

The following is the text of a report set out on pages I-1 to I-87, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF XUNFEI HEALTHCARE TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Xunfei Healthcare Technology Co., Ltd. (“訊飛醫療科技股份有限公司”) (the “Company”) and its subsidiaries (together, the “Group”) set out on page I-3 to I-87, which comprises the consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 and June 30, 2024, the statement of financial position of the Company as at December 31, 2021, 2022 and 2023 and June 30, 2024, 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 December 31, 2023 and the six months ended June 30, 2024 (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-87 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 18, 2024 (the “Prospectus”) in connection with the initial listing 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 are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation 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 of the Company, 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 December 31, 2021, 2022 and 2023, and June 30, 2024, of the Company's financial position as at December 31, 2021, 2022 and 2023, and June 30, 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the six months ended June 30, 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation 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 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.



Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

December 18, 2024

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of 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 the International Accounting Standards Board ("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 in thousands) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,		Six months ended		
		2021	2022	2023	June 30,	
		RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands (unaudited)	RMB in thousands
Revenue	6	372,452	471,860	556,125	194,531	229,205
Cost of sales		(184,723)	(241,191)	(241,471)	(93,176)	(108,007)
Gross profit		187,729	230,669	314,654	101,355	121,198
Other income	7	31,227	44,000	48,577	25,305	12,120
Impairment losses under expected credit loss model, net of reversal	10	(628)	(8,602)	(6,187)	(3,508)	(8,402)
Other gains and losses	8	(350)	2,705	734	425	(141)
Selling expenses		(90,651)	(159,874)	(163,058)	(68,737)	(87,457)
Administrative expenses		(69,349)	(109,391)	(112,559)	(53,899)	(44,496)
Research and development expenses		(159,785)	(241,577)	(263,964)	(127,032)	(135,289)
Listing expenses		(6,268)	(1,440)	(3,901)	(399)	(18,735)
Finance costs	9	(2,895)	(590)	(1,211)	(41)	(2,087)
Loss before tax	12	(110,970)	(244,100)	(186,915)	(126,531)	(163,289)
Income tax credit	11	21,569	35,505	32,691	20,495	29,551
Loss and total comprehensive expense for the year/period		(89,401)	(208,595)	(154,224)	(106,036)	(133,738)
Loss and total comprehensive expense attributable to:						
– Owners of the Company		(83,707)	(189,400)	(144,842)	(97,513)	(129,653)
– Non-controlling interests		(5,694)	(19,195)	(9,382)	(8,523)	(4,085)
		(89,401)	(208,595)	(154,224)	(106,036)	(133,738)
Loss per share						
– Basic (RMB yuan)	15	(0.90)	(1.71)	(1.30)	(0.88)	(1.14)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,			As at
		2021	2022	2023	June 30,
		<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>2024 RMB in thousands</i>
Non-current assets					
Equipment	16	8,400	10,176	13,879	12,400
Right-of-use assets		2,874	1,142	1,716	1,202
Goodwill	17	23,777	23,777	23,777	23,777
Other intangible assets	18	205,473	166,013	158,322	156,526
Deferred tax assets	20	42,813	74,829	105,699	134,150
Long-term trade receivables	21	–	99,790	79,195	80,709
Pledged/restricted bank deposits	27	3,400	1,903	1,875	1,875
		<u>286,737</u>	<u>377,630</u>	<u>384,463</u>	<u>410,639</u>
Current assets					
Inventories	22	32,365	46,888	73,529	85,926
Trade and other receivables	23	176,777	304,883	533,260	596,557
Contract assets	24	20,305	16,426	8,153	13,699
Tax recoverable		115	134	23	88
Amount due from the ultimate holding company	25	9,547	5,185	6,707	8,622
Amounts due from fellow subsidiaries	25	49,799	26,065	58,459	42,140
Financial assets at fair value through profit or loss (“FVTPL”)	26	–	85,000	25,000	–
Pledged/restricted bank deposits	27	3,941	4,355	5,516	11,237
Cash and cash equivalents	27	434,227	163,018	142,504	101,966
		<u>727,076</u>	<u>651,954</u>	<u>853,151</u>	<u>860,235</u>

