsecured, interest-free and have no fixed repayment terms.

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

Up to the date of this report, the IASB has issued a number of amendments and new standards, which are not yet effective for the Relevant Periods 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 IAS 1, *Non-current liabilities with covenants*	January 1, 2024
Amendments to IAS 1, *Classification of liabilities as current or non-current*	January 1, 2024
Amendments to IFRS 16, *Lease liability in a sale and leaseback*	January 1, 2024
Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*	January 1, 2024
Amendments to IAS 21, *Lack of Exchangeability*	January 1, 2025
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	Will be determined at a future date

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 initial application. So far, the Group has concluded that the adoptions of them is unlikely to have a significant impact on the Historical Financial Information.

35 SUBSEQUENT EVENTS

(a) Exercise of Series B warrants

The Series B Investors have fully exercised the warrants and an aggregate of 27,669,969 Series B Preferred Shares were allotted and issued to the Series B Investors during January to March 2024.

(b) Share transfer of shareholders

On March 29, 2024, the shareholders of the Company resolved to approve China Lounge Investments Limited, a wholly-owned subsidiary of GAC, to transfer 8,797,226 ordinary shares of the Company to Guangzhou Automobile Industry Group Co., Ltd. ("GAIG"), the controlling shareholder of GAC. The share transfer was completed on April 1, 2024. In connection with the share transfer, the shareholders of the Company also approved to adopt an amended and restated memorandum and articles of association of the Company. According to the terms of the amended and restated memorandum and articles of association, GAIG became the investor who exercises joint control over the Company.

Subsequent Financial Statements

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