

The following is the text of a report set out on pages [I-1] to [I-65] received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GL-CARLINK TECHNOLOGY HOLDING LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of GL-Carlink Technology Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-3] to [I-65], which comprises the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2023 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-3] to [I-65] 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 (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company (the “Directors”) 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 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2021, 2022 and 2023, of the Company's financial position as at 31 December 2022 and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up And Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the entities comprising the Group during the Track Record Period or by the Company since its incorporation except for a final dividend of RMB2,700,000 was declared by an entity comprising the Group to the non-controlling shareholders during the year ended 31 December 2021 and was paid during the year ended 31 December 2022.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (the “IASB”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
Revenue	6	326,774	413,860	560,569
Cost of sales		(232,093)	(240,671)	(308,791)
Gross profit		94,681	173,189	251,778
Other income	7	15,000	9,675	9,737
Other gains and losses	8	260	8,164	9,714
Impairment losses recognised under expected credit loss model (“ECL”), net of reversal	9	(74)	(521)	(1,554)
Distribution and selling expenses		(31,807)	(91,280)	(159,126)
Administrative expenses		(17,348)	(18,367)	(21,203)
Research and development expenditure		(16,803)	(16,999)	(18,074)
Share of results of associates		(57)	–	174
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	10	(1,930)	(1,637)	(2,283)
Profit before taxation		40,364	53,023	58,968
Income tax expense	11	(5,291)	(5,606)	(7,426)
Profit for the year	12	<u>35,073</u>	<u>47,417</u>	<u>51,542</u>
Other comprehensive income for the year				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)		(11,156)	(5,169)	(1,801)
Total comprehensive income for the year		<u>23,917</u>	<u>42,248</u>	<u>49,741</u>
Profit for the year attributable to:				
Owners of the Company		31,831	44,145	51,129
Non-controlling interests		3,242	3,272	413
		<u>35,073</u>	<u>47,417</u>	<u>51,542</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		21,167	39,204	49,328
Non-controlling interests		2,750	3,044	413
		<u>23,917</u>	<u>42,248</u>	<u>49,741</u>
Basic earnings per share (RMB)	14	<u>[0.11]</u>	<u>[0.15]</u>	<u>[0.17]</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
Non-current Assets				
Property, plant and equipment	16	11,089	11,294	7,319
Right-of-use assets	17	2,380	4,243	2,602
Intangible assets	18	10,575	16,763	25,359
Interest in associates	19	303	–	9,324
Equity instruments at FVTOCI	20	14,722	9,553	7,752
Financial assets at fair value through profit or loss (“FVTPL”)	26	–	234	91
Deferred tax assets	21	6,059	4,700	2,923
Contract costs	22	18,699	10,497	8,715
Deposits and prepayments	25	2,025	103	–
Time deposits with maturity over three months	27	110,000	–	–
Restricted bank deposits	27	20,400	22,300	–
		<u>196,252</u>	<u>79,687</u>	<u>64,085</u>
Current Assets				
Contract costs	22	24,967	17,097	13,062
Inventories	23	11,784	14,753	9,995
Trade and other receivables	24	71,625	92,380	97,833
Deposits and prepayments	25	25,050	33,044	35,926
Financial assets at FVTPL	26	130,380	138,546	158,326
Tax recoverable		291	37	1,555
Time deposits with maturity over three months	27	2,354	20,482	–
Restricted bank deposits	27	10,650	27,710	27,846
Cash and cash equivalents	27	45,164	138,241	157,223
		<u>322,265</u>	<u>482,290</u>	<u>501,766</u>
Current Liabilities				
Trade and other payables	28	54,205	89,892	69,502
Lease liabilities	29	1,813	2,347	2,314
Borrowings	30	38,223	35,542	43,417
Contract liabilities	31	111,658	95,435	58,975
Tax payable		160	2,130	1,323
		<u>206,059</u>	<u>225,346</u>	<u>175,531</u>
Net Current Assets		<u>116,206</u>	<u>256,944</u>	<u>326,235</u>
Total Assets less Current Liabilities		<u>312,458</u>	<u>336,631</u>	<u>390,320</u>

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	<i>Notes</i>	As at 31 December		
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
Non-current Liabilities				
Lease liabilities	29	662	2,038	436
Contract liabilities	31	34,620	20,914	21,884
Deferred income		186	147	108
Deferred tax liabilities	21	75	2,120	2,578
		<u>35,543</u>	<u>25,219</u>	<u>25,006</u>
Net Assets		<u>276,915</u>	<u>311,412</u>	<u>365,314</u>
Capital and Reserves				
Share capital	32	60,000	60,000	42
Reserves		213,170	246,732	365,370
Equity attributable to owners of the Company		273,170	306,732	365,412
Non-controlling interests		3,745	4,680	(98)
Total Equity		<u>276,915</u>	<u>311,412</u>	<u>365,314</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December	
		2022	2023
		RMB’000	RMB’000
Non-current Assets			
Investment in a subsidiary	38(a)	—*	245,451
Amounts due from shareholders.		—*	—*
		—*	245,451
Current Asset			
Deposits and prepayments	25	—	4,795
Current Liabilities			
Trade and other payables	28	—*	3,167
Amounts due to subsidiaries.	38(b)	—	8,985
		—*	12,152
Net Current Liabilities		—*	(7,357)
Net Assets		—*	238,094
Capital and Reserves			
Share capital	32	—*	42
Reserves	38(c)	—	238,052
Total Equity		—*	238,094

* Amount less than RMB1,000

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital RMB'000	Share premium RMB'000	Capital reserve (Note a) RMB'000	Other reserve (Note b) RMB'000	FVTOCI reserve RMB'000	Statutory reserves (Note c) RMB'000	Retained earnings RMB'000	Total		Non-controlling interests RMB'000
								RMB'000	RMB'000	
At 1 January 2021	60,000	-	186,408	-	(3,940)	252	9,283	252,003	3,255	255,258
Profit for the year	-	-	-	-	-	-	31,831	31,831	3,242	35,073
Other comprehensive income - fair value loss	-	-	-	-	(10,664)	-	-	(10,664)	(492)	(11,156)
Profit and total comprehensive income	-	-	-	-	(10,664)	-	31,831	21,167	2,750	23,917
Capital injection by a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	440	440
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,700)	(2,700)
Appropriation of statutory reserve funds	-	-	-	-	-	2,581	(2,581)	-	-	-
At 31 December 2021	60,000	-	186,408	-	(14,604)	2,833	38,533	273,170	3,745	276,915
Profit for the year	-	-	-	-	-	-	44,145	44,145	3,272	47,417
Other comprehensive income - fair value loss	-	-	-	-	(4,941)	-	-	(4,941)	(228)	(5,169)
Profit and total comprehensive income	-	-	-	-	(4,941)	-	44,145	39,204	3,044	42,248
Capital injection by a shareholder	-	-	-	480	-	-	-	480	-	480
Capital injection by a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	2,160	2,160
Appropriation of statutory reserve funds	-	-	-	-	-	5,836	(5,836)	-	-	-
Acquisition of non-controlling interest of a subsidiary (Note d)	-	-	-	(6,122)	-	-	-	(6,122)	(4,269)	(10,391)
At 31 December 2022	60,000	-	186,408	(5,642)	(19,545)	8,669	76,842	306,732	4,680	311,412
Profit for the year	-	-	-	-	-	-	51,129	51,129	413	51,542
Other comprehensive income - fair value loss	-	-	-	-	(1,801)	-	-	(1,801)	-	(1,801)

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	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve		Other reserve	FVTOCI reserve	Statutory reserves		Retained earnings	Non-controlling interests		
			RMB'000	RMB'000			RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
Profit and total comprehensive income	—	—	—	—	—	(1,801)	—	—	51,129	49,328	413	49,741
Capital reduction (Note e)	(28,896)	—	(186,408)	—	—	(902)	—	—	(19,402)	(235,608)	(5,191)	(240,799)
Reduction of interest from a shareholder (Note f)	—	—	—	—	(491)	—	—	—	—	(491)	—	(491)
Issuance of shares of the Company pursuant to the Group Reorganisation (as defined in Note 2)	—	—	—	—	—	—	—	—	—	—	—	—
Effect of Group Reorganisation (Note g)	42	245,409	—	—	—	—	—	—	—	245,451	—	245,451
Appropriation of statutory reserve funds	(31,104)	—	—	—	31,104	—	—	—	—	—	—	—
At 31 December 2023	42	245,409	—	—	24,971	(22,248)	15,773	101,465	365,412	(98)	(98)	365,314

Notes:

- (a) It represents the amount received by Shenzhen Guanglian Saixun Company Limited (深圳廣聯賽訊股份有限公司) (“Guanglian Saixun”) from investors exceeding its share in the registered capital of Guanglian Saixun.
- (b) It mainly represents (i) the difference between consideration and ownership interests in equity transactions, and (ii) the difference between the nominal value of share capital issued by the Company and the capital of Guanglian Saixun acquired in connection with the Group Reorganisation.
- (c) It represents the statutory reserve of certain entities comprising the Group in the People’s Republic of China (the “PRC”). Pursuant to applicable PRC regulations, the PRC entities comprising the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the entities comprising the Group.
- (d) In December 2022, Shenzhen Guanglian Shuke Technology Company Limited (深圳廣聯數科科技有限公司) (“Guanglian Shuke”) acquired 27% of the registered capital of Tianjin Chejia Internet of Things Technology Company Limited (天津車家物聯網科技有限公司) (“Tianjin Chejia”) (formerly known as Tianjin Gujiao Internet of Things Technology Co., Limited (天津軌交物聯網科技有限公司) and renamed on 6 January 2021) at a consideration of RMB10,391,000.
- (e) During the year ended 31 December 2023, the shareholders of Guanglian Saixun reduced the share capital of Guanglian Saixun from RMB60,000,000 to RMB31,104,000 to facilitate the Group Reorganisation as detailed in Note 2 to the Historical Financial Information. In addition upon the completion of the capital reduction, Xinjiang Hongsheng Kaiyuan Equity Investment Partnership (Limited Partnership) (新疆宏盛開源股權投資合夥企業(有限合夥)) (“Hongsheng Investment”), a shareholder of Guanglian Saixun, ceased to hold any interest in the Group, and the difference between its equity interest in Guanglian Saixun and the consideration paid by Guanglian Saixun was recognised directly in equity and attributed to owners of the Company.
- (f) On 24 March 2023, 0.3866% equity interest in Guanglian Shuke was acquired from a shareholder as part of the Group Reorganisation as detailed in Note 2 to the Historical Financial Information.
- (g) Upon the completion of the Group Reorganisation, the Company became the holding company of the Group since then. The difference between the capital of Guanglian Saixun acquired in connection with the Group Reorganisation and the nominal value of share capital issued by the Company is accounted for as other reserve under merger basis of accounting.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
OPERATING ACTIVITIES			
Profit before taxation	40,364	53,023	58,968
Adjustments for:			
Finance costs	1,930	1,637	2,283
Interest income	(5,977)	(3,883)	(2,675)
Share of results of associates	57	–	(174)
Depreciation of property, plant and equipment	2,832	4,977	5,235
Depreciation of right-of-use assets	2,116	2,413	2,800
Amortisation of intangible assets	1,976	3,458	5,821
Impairment losses recognised under ECL, net of reversal	74	521	1,554
Loss on disposal of property, plant and equipment	61	205	132
Gain on fair value changes of financial assets at FVTPL	(321)	(8,495)	(9,637)
Exchange gain	–	–	(209)
Loss on disposal of interest in an associate	–	126	–
Amortisation of government grants related to assets	(40)	(39)	(39)
Operating cash flows before movements in working capital	43,072	53,943	64,059
(Increase)/decrease in inventories	(1,128)	(2,969)	4,758
Decrease/(increase) in trade and other receivables	50,473	(21,276)	(7,007)
Decrease/(increase) in deposits and prepayments	11,719	(4,335)	(598)
Decrease in contract costs	16,355	16,072	5,817
(Decrease)/increase in trade and other payables	(17,627)	37,711	(20,069)
Decrease in contract liabilities	(14,810)	(29,929)	(35,490)
(Increase)/decrease in restricted bank deposits	(28,750)	(18,960)	22,164
Cash generated from operations	59,304	30,257	33,634
Income tax (paid)/refund	(1,713)	22	(7,516)
Net cash from operating activities	57,591	30,279	26,118