	NOTES	As at December 31,			As at
		2021	2022	2023	June 30,
		2024			
		<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Current liabilities					
Bill, trade and other payables	28	186,911	310,734	379,664	380,043
Bank borrowings	29	77,084	–	88,000	174,000
Amount due to the ultimate holding company	30	130,784	179,829	33,306	62,037
Amounts due to related companies	30	11,913	31,587	65,962	88,955
Lease liabilities		1,768	731	1,047	1,047
Provision	31	27,305	49,089	61,035	57,379
Contract liabilities	32	49,878	27,396	39,681	26,646
Deferred income		1,876	4,074	2,352	910
		<u>487,519</u>	<u>603,440</u>	<u>671,047</u>	<u>791,017</u>
Net current assets		<u>239,557</u>	<u>48,514</u>	<u>182,104</u>	<u>69,218</u>
Total assets less current liabilities		<u>526,294</u>	<u>426,144</u>	<u>566,567</u>	<u>479,857</u>
Non-current liabilities					
Lease liabilities		719	–	504	–
Bank borrowing	29	–	–	–	20,000
Long-term other payable	28	8,067	8,067	–	–
Deferred tax liabilities	20	20,477	18,340	16,203	15,135
		<u>29,263</u>	<u>26,407</u>	<u>16,707</u>	<u>35,135</u>
Net assets		<u>497,031</u>	<u>399,737</u>	<u>549,860</u>	<u>444,722</u>
Capital and reserves					
Share capital	33	36,950	111,000	113,843	113,843
Reserves		<u>389,615</u>	<u>230,231</u>	<u>384,944</u>	<u>283,448</u>
Equity attributable to owners of the Company		426,565	341,231	498,787	397,291
Non-controlling interests		<u>70,466</u>	<u>58,506</u>	<u>51,073</u>	<u>47,431</u>
Total equity		<u>497,031</u>	<u>399,737</u>	<u>549,860</u>	<u>444,722</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31,			As at
		2021	2022	2023	June 30,
		<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>2024 RMB in thousands</i>
Non-current assets					
Equipment	16	7,491	7,377	9,876	8,950
Right-of-use assets		2,108	759	1,716	1,202
Other intangible assets	18	63,985	34,603	41,164	48,565
Investments in subsidiaries	19	115,032	123,771	128,752	134,463
Deferred tax assets	20	32,581	56,375	80,729	103,490
Long-term trade receivables	21	–	57,658	30,141	31,831
Amount due from subsidiaries	25	–	90,247	63,592	90,940
Pledged/restricted bank deposits	27	3,400	1,903	1,875	1,875
		<u>224,597</u>	<u>372,693</u>	<u>357,845</u>	<u>421,316</u>
Current assets					
Inventories	22	30,051	35,113	49,246	57,436
Trade and other receivables	23	172,240	280,614	377,426	410,280
Contract assets	24	20,305	16,426	8,153	13,699
Amount due from the ultimate holding company	25	9,232	5,185	5,430	7,311
Amounts due from fellow subsidiaries	25	49,799	26,065	52,363	36,644
Amounts due from subsidiaries	25	1,040	30,249	169,540	151,835
Financial assets at FVTPL	26	–	45,000	–	–
Pledged/restricted bank deposits	27	3,941	4,355	5,516	11,237
Cash and cash equivalents	27	410,202	139,086	108,305	74,077
		<u>696,810</u>	<u>582,093</u>	<u>775,979</u>	<u>762,519</u>

	NOTES	As at December 31,			As at
		2021	2022	2023	June 30,
		RMB in thousands	RMB in thousands	RMB in thousands	2024 RMB in thousands
Current liabilities					
Bill, trade and other payables	28	180,523	290,735	333,123	326,627
Bank borrowings	29	77,084	–	80,000	156,000
Amount due to the ultimate holding company	30	127,114	169,519	16,957	46,254
Amounts due to related companies	30	6,718	21,343	45,437	61,998
Amount due to subsidiaries	30	6	367	4,733	35,656
Lease liabilities		1,370	530	1,047	1,047
Provision	31	27,305	48,189	57,381	54,263
Contract liabilities	32	49,862	26,569	37,494	22,955
Deferred income		1,876	3,956	2,261	868
		<u>471,858</u>	<u>561,208</u>	<u>578,433</u>	<u>705,668</u>
Net current assets		<u>224,952</u>	<u>20,885</u>	<u>197,546</u>	<u>56,851</u>
Total assets less current liabilities		<u>449,549</u>	<u>393,578</u>	<u>555,391</u>	<u>478,167</u>
Non-current liabilities					
Lease liabilities		528	–	504	–
Bank borrowing	29	–	–	–	20,000
Long-term other payable	28	8,067	8,067	–	–
		<u>8,595</u>	<u>8,067</u>	<u>504</u>	<u>20,000</u>
Net assets		<u>440,954</u>	<u>385,511</u>	<u>554,887</u>	<u>458,167</u>
Capital and reserves					
Share capital	33	36,950	111,000	113,843	113,843
Reserves		404,004	274,511	441,044	344,324
Total equity		<u>440,954</u>	<u>385,511</u>	<u>554,887</u>	<u>458,167</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital RMB in thousands	Paid-in capital RMB in thousands	Share premium RMB in thousands	Capital reserve RMB in thousands (Note a)	Statutory reserve RMB in thousands (Note b)	Share-based payments reserve RMB in thousands	Retained profits/ (Accumulated losses) RMB in thousands	Subtotal RMB in thousands	Non-controlling interests RMB in thousands	Total RMB in thousands
At January 1, 2021	-	22,420	-	795	4,790	-	48,697	76,702	4,267	80,969
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(83,707)	(83,707)	(5,694)	(89,401)
Acquisition of a subsidiary (Note 35)	-	-	-	-	-	-	-	-	71,481	71,481
Capital injection (Note 33)	-	4,540	-	-	-	-	-	4,540	-	4,540
Conversion into a joint stock company (Note 33)	35,000	(26,960)	17,274	(931)	(4,790)	-	(19,593)	-	-	-
Issuance of ordinary shares (Note 33)	1,950	-	388,050	-	-	-	-	390,000	-	390,000
Equity-settled share-based payments (Note 34)	-	-	-	6,336	-	32,694	-	39,030	412	39,442
At December 31, 2021	36,950	-	405,324	6,200	-	32,694	(54,603)	426,565	70,466	497,031
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(189,400)	(189,400)	(19,195)	(208,595)
Issuance of ordinary shares (Note 33)	50	-	9,950	-	-	-	-	10,000	-	10,000
Capital contribution from a non-controlling shareholder of a subsidiary of the Group	-	-	-	-	-	-	-	-	6,000	6,000
Conversion of share premium into share capital (Note 33)	74,000	-	(74,000)	-	-	-	-	-	-	-
Equity-settled share-based payments (Note 34)	-	-	-	(71)	-	94,137	-	94,066	1,235	95,301
At December 31, 2022	111,000	-	341,274	6,129	-	126,831	(244,003)	341,231	58,506	399,737
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(144,842)	(144,842)	(9,382)	(154,224)
Capital contribution from a non-controlling shareholder of a subsidiary of the Group	-	-	-	-	-	-	-	-	700	700
Issuance of ordinary shares (Note 33)	2,843	-	207,157	-	-	-	-	210,000	-	210,000
Equity-settled share-based payments (Note 34)	-	-	-	1,130	-	91,268	-	92,398	1,249	93,647
At December 31, 2023	113,843	-	548,431	7,259	-	218,099	(388,845)	498,787	51,073	549,860

	Attributable to owners of the Company									
	Share capital RMB in thousands	Paid-in capital RMB in thousands	Share premium RMB in thousands	Capital reserve RMB in thousands (Note a)	Statutory reserve RMB in thousands (Note b)	Share-based payments reserve RMB in thousands	Retained profits/ losses (Accumulated) RMB in thousands	Subtotal RMB in thousands	Non-controlling interests RMB in thousands	Total RMB in thousands
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(129,653)	(129,653)	(4,085)	(133,738)
Equity-settled share-based payments (Note 34)	-	-	-	116	-	28,041	-	28,157	443	28,600
At June 30, 2024	<u>113,843</u>	<u>-</u>	<u>548,431</u>	<u>7,375</u>	<u>-</u>	<u>246,140</u>	<u>(518,498)</u>	<u>397,291</u>	<u>47,431</u>	<u>444,722</u>
(Unaudited)										
At January 1, 2023	111,000	-	341,274	6,129	-	126,831	(244,003)	341,231	58,506	399,737
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(97,513)	(97,513)	(8,523)	(106,036)
Capital contribution from a non-controlling shareholder of a subsidiary of the Group	-	-	-	-	-	-	-	-	700	700
Equity-settled share-based payments (Note 34)	-	-	-	1,424	-	46,959	-	48,383	617	49,000
At June 30, 2023	<u>111,000</u>	<u>-</u>	<u>341,274</u>	<u>7,553</u>	<u>-</u>	<u>173,790</u>	<u>(341,516)</u>	<u>292,101</u>	<u>51,300</u>	<u>343,401</u>

Notes:

- (a) The capital reserve represented the recognition of equity-settled share-based payment issued by iFLYTEK Co., Ltd. (科大訊飛股份有限公司) (“iFLYTEK”), the ultimate holding company of the Company, to certain employees of the Group.
- (b) According to the relevant laws in the People’s Republic of China (the “PRC”), each of the companies established in the PRC with limited liability is required to transfer at least 10% of its net profit after taxation, as determined under the PRC accounting regulations, to statutory reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years’ losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
OPERATING ACTIVITIES					
Loss before tax	(110,970)	(244,100)	(186,915)	(126,531)	(163,289)
Adjustments for:					
Finance costs	2,895	590	1,211	41	2,087
Interest income	(1,807)	(2,403)	(1,397)	(941)	(374)
Imputed interest for long-term trade receivables	–	(734)	(6,563)	(3,313)	(2,836)
Gains from changes in fair value of financial assets at FVTPL	–	(2,726)	(904)	(577)	(318)
Depreciation of equipment	2,838	3,956	7,081	2,205	4,357
Depreciation of right-of-use assets	1,437	1,732	1,505	782	514
Amortization of other intangible assets	32,668	48,544	33,374	16,044	18,587
Impairment losses under expected credit loss model, net of reversal	628	8,602	6,187	3,508	8,402
Losses (gains) on disposals of equipment	144	(12)	33	8	12
Equity-settled share-based payments	34,900	96,653	93,331	47,934	28,632
Alteration of lease contract	139	–	–	–	–
Provision of warranty	25,862	35,155	31,059	10,377	8,744
Operating cash flow before movements in working capital	(11,266)	(54,743)	(21,998)	(50,463)	(95,482)
Increase in long-term trade receivables	–	(103,073)	(18,732)	(25,143)	(2,328)
Increase in inventories	(7,945)	(14,523)	(26,641)	(20,912)	(12,397)
Increase in trade and other receivables	(67,715)	(132,141)	(187,099)	(68,300)	(65,235)
(Increase) decrease in amount due from the ultimate holding company	(7,410)	4,080	(1,568)	512	(2,332)
(Increase) decrease in amounts due from fellow subsidiaries	(36,866)	23,858	(32,709)	(10,866)	16,086
Decrease (increase) in contract assets	498	3,740	8,413	6,244	(5,654)
Increase in bill, trade and other payables	73,225	123,823	85,066	26,976	8,446

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
(Decrease) increase in contract liabilities	(5,731)	(22,482)	12,285	1,724	(13,035)
Increase (decrease) in amount due to the ultimate holding company	38,795	49,045	(144,973)	8,910	28,731
(Decrease) increase in amounts due to related companies	(25,831)	19,674	34,375	14,018	22,993
Decrease in provision	(6,010)	(13,371)	(19,113)	(7,782)	(12,400)
Increase (decrease) in deferred income	21	2,198	(1,722)	(1,219)	(1,442)
Cash used in operations	(56,235)	(113,915)	(314,416)	(126,301)	(134,049)
Income tax refunded (paid)	3,554	(19)	111	111	(65)
NET CASH USED IN OPERATING ACTIVITIES	(52,681)	(113,934)	(314,305)	(126,190)	(134,114)
INVESTING ACTIVITIES					
Interest received	1,269	2,718	1,397	941	374
Proceeds from disposal of equipment	133	261	6	6	2
Purchase of equipment	(6,061)	(5,981)	(10,823)	(5,026)	(2,892)
Payment of additions of other intangible assets	(22,517)	(9,084)	(25,683)	(11,648)	(16,791)
Acquisition of a subsidiary	(55,445)	–	(24,203)	(24,203)	(8,067)
Placement of pledged/restricted bank deposits	(4,882)	(1)	(13,416)	(8,397)	(6,164)
Withdrawal of pledged/restricted bank deposits	7,809	1,084	12,283	8,170	443
Purchase of financial assets at FVTPL	–	(1,133,100)	(312,600)	(180,600)	(50,000)
Withdrawal of financial assets at FVTPL	–	1,050,826	373,504	266,177	75,318
Loan to the ultimate holding company	(1,095)	–	–	–	–
Repayment of loan to the ultimate holding company	23,232	–	–	–	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(57,557)	(93,277)	465	45,420	(7,777)