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	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
INVESTING ACTIVITIES			
Placement of time deposits with maturity over three months	(91,100)	(89,442)	(34,100)
Purchases of intangible assets	(3,493)	(9,646)	(14,417)
Purchases of property, plant and equipment . .	(7,992)	(5,570)	(1,568)
Purchase of financial assets at FVTPL	(130,000)	–	(100,000)
Withdrawal of time deposits with maturity over three months	188,650	179,442	54,100
Interests received	7,564	6,027	3,157
Proceeds on disposal of FVTPL	–	–	90,000
Proceeds on disposal of property, plant and equipment	2	183	176
Investments in associates	(360)	–	(9,150)
Net cash (used in)/from investing activities . . .	(36,729)	80,994	(11,802)
FINANCING ACTIVITIES			
New borrowings raised	60,000	37,000	46,900
Capital injection by a shareholder and non-controlling interest of subsidiaries	440	2,640	–
Payments on capital reduction	–	–	(240,799)
Acquisition of partial interest in a subsidiary from a shareholder	–	–	(491)
Issue of shares of the Company	–	–	245,451
Repayments of borrowings	(49,000)	(39,700)	(39,039)
Repayments of lease liabilities	(2,396)	(2,467)	(2,794)
Interest paid	(2,071)	(1,517)	(2,269)
Dividend paid to a non-controlling shareholder	–	(2,700)	–
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition of non-controlling interest of a subsidiary	–	(10,391)	–
Net cash from/(used in) financing activities . . .	6,276	(18,196)	4,681
Net increase in cash and cash equivalents . . .	27,138	93,077	18,997
Cash and cash equivalents at beginning of the year	18,026	45,164	138,241
Effects of foreign exchange rate changes	–	–	(15)
Cash and cash equivalents at end of the year	45,164	138,241	157,223

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the Cayman Islands on 12 January 2022 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed “Corporate Information” of the Document. The Company is an investment holding company. The principal activities of the Group are providing automotive related products and services.

The Directors considered Mr. Zhu Lei and Mr. Zhu Hui to be its ultimate controlling shareholders (the “Ultimate Controlling Shareholders”) before and after the Group Reorganisation as defined below. Mr. Zhu Lei and Mr. Zhu Hui are acting in concert with each other. Pursuant to the Acting in Concert Confirmation, Mr. Zhu Hui and Mr. Zhu Lei agreed to vote in concert for all operational and financial matters at shareholders’ meetings of the Company.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

No statutory audited financial statements were issued by the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and conventions applicable for group reorganisation.

In preparation for initial [REDACTED] of shares of the Company on the Stock Exchange, the entities comprising the Group underwent a group reorganisation as described below, pursuant to which the Company became the holding company and [REDACTED] vehicle of the Group.

Group Reorganisation

Prior to the incorporation of the Company and the completion of the Group Reorganisation of which details are set out in the section headed “History, Reorganisation and Corporate Structure” of the Document (the “Group Reorganisation”), the main operating activities of the Group were carried out by Guanglian Saixun and its subsidiaries, which were established in the PRC (collectively, the “Consolidated Affiliated Entities”).

In preparation of the [REDACTED] of the Company’s shares on the Stock Exchange, the entities now comprising the Group underwent the Group Reorganisation involving incorporation of offshore holding companies, establishment of wholly foreign owned enterprises, transferring equity interests of the relevant Consolidated Affiliated Entities involving the Guanglian Saixun’s shareholders and entering into contractual arrangements to enable the Company to become the holding company of the Group which involves the following principal steps:

- (1) On 12 January 2022, the Company was incorporated in the Cayman Islands as the [REDACTED] vehicle with an authorised share capital of US Dollars (USD) 50,000 divided into 500,000,000 shares with a par value of USD0.0001 each.

On the same date, one share of the Company was allotted and issued to the initial subscriber who is an independent third party, and was subsequently transferred to Future expectations Inc. (“Future Expectations”, which is wholly owned by Mr. Zhu Lei). The Company further allotted and issued one share of the Company to each of Future tendency Inc. (“Future Tendency”), Visionary Leader Inc. (“Visionary Leader”), Intelligent Leader Inc. (“Intelligent Leader”) (together with Future Expectations as the “Founder BVIs”) and Rongying Future Inc. (“Rongying BVI”) which were wholly owned by other Guanglian Saixun’s shareholders on the same date, respectively.

Immediately following the above subscription and allotment, Founder BVIs and Rongying BVI each held 20.00% of the Company’s then issued shares.

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- (2) On 30 March 2022, Guanglian Shuke, a subsidiary of Guanglian Saixun, acquired the entire registered capital of Shenzhen City Dijia Smart Cloud Service Company Limited (深圳市嘀加智慧雲服務有限公司) (“Dijia Smart Cloud”) from Guanglian Saixun at a consideration of approximately RMB4,296,000. Upon completion of the acquisition, Dijia Smart Cloud became a wholly-owned subsidiary of Guanglian Shuke.
- (3) On 28 March 2022, Guanglian Shuke acquired 73% of the registered capital of Tianjin Chejia that was held by Guanglian Saixun at a consideration of approximately RMB2,203,000. Upon completion of the acquisition, Tianjin Chejia became a non-wholly owned subsidiary of Guanglian Shuke.
- (4) On 11 April 2022, the registered capital of Guanglian Shuke was increased by RMB387,000 representing approximately 3.0% of the entire registered capital of Guanglian Shuke, all of which were subscribed for by Cova Investment Holdings Limited (“Cova Investment”), an independent third-party investor, at a subscription price of RMB480,000. Upon its completion in July 2022, Guanglian Shuke was converted into a sino-foreign joint venture owned as to approximately 97.0% by Guanglian Saixun and approximately 3.0% by Cova Investment.
- (5) On 28 April 2022, the registered capital of Guanglian Shuke was further increased by RMB87,113,000, all of which were subscribed for by Guanglian Saixun at a subscription price of RMB110,000,000 and this capital contribution was paid through offsetting the shareholder’s loan owed by Guanglian Shuke to Guanglian Saixun. Immediately after completion of the said capital increase, the registered capital of Guanglian Shuke became RMB100,000,000, of which Guanglian Saixun held approximately 99.6134% and Cova Investment held approximately 0.3866%.
- (6) On 6 May 2022, Carlink Hong Kong Limited (“Carlink HK”), an indirectly wholly-owned subsidiary of the Company, signed share purchase agreement to acquire 99.6134% and 0.3866% equity interest in Guanglian Shuke from Guanglian Saixun and Cova Investment at a consideration of RMB126,548,000 and RMB491,000, respectively. According to the agreement, power and proportionate voting rights would be transferred to Carlink HK after the settlement of the consideration.

The consideration for the above transactions was fully settled on 24 March 2023. Immediately after such transfer, Guanglian Shuke became a wholly-owned subsidiary of Carlink HK and an indirectly wholly-owned subsidiary of the Company on that date. On 12 May 2023, Cova Investment subscribed for 0.99% interest in the Company as part of the Group Reorganisation and became a shareholder of the Company.

- (7) On 1 June 2022, the shareholders of Guanglian Saixun resolved to reduce the registered capital of Guanglian Saixun from RMB60,000,000 to RMB31,104,000. During the year ended 31 December 2023, total amount of RMB240,799,000 were returned to the shareholders of Guanglian Saixun who participated in the capital reduction.

Upon the completion of the Group Reorganisation, all of the shareholders of Guanglian Saixun prior to the Group Reorganisation became the shareholders of the Company upon their subscription of the shares of the Company to substantially reflect their respective rights, obligations and shareholdings in Guanglian Saixun, except for Hongsheng Investment which ceased to hold any interest in the Group, and such proportion of shareholding in the Company originally belonging to Hongsheng Investment was subscribed in lieu by Profit Channel Development Limited which was an independent third-party investor.

The Group conducts certain of its business through Guanglian Saixun due to regulatory restrictions on foreign ownership in the Internet cultural business industry in the PRC. On 24 March 2023, Guanglian Shuke, Guanglian Saixun and certain shareholders of Guanglian Saixun, entered into a series of contractual arrangements (the “Contractual Arrangements”). The Contractual Arrangements enable Guanglian Shuke in a position to:

- exercise effective financial and operational control over Guanglian Saixun;
- exercise equity shareholder’s voting rights of Guanglian Saixun;

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- receive substantially all of the economic interest returns generated by Guanglian Saixun in consideration for the business support, technical and consulting services provided by Guanglian Shuke;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Guanglian Saixun from Guanglian Shuke at a minimum purchase price permitted under applicable PRC laws and regulations, and all or part of the assets of Guanglian Saixun or such minimum purchase price permitted under PRC laws and regulations. Guanglian Shuke or its designated third party may exercise such options at any time until it has acquired all equity interests and/or all assets of Guanglian Saixun; and
- obtain a pledge over the entire equity interest of Guanglian Saixun from certain shareholders of Guanglian Saixun as collateral security to guarantee performance of Guanglian Saixun and certain of its shareholders obligations under the Contractual Arrangements.

Guanglian Shuke does not have any equity interest in Guanglian Saixun. However, as a result of the Contractual Arrangements, Guanglian Shuke has power over Guanglian Saixun, has rights to variable returns from its involvement with Guanglian Saixun and has the ability to affect those returns through its power over Guanglian Saixun and is considered to have control over Guanglian Saixun. Consequently, Guanglian Shuke regards Guanglian Saixun as an indirect subsidiary for accounting purpose. The Company consolidated the assets, liabilities, revenue, income and expenses of Guanglian Saixun since 24 March 2023.