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
FINANCING ACTIVITIES					
Interest paid	(1,345)	(590)	(2,761)	(41)	(2,087)
Repayment of lease liabilities	(1,724)	(1,756)	(1,259)	(731)	(504)
Repayment of loan from the ultimate holding company	(201,791)	–	–	–	–
Loan from the ultimate holding company	178,754	–	–	–	–
Bank borrowings raised	77,084	–	128,000	20,000	146,000
Repayment of bank borrowings	–	(77,084)	(40,000)	–	(40,000)
Capital injection	4,540	–	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries of the group	–	6,000	700	700	–
Proceeds from issuance of ordinary shares	390,000	10,000	210,000	–	–
Issue costs paid	(844)	(568)	(1,354)	(283)	(2,056)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	444,674	(63,998)	293,326	19,645	101,353
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	334,436	(271,209)	(20,514)	(61,125)	(40,538)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	99,791	434,227	163,018	163,018	142,504
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	434,227	163,018	142,504	101,893	101,966

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Anhui Xunfei Medical Co., Ltd. (安徽訊飛醫療股份有限公司), Anhui iFLYTEK Medical Information Technology Company Limited (安徽科大訊飛醫療信息技術有限公司) and Anhui Puji Information Technology Company Limited (安徽普濟信息科技有限公司), was established as a company with limited liability in Hefei City, Anhui Province, the PRC on May 13, 2016, under the Company Law of the PRC. The immediate holding company and the ultimate holding company of the Company is iFLYTEK. The address of the registered office and the principal place of business of the Company is disclosed in the section headed “Corporate Information” in the Prospectus.

On December 24, 2021, the Company was converted into a joint stock company with limited liability.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of comprehensive healthcare AI solutions in the PRC throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 40.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION OF 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.

The statutory financial statements of the Company for the years ended December 31, 2021, 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by 容誠會計師事務所(特殊普通合伙), a certified public accountant registered in the PRC.

3. ADOPTION 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 applied the accounting policies which conform with IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the following amendments to IFRSs have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards- Volume 11</i> ³
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴

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

² Effective for annual periods beginning on or after January 1, 2025.

³ Effective for annual periods beginning on or after January 1, 2026.

⁴ Effective for annual periods beginning on or after January 1, 2027.

The application of IFRS 18 has impact on presentation of the consolidated statement of profit or loss and other comprehensive income and no impact on the Group's financial positions and performance. Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRSs will have no material impact on the Group's financial position and performance in foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following 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 include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and 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.

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 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.

Where 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, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

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.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”) or IFRIC-Int 21 *Levies* (“IFRIC-Int 21”), in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* (“IAS 12”) and IAS 19 *Employee Benefits* respectively;
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Investments in subsidiaries

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Note 6.

Employee benefits***Retirement benefit costs***

Payments to defined contribution retirement schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Share-based payments***Equity-settled share-based payment transactions******Restricted share units ("RSU") granted to employees***

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). In addition, the ultimate holding company of the Company, iFLYTEK, also operates certain share-based payment transactions which may cover certain employees of the Group. RSUs granted to the grantees of the Group are recognized as an employee benefit expenses over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity (capital reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years 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.

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized 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. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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 when the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each 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 each 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 recognizes 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 requirements to the lease liabilities and the related assets separately. The Group recognizes 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 utilized 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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Other intangible assets

Other intangible assets acquired separately

Other intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for other intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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 other intangible assets – research and development expenditure

Expenditure on research activities is recognized 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 recognized 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 recognized 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 recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on equipment, right-of-use assets and other intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of equipment, right-of-use assets and other intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of equipment, right-of-use assets, and other intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits, 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 Historical Financial Information 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 realizable value. Cost of inventories are determined on the weighted average method. Net realizable 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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of intelligent primary medical institution business and intelligent hospital business are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized 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, long-term trade receivables and trade receivables due from related parties arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from contracts with customers* ("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 fair value through profit or loss ("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 recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized 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 amortized 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.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized 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 recognized by applying the effective interest rate to the amortized 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 recognized 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) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income ("FVTOCI") 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 recognized in profit or loss. The net gain or loss recognized 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.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amount due from the ultimate holding company, amounts due from fellow subsidiaries, cash and cash equivalents), pledged/restricted bank deposits and long-term trade receivables and other items (contract assets) which are subject to impairment assessment 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. Assessments 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.

The Group always recognizes lifetime ECL for trade receivables, long-term trade receivables, trade receivables due from related parties and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized 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).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(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 recognized 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 and 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. The Group uses a practical expedient in estimating ECL on trade receivables, long-term trade receivables and trade receivables due from related parties using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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 receivables, long-term trade receivables, trade receivables due from related parties and contract assets 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 amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognized 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.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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 recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including bill, trade and other payables, long-term other payable, bank borrowings, amount due to the ultimate holding company and amounts due to related companies are subsequently measured at amortized 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, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company 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 underlying 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 coming twelve months, are described.

Estimated impairment of development costs

Development costs are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired.

Determining whether development costs are impaired requires an estimation of recoverable amount of the cash-generating unit to which the development costs belong, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arising from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of development costs were RMB23,082,000, RMB11,676,000, RMB14,018,000 and RMB21,120,000, respectively, no impairment loss was recognized by the management of the Group during the Track Record Period. Details of the recoverable amount calculation are disclosed in Note 18.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amounts of goodwill were RMB23,777,000, RMB23,777,000, RMB23,777,000 and RMB23,777,000, respectively. No impairment loss was recognized by the management of the Group during the Track Record Period. Details of the recoverable amount calculation are disclosed in Note 17.

Deferred tax assets

As at December 31, 2021, 2022 and 2023 and June 30, 2024, deferred tax assets of RMB42,813,000, RMB74,829,000, RMB105,699,000 and RMB134,150,000, respectively, in relation to the unused tax loss for certain operating subsidiaries and deductible temporary difference have been recognized in the consolidated statements of financial position. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Provision of ECL for trade receivables

The trade receivables that are credit-impaired are assessed for ECL individually. In addition, for trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings. The information about the ECL and the Group's trade receivables are disclosed in Notes 37 and 23, respectively.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amount of trade receivables and long-term trade receivables were RMB162,335,000, RMB373,389,000, RMB577,461,000 and RMB641,386,000 respectively, net of allowance of credit losses amounting to RMB825,000, RMB9,445,000, RMB15,411,000 and RMB23,055,000 respectively.

6. REVENUE AND SEGMENT INFORMATION**(i) Disaggregation of revenue from contracts with customers**

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Types of goods or services					
Project implementation services	344,359	441,025	469,200	165,050	190,403
Operation services	21,895	24,522	34,674	12,112	11,112
AI healthcare products	6,198	6,313	52,251	17,369	27,690
	<u>372,452</u>	<u>471,860</u>	<u>556,125</u>	<u>194,531</u>	<u>229,205</u>

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
By business lines					
Primary Healthcare (“PHC”)					
Services	215,567	298,061	239,754	87,045	55,042
Regional Healthcare Solutions	42,254	93,419	116,638	45,080	20,722
Hospital Services	82,347	43,486	64,912	22,550	58,727
Patient Services	32,284	36,894	134,821	39,856	94,714
	<u>372,452</u>	<u>471,860</u>	<u>556,125</u>	<u>194,531</u>	<u>229,205</u>
Timing of revenue recognition					
A point in time	350,557	447,338	521,451	182,419	218,093
Overtime	21,895	24,522	34,674	12,112	11,112
	<u>372,452</u>	<u>471,860</u>	<u>556,125</u>	<u>194,531</u>	<u>229,205</u>

(ii) Performance obligations for contracts with customers

Information about the Group’s performance obligations is summarized below:

Project implementation income are mainly generated from PHC Services, Regional Healthcare Solutions and Hospital Services. Revenue generated from project implementation income are recognized at a point in time when the products or solutions are delivered to the customer’s designated place, inspected and accepted by the customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 1 to 3 years from the date of the acceptance of the products or solutions. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers contract assets to trade receivables when the defect liability period expires.

Sales-related warranties associated with project implementation can not be purchased separately and they serve as an assurance that the solutions provided comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37. Details of the provision for warranties are set out in Note 31.

Operation service income are mainly generated from outbound calling services, extended maintenance and upgrade services, which are recognized over time on a straight-line basis and are mainly included in PHC Services, Hospital Services and Patient Services, since the customers simultaneously receive and consume the benefits provided by the Group as the Group performs. Advance consideration received in these services is recognized as a contract liability and is released on a straight-line basis over the period of services.

The Group is primarily responsible for providing the AI healthcare products to the customers being a principal, and revenue is recognized at a point in time when the AI healthcare products are delivered to and accepted by the customers.

Certain sale contracts of the Group are bundled contracts, which are consisted of multiple elements of platforms and solution services, and are regarded as separate performance obligations. The transaction price is allocated to each item in the sale contract based on their relative stand-alone selling prices. If a stand-alone selling price is not directly observable, the directors of the Company estimate the stand-alone selling price of each of the performance obligations based on the expected cost of satisfying each of the performance obligations (i.e. direct cost and staff costs incurred) plus an estimated reasonable margin for each of the performance obligations.

(iii) Contract costs***Incremental costs of obtaining a contract***

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its service contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

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

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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

The majority of the contracts for provision of PHC Services, Regional Healthcare Solutions and Hospital Services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(v) Segment Information

Information is reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies described in Note 4. No other analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

Geographical information

The Group primarily operates in the PRC. The Group's non-current assets are all located in the PRC.

Information about major customers

During the Track Record Period, revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Customer A	N/A ¹	80,431	N/A ¹	N/A ¹	N/A ¹
Customer B	N/A ¹	53,074	N/A ¹	N/A ¹	N/A ¹
Customer C	N/A ¹	47,161	N/A ¹	N/A ¹	N/A ¹
Customer D	91,749	N/A ¹	61,628	N/A ¹	N/A ¹
Customer E	N/A ¹	N/A ¹	63,653	22,639	N/A ¹
Customer F	N/A ¹	N/A ¹	N/A ¹	N/A ¹	28,709

1 The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year/period.

7. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Government grants (<i>Note i</i>)	14,695	31,050	17,784	7,235	1,494
Value-added tax refund (<i>Note ii</i>)	14,657	9,684	22,605	13,588	7,148
Interest income from bank deposits	328	2,403	1,397	941	374
Imputed interest income for long-term trade receivables (<i>Note iii</i>)	–	734	6,563	3,313	2,836
Interest income from the ultimate holding company (<i>Note 39</i>)	1,479	–	–	–	–
Others	68	129	228	228	268
	<u>31,227</u>	<u>44,000</u>	<u>48,577</u>	<u>25,305</u>	<u>12,120</u>