Basis of preparation and presentation

The Ultimate Controlling Shareholders of the Company held 51.84% and 51.33% voting rights in the Group immediately prior to and after the completion of the Group Reorganisation respectively. Upon the completion of the Group Reorganisation, the Company became the holding Company of the operating entities who are undertaking the business of the Group. Prior to the completion of Group Reorganisation, the Company does not involve in any other business and the Group Reorganisation has not resulted in any change of management of such business and the Ultimate Controlling Shareholders of the business remain the same. The Company and the entities comprising the Group have been under common control of the Ultimate Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporations/establishments, where there is a shorter period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results, changes in equity and cash flows of the companies which are under common control of the Ultimate Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as of 31 December 2021, 2022 and 2023, have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with International Accounting Standard (“IASs”), IFRS, amendments to IFRSs and the related interpretations issued by the IASB which are effective for the accounting period beginning on 1 January 2023 throughout the Track Record Period.

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New and amendments to IFRSs in issue but not yet effective

At the date of the report, the following new and amendments to IFRSs have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* (“IAS 36”).

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

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- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period. The comparative amounts in the Historical Financial Information are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in subsidiaries

Investment in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9 *Financial Instruments* ("IFRS 9"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate.

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When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Changes in the Group's interests in an associate

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 6, 22 and 31.

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combination, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expenses on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

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Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Retirement benefit costs

Payments to the retirement funds scheme managed by local social security bureau in accordance with the government regulations in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when the employee rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Tax* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment, other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Construction in progress is stated at cost less any recognised impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in

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the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

(iv) Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, cash and cash equivalents, deposits paid to customers, time deposits with maturity over three months, restricted bank deposits), which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant increase in credit risk or credit-impaired, and collectively for the remaining balances of debtors using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;

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- (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

- (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the

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asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded in the its functional currency (i.e. the currency of the primary economic environment in which the Group operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Contractual Arrangements

During the Track Record Period, the Group conducts all of the business through the Consolidated Affiliated Entities. Upon completion of the Group Reorganisation as mentioned in Note 2, the Group does not have any equity interest in Guanglian Saixun. The Directors assessed whether or not the Group has control over Guanglian Saixun based on whether the Group has the power over Guanglian Saixun, has rights to variable returns from its involvement with Guanglian Saixun and has the ability to affect those returns through its power over Guanglian Saixun. After assessment, the Directors concluded that the Group has control over Guanglian Saixun as a result of the Contractual Arrangements and other measures and accordingly, the Group consolidates the financial statements of Guanglian Saixun under the Contractual Arrangements.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over Guanglian Saixun and the evolving nature presented by the PRC legal system may influence the Group’s beneficiary rights of the results, assets and liabilities of Guanglian Saixun. The Directors based on the advice of its legal counsel, consider that the Contractual Arrangements among Guanglian Shuke, Guanglian Saixun and their legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Capitalisation of development costs

The capitalisation of the Group’s development costs included in intangible assets is RMB3,254,000, RMB9,451,000 and RMB8,472,000 for the year ended 31 December 2021, 2022 and 2023, respectively. The capitalisation involved management’s significant judgement in assessing of whether technical and commercial feasibility of each project had been achieved. Technical feasibility is evaluated based on whether the entity has completed all the planning, design and testing activities that are necessary to establish that an asset can be produced to meet its design specifications, and commercial feasibility is evaluated based on future economic benefits would be generated by the assets or together with other assets with assumptions on revenue to be generated, budget costs to be incurred of the relevant assets.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period.

Provision of ECL for trade receivables

Trade receivables for debtors with significant increase in credit risk or credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group’s historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group’s trade receivables are disclosed in Notes 24 and 35.

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Fair value measurement of equity instruments at FVTOCI

As at 31 December 2021, 2022 and 2023, the Group’s investment in unlisted equity instruments amounting to RMB14,722,000, RMB9,553,000 and RMB7,752,000, respectively, were measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the instrument. See Note 35 for further disclosures.

6. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<i>Types of goods or services:</i>			
Sales of in-vehicle hardware products	175,947	172,672	226,098
SaaS marketing and management services			
SaaS subscription services	141,513	130,270	134,525
SaaS value-added services	9,314	110,918	199,946
Total revenue from contracts with customers	326,774	413,860	560,569
<i>Timing of revenue recognition</i>			
A point in time	208,520	207,871	272,494
Over time	118,254	205,989	288,075
Total	326,774	413,860	560,569

Performance obligations for contracts with customers

The Group provides digitalisation services to customers in the automotive aftermarket industry in the PRC. Performance obligations of sales of in-vehicle hardware products are satisfied at a point in time. Performance obligations of rendering SaaS subscription services and SaaS value-added services are satisfied over time.

Sales of in-vehicle hardware products

Revenue from sales of in-vehicle hardware products represented sales of in-vehicle hardware including in-vehicle infotainment systems and in-vehicle safety systems to 4S stores, and sales of core boards to in-vehicle devices original brand manufacturers.

For sales of in-vehicle hardware, revenue is recognised at the point in time when controls of the hardware has transferred, being when the products are accepted by the customers.

The sales of in-vehicle hardware are not subject to refund. The warranty expenses incurred related to in-vehicle hardware sales was immaterial during the Track Record Period.

SaaS marketing and management services

The Group offers SaaS marketing and management services through (a) SaaS subscription services by providing software systems to 4S stores and financing and leasing companies and (b) SaaS value added services by providing integrated online and offline retails services to car users.

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(a) SaaS subscription services

The Group generally sells in-vehicle hardware together with SaaS subscription services to the customer. The Group charges an annual subscription fee to the customers for information subscription services provided to the customers via data collected from in-vehicle hardware sold. Revenue from the SaaS subscription services are recognised over time. Payment received from subscribers in advance are recorded as contract liabilities at contract inception, and amortised over the SaaS subscription period.

For contracts where the in-vehicle hardware sold has utility on their own, the Group concludes that in-vehicle hardware and SaaS subscription services are two separate performance obligations as they are distinct from each other. Specifically, the customers can sell and benefit from the in-vehicle hardware on its own, and they can also benefit from the SaaS subscription with readily available resources. In such arrangements, transaction price is allocated to the two performance obligations based on their relative standalone selling prices.

In contracts where the in-vehicle hardware sold is adapted to the subscribed SaaS service and could not be used and sold separately, the Group determines that the hardware and subscribed SaaS represent one performance obligation, as they are highly interdependent and interrelated. Related revenue is recognised ratably over the SaaS subscription period.

(b) SaaS value-added services

SaaS value-added services mainly represent value-added operation services for car users. The services include delivery of products and services to car users such as repair and maintenance and car beauty such as instalment of vehicles’ covering film, replacement of vehicle’s damaged tires, vehicle polishing and grinding and other related services. Revenue from SaaS value-added services are recognised over the service delivery period, which is generally within a day.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021, 2022 and 2023 arising from Sales of in-vehicle hardware products and SaaS subscription services, and the expected timing of recognising revenue are as follows:

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Within one year	111,658	95,435	58,975
More than one year but less than two years	28,555	17,949	16,222
More than two years	6,065	2,965	5,662
	<u>146,278</u>	<u>116,349</u>	<u>80,859</u>

Segment information

The Group’s chief operating decision makers, who are the executive directors, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports.

Geographical information

As the Group’s non-current assets are all located in the PRC and all the Group’s revenue are derived from the PRC, no geographical information is presented.

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Information about major customers

Revenue from customers contributing for 10% or more of the Group’s revenue during the Track Record Period are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Customer A (Note)	103,275	90,244	106,540

Note: Customer A represents customers under the control of the same shareholder throughout the Track Record Period.

7. OTHER INCOME

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Interest income on bank deposits and time deposits with maturity over three months . . .	5,977	3,883	2,494
Interest income from financial assets at FVTPL	–	–	181
Government grants (Note)	1,690	1,743	725
Refund of PRC value added tax and surcharges	7,333	4,049	6,337
	<u>15,000</u>	<u>9,675</u>	<u>9,737</u>

Note: Government grants mainly represented the government subsidies received by the Group to compensate the interest expense on certain borrowings and public listing subsidy, to support the research and development of the Group and to purchase property, plant and equipment which is recognised as deferred income and being recognised to profit or loss on a systematic basis over the estimated useful life of the related assets.

8. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Gain from changes in fair value of financial assets at FVTPL	321	8,495	9,637
Loss on disposal of property, plant and equipment	(61)	(205)	(132)
Loss on disposal of interest in an associate . .	–	(126)	–
Exchange gain	–	–	209
	<u>260</u>	<u>8,164</u>	<u>9,714</u>

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9. IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Impairment losses, net of reversal, recognised on:			
— Trade receivables	(109)	(511)	(1,322)
— Other receivables	35	(10)	(232)
	<u>(74)</u>	<u>(521)</u>	<u>(1,554)</u>

10. FINANCE COSTS

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on borrowings	(1,771)	(1,531)	(2,109)
Interest on lease liabilities	(159)	(106)	(174)
	<u>(1,930)</u>	<u>(1,637)</u>	<u>(2,283)</u>

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax . . .	1,724	2,202	5,191
Deferred tax (<i>Note 21</i>)	3,567	3,404	2,235
	<u>5,291</u>	<u>5,606</u>	<u>7,426</u>

Tax charge for the year can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit before taxation	<u>40,364</u>	<u>53,023</u>	<u>58,968</u>
Tax at the PRC statutory tax rate of 25%	10,091	13,256	14,742
Tax effect of expenses not deductible for tax purpose	424	402	615
Tax effect of share of results of an associate .	14	–	(43)
Tax benefit for qualifying research and development expenses	(2,819)	(3,562)	(4,977)
Effect on concessionary tax rates	(2,419)	(4,490)	(2,911)
Tax charge.	<u>5,291</u>	<u>5,606</u>	<u>7,426</u>

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Cayman Islands

Under the current laws of the Cayman Islands, the Company incorporated in the Cayman Islands is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

BVI

The entities established in the BVI are exempted from income tax.

Hong Kong

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong Dollar (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision of Hong Kong Profits Tax was made in the consolidated financial statements as the Group has no assessable profit during the Track Record Period.

PRC

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate for PRC entities is 25% during the Track Record Period.

Guanglian Saixun, one of the entities comprising the Group, was qualified as a High-New Technology Enterprises (“HNTE”) since 9 November 2018 and was subject to a preferential income tax rate of 15% until 31 December 2023 after the approval of the extension of its HNTE status on 23 December 2021.

Guanglian Shuke, one of the entities comprising the Group, was qualified as a High-New Technology Enterprises (“HNTE”) since 16 October 2023 and was subject to a preferential income tax rate of 15% for three years.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 5% during the Track Record Period.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Staff costs (including directors’ remuneration as set out in <i>Note 13</i>):			
Salaries	38,273	49,183	47,712
Retirement benefits scheme contributions	1,489	1,863	1,731
Discretionary bonus	2,504	2,049	3,319
	<u>42,266</u>	<u>53,095</u>	<u>52,762</u>
Total employee benefit expenses	42,266	53,095	52,762
Capitalised in intangible assets	(3,254)	(9,451)	(8,472)
	<u>39,012</u>	<u>43,644</u>	<u>44,290</u>

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	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Depreciation of property, plant and equipment . . .	2,832	4,977	5,235
Depreciation of right-of-use assets	2,116	2,413	2,800
Amortisation of intangible assets	1,976	3,458	5,821
Total depreciation and amortisation.	6,924	10,848	13,856
Auditors’ remuneration	286	88	108
Write-down/(reversal of write-down) of inventories.	766	(888)	421
Cost of inventories recognised as an expense. . .	185,374	186,762	237,272
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

13. DIRECTORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

Directors’ and Chief Executive’s Emoluments

Zhu Lei was appointed as chief executive and director of the Company on 12 January 2022 and re-designated as executive director on 12 May 2023. Jiang Zhongyong and Zhao Zhan were appointed as directors of the Company on 12 January 2022 and re-designated as executive directors on 12 May 2023.