Notes:

- i. The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development activities and financing activities. Unconditional government grants are recognized in profit and loss when received while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.
- ii. In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on October 13, 2011 and came into effect on January 1, 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.
- iii. The imputed interest rates applied to long-term trade receivables are 4.75% per annum as at December 31, 2022 and 2023 and June 30, 2024.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Gains from changes in fair value of financial assets at FVTPL	–	2,726	904	577	318
(Losses) gains on disposal of equipment	(144)	12	(33)	(8)	(12)
Donations	–	–	(130)	(130)	(550)
Others	(206)	(33)	(7)	(14)	103
	<u>(350)</u>	<u>2,705</u>	<u>734</u>	<u>425</u>	<u>(141)</u>

9. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Interest expense on loan from the ultimate holding company (Note 39)	1,550	–	–	–	–
Interest expense on bank borrowings	1,223	508	1,176	31	2,057
Interest expense on lease liabilities	122	82	35	10	30
	<u>2,895</u>	<u>590</u>	<u>1,211</u>	<u>41</u>	<u>2,087</u>

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

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Impairment losses recognized, net of reversed on:					
– trade receivables and long-term trade receivables	180	8,620	5,966	3,437	7,644
– amount due from the ultimate holding company	85	(33)	46	1	417
– amounts due from fellow subsidiaries	389	(124)	315	148	233
– contract assets	(26)	139	(140)	(78)	108
	<u>628</u>	<u>8,602</u>	<u>6,187</u>	<u>3,508</u>	<u>8,402</u>

Details of impairment assessment are set out in Note 37.

11. INCOME TAX CREDIT

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Current tax	–	–	–	1,162	–
Deferred tax (<i>Note 20</i>)	(21,569)	(35,505)	(32,691)	(21,657)	(29,551)
	<u>(21,569)</u>	<u>(35,505)</u>	<u>(32,691)</u>	<u>(20,495)</u>	<u>(29,551)</u>

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25% for the Track Record Period.

The Company was qualified as a high and new technology enterprise (“HNTE”) in 2021, and entitled to a preferential tax rate of 15% from 2021 to 2023. Beijing Huiji Zhiyi Technology Co., Ltd. (北京惠及智醫科技有限公司) was qualified as a HNTE in 2022, and entitled to a preferential tax rate of 15% from 2022 to 2024. Anhui Imaging Union Cloud Health Technology Co., Ltd. (安徽影聯雲享醫療科技有限公司) (“Imaging Union”) was qualified as a HNTE in 2019 and separately renewed its HNTE in 2022, and entitled to a preferential tax rate of 15% from 2019 to 2024.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2021 to September 30, 2022 and for the period from October 1, 2022 to June 30, 2024 respectively.

According to a new tax incentives policy promulgated by the Ministry of Finance and the State Taxation Administration in September 2022, an additional 100% of qualified expenditure for acquisition of equipment and appliances incurred from October 1, 2022 to December 31, 2022 is allowed to be deducted from the taxable income. The Company was qualified as a software enterprise and was entitled to the two years’ exemption from income tax followed by three years of 50% tax reduction with effect from 2019. In 2022, Imaging Union was also qualified as a software enterprise and was entitled to the two years’ exemption from income tax followed by three years of 50% tax reduction, and no assessable profit was generated during the Track Record Period.

Certain subsidiaries of the Group, which are subject to “small and thin-profit enterprises”, will benefit from a preferential tax rate of 20% under the EIT Law. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, the qualified group entities enjoyed 87.5% reduction on annual taxable income on first RMB1,000,000 and 50% and 75% reduction between the annual taxable income of RMB1,000,000 to RMB3,000,000, respectively.

The income tax credit for the Track Record Period can be reconciled to the loss before tax as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Loss before tax	(110,970)	(244,100)	(186,915)	(126,531)	(163,289)
Tax at PRC enterprise income tax rate of 25%	(27,743)	(61,025)	(46,729)	(31,633)	(40,822)
Tax effect of expenses not deductible for tax purpose	10,878	27,348	26,613	13,521	9,161
Additional deduction of research and development expenses and other qualified expenditure	(17,139)	(27,059)	(32,071)	(12,742)	(13,651)
Effect of change in tax rate	–	1,935	–	–	–
Income tax at concessionary rates	12,435	23,296	19,496	10,359	15,761
Income tax credit for the year/period	<u>(21,569)</u>	<u>(35,505)</u>	<u>(32,691)</u>	<u>(20,495)</u>	<u>(29,551)</u>

12. LOSS BEFORE TAX

Loss for the year/period has been arrived at after charging:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Auditor's remunerations	91	300	300	–	–
Directors' remunerations (Note 13)	12,457	29,402	29,425	14,710	9,742
Other staff:					
Salaries and other benefits	114,143	185,280	194,194	94,947	102,733
Discretionary bonus	25,282	33,071	38,411	18,900	21,022
Retirement benefit scheme contributions	11,435	17,232	18,472	8,892	9,766
Equity-settled share-based payments	26,206	70,571	67,249	34,892	20,552
Total staff costs	<u>189,523</u>	<u>335,556</u>	<u>347,751</u>	<u>172,341</u>	<u>163,815</u>
Less: Capitalised in development costs	<u>(16,231)</u>	<u>(6,071)</u>	<u>(12,172)</u>	<u>(4,846)</u>	<u>(9,728)</u>
	<u>173,292</u>	<u>329,485</u>	<u>335,579</u>	<u>167,495</u>	<u>154,087</u>
Listing expenses	6,268	1,440	3,901	399	18,735
Depreciation of equipment	2,838	3,956	7,081	2,205	4,357
Depreciation of right-of-use assets	1,437	1,732	1,505	782	514
Amortization of other intangible assets	32,668	48,544	33,374	16,044	18,587
Total depreciation and amortization	<u>36,943</u>	<u>54,232</u>	<u>41,960</u>	<u>19,031</u>	<u>23,458</u>