Cui Changsheng, Zou Fangzhao and Peng Chao were appointed as directors of the Company on 20 April 2023 and re-designated as non-executive directors on 12 May 2023.

Feng Yuan, Wei Chunlan and Ci Ying were appointed as independent non-executive directors of the Company on [18 June 2024].

Details of the emoluments paid or payable to the directors and chief executive officer of the Company (including emoluments of their services as employees or directors of the group entities prior to becoming the Directors) during the Track Record Period are as follows:

	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended					
31 December 2021					
Executive directors					
Zhu Lei	–	380	25	–	405
Jiang Zhongyong	–	36	25	–	61
Zhao Zhan	–	964	27	113	1,104
Non-executive director					
Cui Changsheng	–	–	–	–	–
Independent non-executive director					
Feng Yuan	60	–	–	–	60
Subtotal	60	1,380	77	113	1,630

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	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended					
31 December 2022					
Executive directors					
Zhu Lei	–	383	25	–	408
Jiang Zhongyong	–	48	25	–	73
Zhao Zhan	–	863	27	113	1,003
Non-executive director					
Cui Changsheng	–	–	–	–	–
Independent non-executive director					
Feng Yuan	60	–	–	–	60
Subtotal	<u>60</u>	<u>1,294</u>	<u>77</u>	<u>113</u>	<u>1,544</u>

	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31					
December 2023					
Executive directors					
Zhu Lei	–	383	25	–	408
Jiang Zhongyong	–	51	25	–	76
Zhao Zhan	–	863	27	56	946
Non-executive directors					
Cui Changsheng	–	–	–	–	–
Zou Fangzhao	–	–	–	–	–
Peng Chao	–	–	–	–	–
Independent non-executive director					
Feng Yuan	20	–	–	–	20
Subtotal	<u>20</u>	<u>1,297</u>	<u>77</u>	<u>56</u>	<u>1,450</u>

The executive directors’ and non-executive directors’ emoluments shown above were mainly for their services in connection with the management affairs of the Company and the Group.

Note: The discretionary bonus is based on the performance of the Directors and the Group.

During the Track Record Period, none of the Directors and chief executive of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the Directors or chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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Employees' Emoluments

The five highest paid employees of the Group included 1, 1 and 1 director during each of the years ended 31 December 2021, 2022 and 2023, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining 4, 4 and 4 highest paid employees during each of the years ended 31 December 2021, 2022 and 2023, respectively, who were neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries	1,812	2,651	2,931
Retirement benefits scheme contributions	78	103	105
Discretionary bonus	202	296	381
	<u>2,092</u>	<u>3,050</u>	<u>3,417</u>

The number of the highest paid employees who are neither directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2021	2022	2023
	No. of employees	No. of employees	No. of employees
Nil to HK\$1,000,000	4	4	2
HK\$1,000,000 to HK\$1,500,000	—	—	2
	<u>—</u>	<u>—</u>	<u>2</u>

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>31,831</u>	<u>44,145</u>	<u>51,129</u>

Number of shares

	Year ended 31 December		
	2021	2022	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>[286,771,500]</u>	<u>[286,771,500]</u>	<u>[299,309,684]</u>

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The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation as set out in Note 2 and the [REDACTED] as disclosed in Note 40 had been effective since 1 January 2021.

Upon completion of the Group Reorganisation in March 2023, there were 60,600,000 shares issued and outstanding. Shares of 2,645,700 was excluded from the calculation prior to the Group Reorganisation as it was attributable to non-controlling interests held by Hongsheng which ceased to hold any interest in the Group after the Group Reorganisation. Newly issued shares of 600,000 to an investor, Cova Investment, in March 2023 as disclosed in Note 2, were not included in the calculation before March 2023 either. The capitalisation rate was 5 according to the [REDACTED] disclosed in Note 40.

No diluted earnings per share is presented as there was no potential dilutive ordinary share in issue during the Track Record Period.

15. DIVIDENDS

No dividend was declared or paid by the entities comprising the Group during the Track Record Period or by the Company since its incorporation except for a final dividend of RMB2,700,000 declared by an entity comprising the Group to the non-controlling shareholders during the year ended 31 December 2021 and was paid during the year ended 31 December 2022.

The rate of dividends and the number of shares, ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2021	4,914	4,212	918	3,761	13,805
Additions	653	–	7,339	–	7,992
Transfer.	1,843	–	(8,257)	6,414	–
Disposals.	(1,233)	–	–	–	(1,233)
At 31 December 2021.	6,177	4,212	–	10,175	20,564
Additions	738	–	4,832	–	5,570
Transfer.	667	–	(4,832)	4,165	–
Disposals	(240)	–	–	(353)	(593)
At 31 December 2022.	7,342	4,212	–	13,987	25,541
Additions	680	–	888	–	1,568
Transfer.	–	–	(852)	852	–
Disposals.	(184)	(91)	–	(406)	(681)
At 31 December 2023.	7,838	4,121	36	14,433	26,428
DEPRECIATION					
At 1 January 2021	4,677	2,385	–	751	7,813
Provided for the year	348	673	–	1,811	2,832
Eliminated on disposals.	(1,170)	–	–	–	(1,170)

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	Furniture, fixtures and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 31 December 2021	3,855	3,058	–	2,562	9,475
Provided for the year	876	619	–	3,482	4,977
Eliminated on disposals . . .	(146)	–	–	(59)	(205)
At 31 December 2022	4,585	3,677	–	5,985	14,247
Provided for the year	1,116	301	–	3,818	5,235
Eliminated on disposals . . .	(84)	(86)	–	(203)	(373)
At 31 December 2023	5,617	3,892	–	9,600	19,109
CARRYING VALUES					
At 31 December 2021	2,322	1,154	–	7,613	11,089
At 31 December 2022	2,757	535	–	8,002	11,294
At 31 December 2023	2,221	229	36	4,833	7,319

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account their residual values, at the following rates per annum:

Furniture, fixtures and equipment	20%-33%
Vehicles	25%
Leasehold improvement	Over the shorter of the lease term, or 20%-33%

17. RIGHT-OF-USE ASSETS

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of the year . . .	3,674	2,380	4,243
Additions	822	4,276	1,159
Depreciation	(2,116)	(2,413)	(2,800)
Carrying amount at the end of the year	2,380	4,243	2,602
	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Expense relating to short-term leases	(12)	(59)	(25)
Total cash outflow for leases	(2,697)	(2,531)	(2,993)

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The Group leases certain of its offices and warehouses which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group regularly entered into short-term leases for offices. As at 31 December 2021, 2022 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

	<u>Development costs</u>	<u>Software</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
<u>COST</u>			
At 1 January 2021	–	11,001	11,001
Additions	3,254	239	3,493
At 31 December 2021.	3,254	11,240	14,494
Additions	9,451	195	9,646
Transfer to software	(12,705)	12,075	–
At 31 December 2022.	–	24,140	24,140
Additions	8,472	5,945	14,417
Transfer to software	(5,816)	5,816	–
At 31 December 2023.	2,656	35,901	38,557
<u>AMORTISATION</u>			
At 1 January 2021	–	1,943	1,943
Charge for the year	–	1,976	1,976
At 31 December 2021.	–	3,919	3,919
Charge for the year	–	3,458	3,458
At 31 December 2022.	–	7,377	7,377
Charge for the year	–	5,821	5,821
At 31 December 2023.	–	13,198	13,198
<u>CARRYING VALUES</u>			
At 31 December 2021.	3,254	7,321	10,575
At 31 December 2022	–	16,763	16,763
At 31 December 2023.	2,656	22,703	25,359

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All of the Group’s intangible assets having finite useful lives are amortised on a straight-line basis over the following periods:

Software	2-10 years
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19. INTEREST IN ASSOCIATES

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Unlisted equity investment, at cost	360	–	9,150
Share of post-acquisition (losses)/profit and other comprehensive (expense)/income . . .	(57)	–	174
	<u>303</u>	<u>–</u>	<u>9,324</u>

The associates of the Group were established and operates in the PRC. The details of the associates as at the end of each reporting period are set out below:

Name of entities	Proportion of ownership interest held to the Group			Proportion of voting rights held by the Group			Principal activity
	At 31 December			At 31 December			
	2021	2022	2023	2021	2022	2023	
汽後優簡網絡科技(深圳)有限公司 (Qihou Youjian Network Technology (Shenzhen) Co., Ltd.) (“Qihou Youjian”)	23%	N/A	N/A	23%	N/A	N/A	Consulting services related to evaluation of supplier in automotive industry
煙台市嘀加彩一汽車服務有限責任公司 (Yantai City Dijia Caiyi car Service Co., Ltd) (“Yantai City Dijia”)	–	–	29%	–	–	29%	Provision of marketing services
嘀加牛膜王(濟南)汽車用品服務有限責任公司 (Dijia niuowang (Jinan) Automotive supplies Service Co., Ltd) (“Dijia Niumowang”)	–	–	29%	–	–	29%	Provision of marketing services
九江嘀科鑫聯汽車服務有限責任公司 (Jiujiang dike xinlian Automobile Service Co., Ltd) (“Jiujiang Dike”)	–	–	29%	–	–	29%	Provision of marketing services
洛陽嘀加惠汽車服務有限公司 (Luoyang Dijiahui Automobile service Co., Ltd) (“Luoyang Dijiahui”)	–	–	29%	–	–	29%	Provision of marketing services

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Name of entities	Proportion of ownership interest held to the Group			Proportion of voting rights held by the Group			Principal activity
	At 31 December			At 31 December			
	2021	2022	2023	2021	2022	2023	
烏魯木齊嘀加藍卡汽車服務有限責任公司 (Urumqi Dijia Lanka car Service Co., Ltd) (“Urumqi Dijia”)	–	–	29%	–	–	29%	Provision of marketing services
雲南嘀加囉哩啲啦汽車服務有限公司 (Yunnan dijia pilipala car Service Co., Ltd) (“Yunnan Dijia”)	–	–	29%	–	–	29%	Provision of marketing services
陝西萬勝嘀加汽車服務有限公司 (Shanxi Wansheng Dijia Automobile Service Co., Ltd) (“Shanxi Wansheng”)	–	–	29%	–	–	29%	Provision of marketing services
內蒙古嘀加美圖汽車服務有限公司 (Inner Mongolia Dijia Meitu Automobile Service Co., Ltd) (“Inner Mongolia Dijia”)	–	–	29%	–	–	29%	Provision of marketing services
貴陽市嘀加鑫匯達汽車服務有限責任公司 (Guiyang City Dijiaxin Huida Automobile Service Co., Ltd) (“Guiyang City Dijiaxin”)	–	–	29%	–	–	29%	Provision of marketing services
西安嘀加萬昇汽車服務有限公司 (Xi’an Dijia Wansheng Automobile Service Co., Ltd) (“Xi’an Dijia Wansheng”)	–	–	29%	–	–	29%	Provision of marketing services
嘀加金鑫(濟南)汽車用品服務有限責任公司 (Dijia Jinxin (Jinan) Automotive supplies Service Co., Ltd) (“Dijia Jinxin”)	–	–	29%	–	–	29%	Provision of marketing services
洛陽嘀加贏惠汽車服務有限公司 (Luoyang Diyinghui Automobile Service Co., Ltd) (“Luoyang Diyinghui”)	–	–	29%	–	–	29%	Provision of marketing services
甘肅嘀加一門汽車裝飾服務有限責任公司 (Gansu Dijia Yimen Car Decoration Service Co., Ltd) (“Gansu Dijia”)	–	–	29%	–	–	29%	Provision of marketing services

The English translation of the names for the associates are for reference purpose only. The official names of these entities are in Chinese.

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The Group disposed 5% of its equity interest in Qihou Youjian in January 2022. Upon the completion of the transaction, the Group did not have significant influence in Qihou Youjian and the remaining 18% equity interest is accounted as financial assets at FVTPL. The retained investment is measured at the fair value at the date when it ceases to be an associate. The Company recognises RMB126,000 in loss, being the difference between (i) the fair value of retained interest and the proceeds from disposing and (ii) the carrying amount of the investment at the date the equity method was discontinued.

	As at 31 December
	2023
	RMB’000
Aggregate information of associates that are not individually material	
The Group’s share of results from continuing operations	591
The Group’s share of other comprehensive income and total comprehensive income	591
Aggregate carrying amount of the Group’s interests in these joint ventures	9,324

20. EQUITY INSTRUMENTS AT FVTOCI

Equity instruments at FVTOCI as at 31 December 2021, 2022 and 2023 represented the Group’s 15.01% equity interests in an unlisted company established in the PRC. The Directors have elected to designate the investment in equity instruments as at FVTOCI as they believe that the investment is not held for trading and is held for long-term strategic purposes. Details of the fair value measurement are disclosed in Note 35.

21. DEFERRED TAX ASSETS/LIABILITIES

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

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Deferred tax assets	6,059	4,700	2,923
Deferred tax liabilities.	(75)	(2,120)	(2,578)
	<u>5,984</u>	<u>2,580</u>	<u>345</u>

The deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the Track Record Period are as follows:

	ECL on receivables	Tax losses	Unrealised profits	Fair value changes of financial assets at FVTPL	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2021	2,403	4,977	1,810	2	359	9,551
(Charge)/credit to profit or loss	(852)	(1,448)	(1,468)	(77)	278	(3,567)

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	ECL on receivables	Tax losses	Unrealised profits	Fair value changes of financial assets at FVTPL	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 31 December 2021 . . .	1,551	3,529	342	(75)	637	5,984
Credit/(charge) to profit or loss	877	(1,656)	(326)	(2,045)	(254)	(3,404)
At 31 December 2022 . . .	2,428	1,873	16	(2,120)	383	2,580
(Charge)/credit to profit or loss	(60)	(242)	(16)	(1,471)	38	(1,751)
Effect of change in tax rate	(714)	(435)	–	850	(185)	(484)
At 31 December 2023 . . .	1,654	1,196	–	(2,741)	236	345

As at 31 December 2021, 2022 and 2023, the Group had estimated unused tax losses of approximately RMB23,931,000, RMB12,864,000 and RMB7,262,000 available for offset against future profits respectively. All tax losses were incurred by entities comprising the Group in the PRC. As at 31 December 2021, 2022 and 2023, deferred tax assets has been recognised in respect of all the tax losses at the end of each reporting period due to the predictability of future profit streams.

22. CONTRACT COSTS

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Costs to fulfill contracts.	43,666	27,594	21,777
Analysis as:			
Non-current.	18,699	10,497	8,715
Current.	24,967	17,097	13,062
	43,666	27,594	21,777

Costs to fulfill contracts capitalised relate to the cost of vehicle-mounted hardware installed in the automobile which cannot be separately used alone and are regarded as set up costs to provide SaaS subscription services. Contract costs are recognised as part of cost of revenue in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue from the related SaaS subscription services are recognised. The amount of capitalised costs recognised in profit or loss during the years ended 31 December 2021, 2022 and 2023 were RMB62,412,000, RMB57,272,000 and RMB57,811,000 respectively. There was no impairment in relation to the costs capitalised during the Track Record Period.

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23. INVENTORIES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	1,093	1,781	1,801
Finished goods	10,691	12,972	8,194
	<u>11,784</u>	<u>14,753</u>	<u>9,995</u>

24. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<u>Trade receivables</u>			
Trade receivables	111,970	132,721	139,086
Less: Allowance for credit losses	(42,374)	(42,073)	(43,261)
	<u>69,596</u>	<u>90,648</u>	<u>95,825</u>
<u>Other receivables</u>			
VAT receivables	1,517	746	993
Others	522	1,006	1,267
Less: Allowance for credit losses	(10)	(20)	(252)
	<u>2,029</u>	<u>1,732</u>	<u>2,008</u>
Total	<u>71,625</u>	<u>92,380</u>	<u>97,833</u>

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB121,536,000. As at 31 December 2021, carrying amount of trade receivables amounted to RMB20,000,000 have been pledged as security for the Group’s borrowings.

The Group usually allows a credit period of 90-180 days to its customers which is interest free with no collateral. Aging of trade receivables net of allowance for credit losses, is prepared based on date of transfer of goods or date of rendering of services, which approximated the respective revenue recognition dates, are as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-90 days	30,907	61,961	71,908
91-180 days	13,064	23,482	18,556
Over 180 days	25,625	5,205	5,361
	<u>69,596</u>	<u>90,648</u>	<u>95,825</u>

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Aging of trade receivables which were past due but not impaired:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
91-180 days	6,082	14,970	6,857
Over 180 days	25,625	5,205	5,361
	<u>31,707</u>	<u>20,175</u>	<u>12,218</u>

Details of impairment assessment of trade receivables and other receivables are set out in Note 35.

25. DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Deposits paid to customers	3,608	4,438	5,166
Prepayments for hardware	9,828	16,252	12,980
Prepayments to SaaS subscription suppliers. .	10,418	9,310	12,712
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	910	698	273
	<u>27,075</u>	<u>33,147</u>	<u>35,926</u>
Analysis as:			
Non-current	2,025	103	–
Current	25,050	33,044	35,926
	<u>27,075</u>	<u>33,147</u>	<u>35,926</u>

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		<u>–</u>	<u>[REDACTED]</u>

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26. FINANCIAL ASSETS AT FVTPL

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Listed equity security	96	64	–
Unlisted funds.	130,284	138,482	147,191
Unlisted equity investment.	–	234	91
Unlisted trust	–	–	11,135
	<u>130,380</u>	<u>138,780</u>	<u>158,417</u>

Financial assets at FVTPL as at 31 December 2021, 2022 and 2023 mainly represented the Group’s investments in (i) equity securities listed in the Shanghai Stock Exchange, (ii) unlisted funds which represented a portfolio of investments managed by fund managers with most of the portfolio assets are invested in bond investments in the PRC, (iii) unlisted equity investments and (iv) unlisted trust in the PRC. Details of the fair value measurement are disclosed in Note 35.

27. TIME DEPOSITS WITH MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Time deposits with original maturity over three months carried interest range from 1.95% to 4.50%, 1.65% to 3.85%, and 1.30% to 4.80% per annum as at 31 December 2021, 2022 and 2023, respectively. Of which, RMB110,000,000, nil and [nil] with maturity over one year are being classified as non-current as at 31 December 2021, 2022 and 2023, respectively.

Restricted bank deposits represented balances of RMB31,050,000, RMB50,010,000 and RMB27,846,000 pledged to banks for the issuance of the Group’s bills payable as at 31 December 2021, 2022 and 2023, respectively. Of which, RMB20,400,000, RMB22,300,000 and nil were time deposits with original maturity over three months.

Cash and cash equivalents include deposits with original maturity less than three months for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates range from 0.30% to 2.10%, 0.01% to 2.03% and 0.01% to 4.80% per annum as at 31 December 2021, 2022 and 2023, respectively. Demand deposits carried interest at market interest rate ranging from 0.30% to 0.35%, 0.01% to 0.35% and 0.01% to 0.35% per annum as at 31 December 2021, 2022 and 2023, respectively.

28. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Trade payables (Note)	14,380	20,563	21,121
Bills payable.	26,544	50,570	27,037
Deposits	1,784	1,275	2,715
Accrued salaries	5,894	6,708	7,216
Other tax payables	1,046	5,783	6,585
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends payable to non-controlling interests	2,700	–	–
Others.	1,609	1,340	1,661
	<u>54,205</u>	<u>89,892</u>	<u>69,502</u>

Note: Included in trade payables, nil, nil and RMB333,000 were balances due to associates in trade nature as at 31 December 2021, 2022 and 2023, respectively.

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The following is an aged analysis of trade and bills payables presented based on the invoice date.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-180 days	39,459	71,008	47,852
181-365 days	1,465	125	306
	<u>40,924</u>	<u>71,133</u>	<u>48,158</u>

The average credit period for purchases of goods or services is 180 days.

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other payables	N/A	—*	—
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		<u>—*</u>	<u>3,167</u>

* Amount less than RMB1,000

29. LEASE LIABILITIES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	1,813	2,347	2,314
Within a period of more than one year but less than two years	271	1,814	410
Within a period of more than two years but less than five years	391	224	26
	<u>2,475</u>	<u>4,385</u>	<u>2,750</u>
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(1,813)</u>	<u>(2,347)</u>	<u>(2,314)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>662</u>	<u>2,038</u>	<u>436</u>

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The weighted average incremental borrowing rate applied to lease liabilities were 4.75%, 4.75% and 4.75% as at 31 December 2021, 2022 and 2023, respectively.

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30. BORROWINGS

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bank loans	8,209	23,526	26,398
Other borrowings	30,014	12,016	17,019
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>
Secured	30,000	12,000	17,000
Unsecured	8,223	23,542	26,417
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>
Represented:			
Fixed-rate borrowings	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>

The carrying amounts of the borrowings are repayable within one year.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group’s bank loans is as follows:

	As at 31 December		
	2021	2022	2023
Effective interest rate per annum . . .	<u>4.35% to 6.50%</u>	<u>3.70% to 6.50%</u>	<u>3.60% to 4.90%</u>

At 31 December 2021, the borrowings amounting to RMB38,223,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen SME Financing Guarantee Co., Ltd.), certain entities comprising the Group. An amount of RMB10,000,000 of the borrowings were also secured by a patent of Guanglian Saixun. In addition, an amount of RMB20,000,000 included in other borrowings was pledged by the same amount of trade receivables of the Group.