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

Executive and non-executive directors and supervisors

Name	Position	Date of appointment
Dr. Tao Xiaodong	Executive director	December 16, 2021
Dr. Liu Qingfeng	Non-executive director and chairman	December 16, 2021
Mr. Zhao Zhiwei	Non-executive director	May 13, 2016
Mr. Duan Dawei	Non-executive director	December 16, 2021
Mr. Jiang Tao	Non-executive director	December 16, 2021
Prof. Wang Yang	Independent non-executive director	August 12, 2024
Prof. Zhao Huifang	Independent non-executive director	January 25, 2024
Mr. Tan Ching	Independent non-executive director	January 25, 2024
Prof. Ng Wang Wai Charles	Independent non-executive director	January 25, 2024
Ms. Zhang Xuanxuan	Supervisor	December 16, 2021
Ms. Sheng Yan	Supervisor	December 16, 2021
Mr. Gui Yajun	Supervisor	June 2, 2022
Mr. Wu Chuanhu	Supervisor	December 16, 2021

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and general manager of the Company (including emolument for services as employee/directors of the group entities prior to becoming the directors and supervisors of the Company) during the Track Record Period are as follows:

	Directors' or Supervisors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
For the year ended December 31, 2021						
Executive director:						
Dr. Tao Xiaodong (Note i)	–	3,322	407	34	1,559	5,322
Non-executive directors:						
Dr. Liu Qingfeng	–	–	–	–	–	–
Mr. Duan Dawei	–	–	–	–	–	–
Mr. Zhao Zhiwei	–	–	–	–	7,135	7,135
Mr. Jiang Tao (Note ii)	–	–	–	–	–	–
Independent non-executive directors:						
Prof. Wang Yang	–	–	–	–	–	–
Prof. Zhao Huifang	–	–	–	–	–	–
Mr. Tan Ching	–	–	–	–	–	–
Prof. Ng Wang Wai Charles (Note iv)	–	–	–	–	–	–
Supervisors:						
Ms. Zhang Xuanxuan	–	248	220	19	276	763
Ms. Sheng Yan	–	214	29	16	93	352
Mr. Gui Yajun	–	244	46	20	110	420
Mr. Wu Chuanhu (Note iii)	–	301	121	29	–	451
	–	4,329	823	118	9,173	14,443

	Directors' or Supervisors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity- settled share-based payments	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
For the year ended December 31, 2022						
Executive director:						
Dr. Tao Xiaodong	–	2,983	300	37	4,676	7,996
Non-executive directors:						
Dr. Liu Qingfeng	–	–	–	–	–	–
Mr. Duan Dawei	–	–	–	–	–	–
Mr. Zhao Zhiwei	–	–	–	–	21,406	21,406
Mr. Jiang Tao	–	–	–	–	–	–
Independent non-executive directors:						
Prof. Wang Yang	–	–	–	–	–	–
Prof. Zhao Huifang	–	–	–	–	–	–
Mr. Tan Ching	–	–	–	–	–	–
Prof. Ng Wang Wai Charles	–	–	–	–	–	–
Supervisors:						
Ms. Zhang Xuanxuan	–	297	262	25	823	1,407
Ms. Sheng Yan	–	172	56	20	172	420
Mr. Gui Yajun	–	280	52	24	329	685
	–	3,732	670	106	27,406	31,914
	–	3,732	670	106	27,406	31,914
	Directors' or Supervisors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity- settled share-based payments	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
For the year ended December 31, 2023						
Executive directors:						
Dr. Tao Xiaodong	–	3,005	300	38	4,676	8,019
Non-executive directors:						
Dr. Liu Qingfeng	–	–	–	–	–	–
Mr. Duan Dawei	–	–	–	–	–	–
Mr. Zhao Zhiwei	–	–	–	–	21,406	21,406
Mr. Jiang Tao	–	–	–	–	–	–
Independent non-executive directors:						
Prof. Wang Yang	–	–	–	–	–	–
Prof. Zhao Huifang	–	–	–	–	–	–
Mr. Tan Ching	–	–	–	–	–	–
Prof. Ng Wang Wai Charles	–	–	–	–	–	–
Supervisors:						
Ms. Zhang Xuanxuan	–	360	298	29	823	1,510
Ms. Sheng Yan	–	260	90	22	166	538
Mr. Gui Yajun	–	294	53	26	329	702
Total	–	3,919	741	115	27,400	32,175
	–	3,919	741	115	27,400	32,175

	Directors' or Supervisors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity- settled share-based payments	Total
	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands (unaudited)</i>
For the six months ended June 30, 2023 (Unaudited)						
Executive directors:						
Dr. Tao Xiaodong	–	1,501	150	18	2,338	4,007
Non-executive directors:						
Dr. Liu Qingfeng	–	–	–	–	–	–
Mr. Duan Dawei	–	–	–	–	–	–
Mr. Zhao Zhiwei	–	–	–	–	10,703	10,703
Mr. Jiang Tao	–	–	–	–	–	–
Independent non-executive directors:						
Prof. Wang Yang	–	–	–	–	–	–
Prof. Zhao Huifang	–	–	–	–	–	–
Mr. Tan Ching	–	–	–	–	–	–
Prof. Ng Wang Wai Charles	–	–	–	–	–	–
Supervisors:						
Ms. Zhang Xuanxuan	–	175	149	15	412	751
Ms. Sheng Yan	–	118	45	11	82	256
Mr. Gui Yajun	–	145	27	13	164	349
Total	–	1,939	371	57	13,699	16,066