At 31 December 2022, the borrowings amounting to RMB35,542,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen Lihe Technology Financing Guarantee Co., Ltd.), and certain entities comprising the Group. An amount of RMB12,000,000 of the borrowings were also secured by a patent of Guanglian Saixun.

At 31 December 2023, the borrowings amounting to RMB43,417,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen Lihe Technology Financing Guarantee Co., Ltd.), and certain entities comprising the Group. An amount of RMB17,000,000 of the borrowings were also secured by two patents of Guanglian Shuke. The Directors expected that the personal guarantees provided by Mr. Zhu Lei and Zhao Zhan will be replaced by corporate guarantee provided by the Company upon [REDACTED].

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31. CONTRACT LIABILITIES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Sales of in-vehicle hardware products and SaaS subscription services	146,278	116,349	80,859
Current	111,658	95,435	58,975
Non-current	34,620	20,914	21,884
	<u>146,278</u>	<u>116,349</u>	<u>80,859</u>

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

As at 1 January 2021, contract liabilities amounted to RMB161,088,000.

The Directors expect that the current contract liabilities will be recognised as revenue within one year, while the non-current contract liabilities will be recognised as revenue over one year.

During each of the years ended 31 December 2021, 2022 and 2023, the Group recognised revenue amounting to RMB93,562,000, RMB107,242,000 and RMB93,201,000, respectively, which related to the contract liabilities balance at the beginning of the year.

There was no revenue recognised during the Track Record Period that related to performance obligations that were satisfied in prior years.

32. SHARE CAPITAL

For the purposes of presentation of the consolidated statements of financial position, the balance of share capital as at 1 January 2021, 31 December 2021 and 2022 represented the aggregate of share capital of Guanglian Saixun and the Company prior to the completion of the Group Reorganisation.

	As at 1 January	As at 31 December	As at 31 December
	2021	2021	2022
	RMB'000	RMB'000	RMB'000
The Company	N/A	N/A	–*
Guanglian Saixun	60,000	60,000	60,000
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

As set out in Note 2, the Group Reorganisation has been completed during the year ended 31 December 2023 and the balance as at 31 December 2023 represented the share capital of the Company.

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The Company

	Number of shares	Nominal value	
		USD	RMB'000
Authorised:			
<i>Ordinary shares of USD0.0001 each</i>			
At 12 January 2022 (date of incorporation),			
31 December 2022 and 2023	500,000,000	50,000	318
	<u>500,000,000</u>	<u>50,000</u>	<u>318</u>
	Number of shares	Nominal value	
		USD	RMB'000
Issued and fully paid:			
<i>Ordinary shares of USD0.0001 each</i>			
At 12 January 2022 (date of incorporation) and			
31 December 2022	5	_ [^]	_*
Issue of shares (Note)	60,599,995	6,060	42
	<u>60,599,995</u>	<u>6,060</u>	<u>42</u>
At 31 December 2023.	60,600,000	6,060	42
	<u>60,600,000</u>	<u>6,060</u>	<u>42</u>

Note: In March 2023, the Company issued 60,599,995 shares with par value of USD0.0001 per share for a consideration of USD35,695,000 (equivalent to approximately RMB245,451,000).

* Amount less than RMB1,000

[^] Amount less than USD1

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings as disclosed in Note 30, net of bank balances and cash, and total equity of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through raising of new capital, issue of new debt or the redemption of the existing debts.

34. CAPITAL COMMITMENTS

The Group had the following commitments as at the end of each reporting period:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	48	57
	<u>–</u>	<u>48</u>	<u>57</u>

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35. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets at FVTPL	130,380	138,780	158,417
Financial assets at amortised cost	262,284	304,805	287,075
Equity instruments at FVTOCI	14,722	9,553	7,752
	<u>407,386</u>	<u>453,138</u>	<u>453,244</u>

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Financial liabilities			
Financial liabilities at amortised cost	85,488	112,943	99,118
	<u>85,488</u>	<u>112,943</u>	<u>99,118</u>

Financial risk management objectives and policies

The Group’s major financial instruments include equity instruments at FVTOCI, trade and other receivables, deposits paid to customers, financial assets at FVTPL, time deposits with maturity over three months, restricted bank deposits, cash and cash equivalents, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group’s activities expose it primarily to the financial risks of interest rates, currency risk and other price risk.

There has been no change to the Group’s exposure to market risk or the manner in which it manages and measures the risk during the reporting period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits with maturity over three months (see Note 27 for details), borrowings (see Note 30 for details) and lease liabilities (see Note 29 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate on bank balances.

The Group currently do not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank balance is presented as management consider the sensitivity on interest rate risk on bank balance is insignificant.

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Currency risk

The Group has USD and HKD bank balances which expose the Group and the Company to foreign currency risk. As at 31 December 2023, the Group had a total amount of RMB6,849,000 bank balances denominated in USD. Other than this, the bank balances in HKD as at 31 December 2021, 2022 and 2023 and USD as at 31 December 2021 and 2022 are insignificant.

Sensitivity analysis

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. As at 31 December 2023, for a 5% weakening of RMB against USD, there would be an increase in post-tax profits of the Group by RMB286,000 for the year then ended and vice versa. Other than this, the management of the Group considers that any reasonably possible change in the RMB against the USD and HKD as at 31 December 2021 and 2022 would not cause significant change to the fair value of the financial assets.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI. The above financial instruments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market. The exposure of other price risk is considered to be insignificant. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties. The Group's credit risk is mainly associated with bank balances, time deposits with maturity over three months, bank deposits, restricted bank deposits, trade and other receivables and deposits paid to customers.

The Group mainly conducted transactions with customers with good quality and long term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from trade and other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

Trade receivables

The Group reassesses lifetime ECL for trade receivables arising from contracts with customers to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring. The ECL on these assets are individually assessed for debtors with significant increases in credit risk or credit-impaired and collectively assessed based on internal credit ratings for the remaining balance. As part of the Group's credit risk management, the Group uses internal credit ratings to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by management to ensure relevant information about specific debtors is updated.

Other receivables and deposits paid to customers

For all other instruments including other receivables and deposits paid to customers, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

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In determining the ECL for other receivables and deposits paid to customers, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, and concluded that credit risk inherent in the Group’s outstanding other receivables and deposits paid to customers is insignificant.

Bank balances, restricted bank deposits, bank deposits and time deposits with maturity over three months

The Group transacts with banks with high credit ratings. The credit risk for bank balances, bank deposits, restricted bank deposits and time deposits with maturity over three months as at 31 December 2021, 2022 and 2023 was considered as insignificant as such amounts were placed in reputable banks.

The Group has no significant concentration of credit risk on trade and other receivables with exposure spreading over a number of counterparties and customers.

The Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk.	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL—not credit-impaired	12m ECL
Watch list.	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL—not credit-impaired	12m ECL
Doubtful.	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL—not credit-impaired	Lifetime ECL—not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL—credit-impaired	Lifetime ECL—credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group’s financial assets, which are subject to ECL assessment:

31 December 2021	Notes	External rating credit	Internal rating credit	12m or lifetime ECL	Gross carrying amount
					RMB’000
Financial assets at amortised cost					
Trade receivables	24	N/A	Note 1	Lifetime ECL (collective assessment)	67,419
		N/A	Doubtful	Lifetime ECL (individual assessment)	7,828
		N/A	Loss/Write-off	Lifetime ECL (individual assessment)	36,723
					111,970
Other receivables	24	N/A	Note 2	12m ECL	522
Deposits paid to customers	25	N/A	Note 2	12m ECL	3,608
Restricted bank deposits . .	27	AA+	N/A	12m ECL	31,050
Time deposits with maturity over three months.	27	AA+	N/A	12m ECL	112,354
Cash and cash equivalents	27	AA+	N/A	12m ECL	45,164
					111,970

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<u>31 December 2022</u>	<u>Notes</u>	<u>External rating credit</u>	<u>Internal rating credit</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u>
					<u>RMB’000</u>
Financial assets at amortised cost					
Trade receivables	24	N/A	Note 1	Lifetime ECL (collective assessment)	94,654
		N/A	Doubtful	Lifetime ECL (individual assessment)	802
		N/A	Loss/Write-off	Lifetime ECL (individual assessment)	37,265
					<hr/>
					132,721
Other receivables	24	N/A	Note 2	12m ECL	1,006
Deposits paid to customers . .	25	N/A	Note 2	12m ECL	4,438
Restricted bank deposits . . .	27	AA+	N/A	12m ECL	50,010
Time deposits with maturity over three months	27	AA+	N/A	12m ECL	20,482
Cash and cash equivalents	27	AA+	N/A	12m ECL	138,241
					<hr/> <hr/>
<u>31 December 2023</u>	<u>Notes</u>	<u>External rating credit</u>	<u>Internal rating credit</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u>
					<u>RMB’000</u>
Financial assets at amortised cost					
Trade receivables	24	N/A	Note 1	Lifetime ECL (collective assessment)	98,454
		N/A	Doubtful	Lifetime ECL (individual assessment)	2,080
		N/A	Loss/Write-Off	Lifetime ECL (individual assessment)	38,552
					<hr/>
					139,086
Other receivables	24	N/A	Note 2	12m ECL	1,267
Deposits paid to customers . .	25	N/A	Note 2	12m ECL	5,166
Restricted bank deposits . . .	27	AA+	N/A	12m ECL	27,846
Cash and cash equivalents	27	AA+	N/A	12m ECL	157,223
					<hr/> <hr/>

Notes:

- For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant increase in credit risk or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.
- For other receivables and deposits paid to customers, the Group has applied the 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

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The following table shows the movements in lifetime ECL that have been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2021	6,354	41,816	48,170
Changes due to financial instruments recognised as at 1 January 2021:			
— Transfer to credit-impaired	(812)	812	–
— Impairment losses reversed	(2,662)	–	(2,662)
— Impairment losses recognised	2,570	–	2,570
— Written off during the year	–	(5,905)	(5,905)
New financial assets originated	201	–	201
As at 31 December 2021.	5,651	36,723	42,374
Changes due to financial instruments recognised as at 1 January 2022:			
— Transfer to credit-impaired	(1,354)	1,354	–
— Impairment losses reversed	(1,899)	–	(1,899)
— Written off during the year	–	(812)	(812)
— Impairment losses recognised	1,020	–	1,020
New financial assets originated	1,390	–	1,390
As at 31 December 2022	4,808	37,265	42,073
Changes due to financial instruments recognised as at 1 January 2023:			
— Transfer to credit-impaired	(1,421)	1,421	–
— Impairment losses reversed	(1,748)	–	(1,748)
— Impairment losses recognised	2,186	–	2,186
— Written off during the year	–	(134)	(134)
New financial assets originated	884	–	884
As at 31 December 2023.	<u>4,709</u>	<u>38,552</u>	<u>43,261</u>

Liquidity Risk

In the management of liquidity risk, the Group’s management monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and mitigate the effects of unexpected fluctuations in cash flows.

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The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on the interest rate outstanding at the end of each reporting periods.

	Weighted average interest rate	Less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021						
Non-derivative financial liabilities						
Borrowings	4.35-6.50	39,466	–	–	39,466	38,223
Trade and other payables	N/A	47,265	–	–	47,265	47,265
Lease liabilities	4.75	1,852	295	430	2,577	2,475
		<u>88,583</u>	<u>295</u>	<u>430</u>	<u>89,308</u>	<u>87,963</u>
At 31 December 2022						
Non-derivative financial liabilities						
Borrowings	3.70-6.50	36,500	–	–	36,500	35,542
Trade and other payables	N/A	77,401	–	–	77,401	77,401
Lease liabilities	4.75	2,492	1,858	227	4,577	4,385
		<u>116,393</u>	<u>1,858</u>	<u>227</u>	<u>118,478</u>	<u>117,328</u>
At 31 December 2023						
Non-derivative financial liabilities						
Borrowings	3.60-4.90	44,415	–	–	44,415	43,417
Trade and other payables	N/A	55,701	–	–	55,701	55,701
Lease liabilities	4.75	2,404	433	27	2,864	2,750
		<u>102,520</u>	<u>433</u>	<u>27</u>	<u>102,980</u>	<u>101,868</u>

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Fair values

(i) Financial instruments carried at fair value

The Group measures its following financial instruments at fair value at the end of each of the reporting periods on a recurring basis:

Financial assets	Fair value as at 31 December 2021		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB'000					
Financial assets at FVTPL —Listed equity security	96	Level 1		Quoted bid prices in an active market	N/A	N/A
Financial assets at FVTPL —Unlisted funds	130,284	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A
Equity instruments at FVTOCI —Unlisted equity investments	14,722	Level 3		Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 1.5 and DLOM of 30% (Note)	The higher the EV/Sales LTM Multiple, the higher the fair value. The higher the DLOM, the lower the fair value.
Financial assets	Fair value as at 31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB'000					
Financial assets at FVTPL —Listed equity security	64	Level 1		Quoted bid prices in an active market	N/A	N/A
Financial assets at FVTPL —Unlisted funds	138,482	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A

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Financial assets	Fair value as at 31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB’000					
Equity instruments at FVTOCI—Unlisted equity investment	9,553	Level 3		Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 1.0 and DLOM of 30% (Note)	The higher the EV/Sales LTM Multiple, the higher the fair value. The higher the DLOM, the lower the fair value.
Financial assets	Fair value as at 31 December 2023		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB’000					
Financial assets at FVTPL—Unlisted funds	147,191	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A
Equity instruments at FVTOCI—Unlisted equity investments.	7,752	Level 3		Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 0.5 and DLOM of 30% (Note)	The higher the EV/Sales LTM Multiple, the higher the fair value. The higher the DLOM, the lower the fair value.
Financial assets at FVTPL—Unlisted trust	11,135	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A

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Note: A slight increase in the EV/Sales LTM Multiple used in isolation would result in an increase in the fair value measurement of the equity instruments, and vice versa. A 5% increase/decrease in EV/Sales LTM Multiple, holding all other variables constant, would increase/decrease the carrying amount of the equity instruments at FVTOCI by RMB237,000, RMB51,000 and RMB7,000 as at 31 December 2021, 2022 and 2023, respectively.

A slight increase in the DLOM used in isolation would result in a decrease in the fair value measurement of the equity instruments, and vice versa. A 5% increase/decrease in DLOM, holding all other variables constant, would decrease/increase the carrying amount of the equity instruments at FVTOCI by RMB315,000, RMB205,000 and RMB166,000 as at 31 December 2021, 2022 and 2023, respectively.

(ii) Reconciliation of Level 3 measurements

The following table represents the reconciliation of Level 3 measurements throughout the Track Record Period.

	Financial assets at FVTPL — Unlisted equity investments	Equity instruments at FVTOCI — Unlisted equity investments	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	–	25,878	25,878
Net loss in other comprehensive income	–	(11,156)	(11,156)
At 31 December 2021.	–	14,722	14,722
Net loss in other comprehensive income	–	(5,169)	(5,169)
Transfers into Level 3	98	–	98
Gain in fair value	136	–	136
At 31 December 2022.	234	9,553	9,787
Net loss in other comprehensive income	–	(1,801)	(1,801)
Loss in fair value	(143)	–	(143)
At 31 December 2023.	91	7,752	7,843

(iii) Fair values of financial instruments that are not measured at fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

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36. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021, 2022 and 2023, the Group entered into transactions with the following related parties:

<u>Name of the enterprises</u>	<u>Relationship with the Company</u>
Mr. Zhu Lei	A Controlling shareholder, an executive director, the chairman of the Board
Mr. Zhao Zhan	An executive director and the chief executive officer of the Company
Ms. Qi Yunlu	Spouse of executive director and the chief executive officer of the company
Dianmi Network Technology Co., Ltd. (“Dianmi”)	A company controlled by a director of the Company
Yantai City Dijia	Associate
Dijia Niumowang	Associate
Jiujiang Dike	Associate
Luoyang Dijiahui	Associate
Yunnan Dijia	Associate
Inner Mongolia Dijia	Associate
Guiyang City Dijiaxin	Associate
Gansu Dijia	Associate

(a) Guarantees to bank borrowings by related parties

Details of guarantees to bank borrowings by related parties are set out in Note 30.

(b) Related party transactions

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Labor services expense to Dianmi	409	–	–
Marketing services expense to Yantai City Dijia	–	–	546
Marketing services expense to Dijia Niumowang	–	–	866
Marketing services expense to Jiujiang Dike	–	–	36
Marketing services expense to Luoyang Dijiahui	–	–	219
Marketing services expense to Yunnan Dijia	–	–	87
Marketing services expense to Inner Mongolia Dijia	–	–	67
Marketing services expense to Guiyang Dijiaxin	–	–	82
Marketing services expense to Gansu Dijia	–	–	134
	409	–	1,354

(c) Compensation of key management personnel

Key management personnel of the Group represented Mr. Zhu Lei and Mr. Zhao Zhan, and their remuneration during the Track Record Period:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Salaries	1,344	1,246	1,246
Retirement benefits scheme contributions	52	52	52
Discretionary bonus	113	113	56
	1,509	1,411	1,354

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37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Prepaid/ accrued issue cost</u>	<u>Total</u>
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2021	27,234	4,179	–	31,413
New leases	–	822	–	822
Financing cash flows	9,218	(2,685)	(697)	5,836
Interest expenses accrued	1,771	159	–	1,930
[REDACTED]	–	–	[REDACTED]	[REDACTED]
At 31 December 2021.	38,223	2,475	(385)	40,313
New leases	–	4,276	–	4,276
Financing cash flows	(4,212)	(2,472)	(1,061)	(7,745)
Interest expenses accrued	1,531	106	–	1,637
[REDACTED]	–	–	[REDACTED]	[REDACTED]
At 31 December 2022.	35,542	4,385	691	40,618
New leases	–	1,159	–	1,159
Financing cash flows	5,766	(2,968)	(2,278)	520
Interest expenses accrued	2,109	174	–	2,283
[REDACTED]	–	–	[REDACTED]	[REDACTED]
At 31 December 2023.	<u>43,417</u>	<u>2,750</u>	<u>[REDACTED]</u>	<u>46,728</u>

38. FINANCIAL INFORMATION OF THE COMPANY

(a) Investment in a subsidiary

The amount represented the Company’s subscription of the subsidiary’s share at cost and its investment to the subsidiary.

(b) Amounts due to subsidiaries

The amounts due to subsidiaries as at 31 December 2023 mainly represented [REDACTED] and [REDACTED] paid on behalf of the Company by its subsidiaries.

(c) The followings are the movements of the Company’s reserves from 12 January 2022 (date of incorporation) to 31 December 2023:

	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Total</u>
	RMB’000	RMB’000	RMB’000
At 12 January 2022 (date of incorporation) and 31 December 2022	–	–	–
Issue of shares (Note 32)	245,409	–	245,409
Loss for the period.	–	(7,357)	(7,357)
At 31 December 2023.	<u>245,409</u>	<u>(7,357)</u>	<u>238,052</u>

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39. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Directly held:								
Carlink Future Inc. (Note b) (車聯未來有限公司)	BVI business company with liability limited by shares	BVI 23 January 2022	USD1/USD1	N/A	100	100	100	Investment Holding
Indirectly held:								
Carlink HK (Note b) (車聯香港有限公司)	Limited liability company	Hong Kong 8 February 2022	HK\$1/HK\$1	N/A	100	100	100	Investment Holding
Guanglian Shuke (Note a)	Limited liability company	PRC 28 November 2012	RMB110,000,000 (31 December 2022: RMB100,000,000)/ RMB110,000,000 (31 December 2022: RMB100,000,000)	100	100	100	100	Provision of products and services of automotive aftermarket
Guanglian Saixun (Note a) (深圳廣聯賽訊股份有限公司)	Limited liability company	PRC 4 May 2012	RMB31,104,000 (31 December 2022: RMB60,000,000)/ RMB31,104,000 (31 December 2022: RMB60,000,000)	100	100	100	100	Internet information service and geolocation service
Dijia Smart Cloud (Note a & b)	Limited liability company	PRC 23 July 2015	RMB5,000,000/ RMB5,000,000	100	100	100	100	Providing marketing software operation service
Tianjin Chejia (Note a & b)	Limited liability company	PRC 9 December 2019	RMB10,000,000/ RMB10,000,000	73	100	100	100	Vehicle-connected technology service and sales of smart in-vehicle equipment

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Shenzhen Hanhuaxing Technology Co., Ltd. (“Hanhuaxing Technology”) (Note a) (深圳市瀚華興科技有限公司)	Limited liability company	PRC 16 May 2013	RMB1,000,000/ RMB10,000,000	100	100	100	100	Purchase of data traffic
Chongqing Dijia Technology Co., Ltd. (Note b) (重慶市嘀加科技有限公司)	Limited liability company	PRC 12 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Technology Co., Ltd. (Note b) (成都市嘀加科技有限公司)	Limited liability company	PRC 19 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Technology Co., Ltd. (Note b) (貴陽市嘀加科技有限公司)	Limited liability company	PRC 23 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Technology Co., Ltd. (Note b) (深圳市嘀加科技有限公司)	Limited liability company	PRC 25 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Digital Technology Co., Ltd. (Note b) (成都市嘀加數科科技有限公司)	Limited liability company	PRC 16 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Digital Technology Co., Ltd. (Note b) (重慶市嘀加數科科技有限公司)	Limited liability company	PRC 16 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (成都市嘀加智慧雲汽車服務有限公司)	Limited liability company	PRC 22 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Hefei Dijia Technology Co., Ltd. (Note b) (Note c) (合肥市嘀加科技有限公司)	Limited liability company	PRC 4 July 2022	Nil/RMB100,000	N/A	100	100	N/A	SaaS marketing and management services
Zoucheng Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (Note c) (鄒城市嘀加智慧雲汽車服務有限公司)	Limited liability company	PRC 4 July 2022	Nil/RMB100,000	N/A	100	100	N/A	SaaS marketing and management services
Foshan Dijia Technology Co., Ltd. (Note b) (佛山市嘀加科技有限公司)	Limited liability company	PRC 6 July 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Nanchang Shujia Automobile Service Co., Ltd. (Note b) (南昌數加汽車服務有限公司)	Limited liability company	PRC 7 July 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Digital Technology Co., Ltd. (Note b) (貴陽市嘀加數科科技有限公司)	Limited liability company	PRC 10 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Zhiyun Technology Co., Ltd. (Note b) (成都市嘀加智雲科技有限公司)	Limited liability company	PRC 16 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Zhiyun Technology Co., Ltd. (Note b) (深圳市嘀加智雲科技有限公司)	Limited liability company	PRC 16 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Huiyun Technology Co., Ltd. (Note b) (成都市嘀加慧雲科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Saixun Technology Co., Ltd. (Note b) (成都市喃加賽訊科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Saixun Technology Co., Ltd. (Note b) (重慶市喃加賽訊科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Zhiyun Technology Co., Ltd. (Note b) (重慶市喃加智雲科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dike Technology Co., Ltd. (Note b) (重慶市喃科科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dixiang Automobile Service Co., Ltd. (Note b) (重慶市喃享汽車服務有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Shujia Technology Co., Ltd. (Note b) (重慶市數加科技有限公司)	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (濟南市喃加智慧雲汽車服務有限公司)	Limited liability company	PRC 19 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Digital Technology Co., Ltd. (Note b) (深圳市喃加數科科技有限公司)	Limited liability company	PRC 19 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Zhixiang Technology Co., Ltd. (Note b) (成都市嘀加智享科技有限公司)	Limited liability company	PRC 22 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Zibo Dijia Shuke Automobile Service Co., Ltd. (Note b) (淄博市嘀加數科汽車服務有限公司)	Limited liability company	PRC 23 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Zibo Dijia Automobile Service Co., Ltd. (Note b) (淄博市嘀加汽車服務有限公司)	Limited liability company	PRC 24 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Smart Cloud Technology Co., Ltd. (Note b) (貴陽市嘀加智慧雲科技有限公司)	Limited liability company	PRC 29 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Automobile Service Co., Ltd. (Note b) (濟南市嘀加汽車服務有限公司)	Limited liability company	PRC 29 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Shuke Automobile Service Co., Ltd. (Note b) (濟南市嘀加數科汽車服務有限公司)	Limited liability company	PRC 29 September 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dichengfang Technology Co., Ltd. (Note b) (重慶市嘀乘方科技有限公司)	Limited liability company	PRC 29 September 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dichengfang Technology Co., Ltd. (Note b) (成都市嘀乘方科技有限公司)	Limited liability company	PRC 8 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023	%	%
Chengdu Dichengshujia Technology Co., Ltd. (Note b) (成都市喃乘數加科技有限公司)	Limited liability company	PRC 10 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shijiazhuang Dijia Shuke Technology Co., Ltd. (Note b) (石家莊市喃加數科科技有限公司)	Limited liability company	PRC 14 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Saixun Zhiyun Technology Co., Ltd. (Note b) (重慶市賽訊智雲科技有限公司)	Limited liability company	PRC 24 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dichengshujia Technology Co., Ltd. (Note b) (重慶市喃乘數加科技有限公司)	Limited liability company	PRC 25 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Saixun Huiyun Technology Co., Ltd. (Note b) (成都市賽訊慧雲科技有限公司)	Limited liability company	PRC 27 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shanghai Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (上海喃加智慧雲汽車服務有限公司)	Limited liability company	PRC 27 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Shuke Zhiyun Technology Co., Ltd. (Note b) (成都市數科智雲科技有限公司)	Limited liability company	PRC 28 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Saixun Huiyun Technology Co., Ltd. (Note b) (深圳市賽訊慧雲科技有限公司)	Limited liability company	PRC 9 November 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Shenzhen Shuke Smart Technology Co., Ltd. (Note b) (深圳市數科智慧科技有限公司)	Limited liability company	PRC 9 November 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Tianjin Dijia Automobile Service Co., Ltd. (Note b) (天津市嘀加汽車服務有限公司)	Limited liability company	PRC 7 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Kunming Dijia Automobile Service Co., Ltd. (Note b) (昆明嘀加汽車服務有限公司)	Limited liability company	PRC 19 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dicheng Automobile Service Co., Ltd. (Note b) (濟南市嘀乘汽車服務有限公司)	Limited liability company	PRC 22 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijiasai Communication Technology Co., Ltd. (Note b) (濟南市嘀加賽通訊科技有限公司)	Limited liability company	PRC 23 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shanxi Hantu Dijia Technology Co., Ltd. (Note b) (陝西悍途滴加科技有限公司)	Limited liability company	PRC 20 October 2023	RMB650,000/ RMB3,000,000	N/A	N/A	51	51	SaaS marketing and management services
Haikou Dijia Technology Co., Ltd. (Note b) (海口市嘀加科技有限公司)	Limited liability company	PRC 27 July 2023	Nil/RMB100,000	N/A	N/A	100	100	Wholesales and retail trade
Chengdu Dijia Feitian Technology Co., Ltd. (Note b) (成都市嘀加飛天科技有限公司)	Limited liability company	PRC 6 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Chengxun Technology Co., Ltd. (Note b) (成都市噶加乘訊科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Guiyang Xunke Technology Co., Ltd. (Note b) (貴陽市訊科技術有限公司)	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Anshun Xunke Automobile Service Co., Ltd. (Note b) (安順市訊科汽車服務有限公司)	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jinan Shuke Information Technology Co., Ltd. (Note b) (濟南市數科信息科技有限公司) . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jinan Dijia Information Technology Co., Ltd. (Note b) (濟南市噶加信息科技有限公司) . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Yantai Dike Automotive Service Co., Ltd. (Note b) (煙台市噶科汽車服務有限公司)	Limited liability company	PRC 5 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Yantai Shujia Information Technology Co., Ltd. (Note b) (煙台市數加信息科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Urumqi Dijia Information Technology Co., Ltd. (Note b) (烏魯木齊噶加信息科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023	%	%
Urumqi Dike Information Technology Co., Ltd. (Note b) (烏魯木齊嘀科信息技術有限公司)	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Luoyang Dike Automobile Service Co., Ltd. (Note b) (洛陽市嘀科汽車服務有限公司)	Limited liability company	PRC 20 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Huangshi Dike Automotive Service Co., Ltd. (Note b) (黃石嘀科汽車服務有限公司)	Limited liability company	PRC 19 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jiujiang Dijia Automobile Service Co., Ltd. (Note b) (九江嘀加汽車服務有限公司)	Limited liability company	PRC 31 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Ewenki Autonomous Banner Dike Automobile Service Co., Ltd. (Note b) (鄂溫克族自治旗嘀科汽車服務有限公司)	Limited liability company	PRC 20 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Zhangye Dike Automobile Service Co., Ltd. (Note b) (張掖市嘀科汽車服務有限公司)	Limited liability company	PRC 30 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Xi'an Dijia Automobile Service Co., Ltd. (Note b) (西安嘀加汽車服務有限公司)	Limited liability company	PRC 13 November 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Xi'an Dike Automotive Service Co., Ltd. (Note b) (西安嘀科汽車服務有限公司)	Limited liability company	PRC 13 November 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
			%	%	%	%		
Lanzhou Dijia Auto Service Co., Ltd. (Note b) (蘭州市嘀加汽車服務有限公司) . . .	Limited liability company	PRC 29 January 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Xining Dijia Auto Service Co., Ltd. (Note b) (西寧嘀加汽車服務有限公司)	Limited liability company	PRC 22 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Puyang Dike Auto Service Co., Ltd. (Note b) (濮陽市嘀科汽車服務有限公司) . . .	Limited liability company	PRC 23 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Lanzhou Dike Auto Service Co., Ltd. (Note b) (蘭州市嘀科汽車服務有限公司) . . .	Limited liability company	PRC 26 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Xinyang City Pingqiao District Dijia Auto Service Co., Ltd. (Note b) (信陽市平橋區嘀加汽車服務有限公司)	Limited liability company	PRC 27 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Beihai Dijia Auto Technology Service Co., Ltd. (Note b) (北海嘀加汽車技術服務有限公司)	Limited liability company	PRC 28 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Zhengzhou Dike Auto Service Co., Ltd. (Note b) (鄭州市嘀科汽車服務有限公司) . . .	Limited liability company	PRC 4 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Beijing Dijia Auto Service Co., Ltd. (Note b) (北京嘀加汽車服務有限公司) . . .	Limited liability company	PRC 8 March 2024	Nil/RMB2,000,000	N/A	N/A	N/A	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Yinchuan Dijia Auto Service Co., Ltd. (Note b) (銀川嘀加汽車服務有限公司) . . .	Limited liability company	PRC 20 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Yinchuan Shujia Auto Service Co., Ltd. (Note b) (銀川數加汽車服務有限公司) . . .	Limited liability company	PRC 20 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Hohhot Dijia Auto Service Co., Ltd. (Note b) (呼和浩特市嘀加汽車服務有限公司)	Limited liability company	PRC 22 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services

The English translation of the names of the above companies is for reference only. The official names of these entities are in Chinese.

All entities now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

Notes:

- (a) The statutory financial statements of these subsidiaries established in the PRC were prepared in accordance with the relevant accounting principles and regulations in the PRC. The statutory financial statements for below subsidiaries for the years ended 31 December 2021 and 2022 were audited by the following certified public accountants registered in the PRC:

Subsidiaries

Guanglian Shuke
Guanglian Saixun
Hanhuaxing Technology
Dijia Smart Cloud
Tianjin Chejia

Year ended 31 December 2021

深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司

Subsidiaries

Guanglian Shuke
Guanglian Saixun
Hanhuaxing Technology
Dijia Smart Cloud
Tianjin Chejia

Year ended 31 December 2022

深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司
深圳普天會計師事務所有限公司

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) No audited financial statements of other entities comprising the Group have been prepared since there are no statutory audit requirements in those jurisdictions or the corresponding statutory audits have not been completed.
- (c) Hefei Dijia Technology Co., Ltd. and Zoucheng Dijia Smart Cloud Automobile Service Co., Ltd. were deregistered on 24 June 2024 and 20 June 2024 respectively.

None of the entities comprising the Group had issued any debt securities at the end of each reporting period.

40. SUBSEQUENT EVENTS

Subsequent to 31 December 2023, the following significant event took place:

[On [18 June 2024], the written resolution of the shareholders were passed to approve the matters set out in “Appendix IV—Statutory and General Information—Written Resolutions of our Shareholders passed on [18 June 2024]” to the Document. It was resolved, among other things, conditional on the share premium account having sufficient balance, or otherwise being credited as a result of the [REDACTED] and [REDACTED] of the shares pursuant to the [REDACTED], the Directors were authorised to capitalise USD[REDACTED] standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par [REDACTED] shares for [REDACTED] and [REDACTED] to the holders of shares whose names appear on the register of members or principal share register of the Company at the close of business on [REDACTED] in proportion to their then existing respective shareholdings in the Company.]

41. SUBSEQUENT FINANCIAL STATEMENTS

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