	Directors' or Supervisors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity- settled share-based payments	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
For the six months ended June 30, 2024						
Executive directors:						
Dr. Tao Xiaodong	–	1,492	150	19	1,449	3,110
Non-executive directors:						
Dr. Liu Qingfeng	–	–	–	–	–	–
Mr. Duan Dawei	–	–	–	–	–	–
Mr. Zhao Zhiwei	–	–	–	–	6,632	6,632
Mr. Jiang Tao	–	–	–	–	–	–
Independent non-executive directors:						
Prof. Wang Yang	–	–	–	–	–	–
Prof. Zhao Huifang	–	–	–	–	–	–
Mr. Tan Ching	–	–	–	–	–	–
Prof. Ng Wang Wai Charles	–	–	–	–	–	–
Supervisors:						
Ms. Zhang Xuanxuan	–	185	157	16	255	613
Ms. Sheng Yan	–	137	54	14	51	256
Mr. Gui Yajun	–	161	26	15	102	306
Total	–	1,975	389	64	8,489	10,917

Notes:

- i. Dr. Tao Xiaodong is the general manager of the Company with effect from December 13, 2016.
- ii. Mr. Jiang Tao was resigned as a director of the Company on January 9, 2024.
- iii. Mr. Wu Chuanhu was resigned as a supervisor of the Company on March 6, 2022.
- iv. Prof. Ng Wang Wai Charles ceased to be an independent non-executive director of the Company on July 16, 2024.

The executive director's emoluments shown above were paid for his services in connection with the management of affairs of the Group and the Company during the Track Record Period. The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company and the Group, respectively. The discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics. On January 25, 2024, Prof. Ng Wang Wai Charles, Prof. Zhao Huifang and Mr. Tan Ching were appointed as the independent non-executive directors of the Company.

Five highest paid employees

The five highest paid individuals of the Group included two, two, two, two (unaudited) and two directors of the Company during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 (unaudited) and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining three, three, three, three (unaudited) and three highest paid individuals during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 (unaudited) and 2024, respectively, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Salaries and other benefits	1,476	2,418	3,007	1,501	1,139
Discretionary bonus	1,654	1,690	1,171	724	961
Retirement benefit scheme contributions	76	130	140	71	75
Equity-settled share-based payments	5,448	17,332	17,235	8,355	5,182
	<u>8,654</u>	<u>21,570</u>	<u>21,553</u>	<u>10,651</u>	<u>7,357</u>

The number of the highest paid employees remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees (unaudited)</i>	<i>No. of employees</i>
Hong Kong Dollars (“HK\$”)					
1,500,001 to HK\$2,000,000	–	–	–	–	1
HK\$2,000,001 to HK\$2,500,000	–	–	–	–	1
HK\$2,500,001 to HK\$3,000,000	2	–	–	1	–
HK\$3,000,001 to HK\$3,500,000	–	–	–	1	1
HK\$3,500,001 to HK\$4,000,000	–	–	–	–	1
HK\$4,000,001 to HK\$4,500,000	–	–	–	1	–
HK\$5,000,001 to HK\$5,500,000	1	–	–	–	–
HK\$5,500,001 to HK\$6,000,000	–	1	1	1	–
HK\$6,500,001 to HK\$7,000,000	1	–	1	–	–
HK\$7,000,001 to HK\$7,500,000	–	1	–	–	1
HK\$8,500,001 to HK\$9,000,000	1	1	1	–	–
HK\$11,000,001 to HK\$11,500,000	–	–	1	–	–
HK\$11,500,001 to HK\$12,000,000	–	–	–	1	–
HK\$12,000,001 to HK\$12,500,000	–	1	–	–	–
HK\$23,500,001 to HK\$24,000,000	–	1	1	–	–

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period.

15. LOSS PER SHARE

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

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Loss for the purposes of calculating basic loss per share attributable to owners of the Company	(83,707)	(189,400)	(144,842)	(97,513)	(129,653)
	<u>(83,707)</u>	<u>(189,400)</u>	<u>(144,842)</u>	<u>(97,513)</u>	<u>(129,653)</u>
	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>in thousands</i>	<i>in thousands</i>	<i>in thousands</i>	<i>in thousands (unaudited)</i>	<i>in thousands</i>
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	93,361	110,995	111,117	111,000	113,843
	<u>93,361</u>	<u>110,995</u>	<u>111,117</u>	<u>111,000</u>	<u>113,843</u>

In December 2021, the Company was converted to a joint stock company and a total of 35,000,000 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the then shareholders. In June 2022, the share capital of the Company was increased to RMB111,000,000 by way of conversion of share premium amounting to RMB 74,000,000 into share capital. The conversion to ordinary shares with a par value of RMB1.00 each and the conversion of share premium into share capital are applied retrospectively for the Track Record Period for the purpose of computation of basic loss per share, as adjusted for the capital contributions by the then shareholder.

No diluted earnings per share for the Track Record Period as there were no potential ordinary shares in issue for each of the three years ended December 31, 2023 or the six months ended June 30, 2023 (unaudited) and 2024.

16. EQUIPMENT

The Group

	Electronic equipment	Office furniture	Leasehold improvement	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
COST				
At January 1, 2021	9,924	2,777	–	12,701
Additions	4,029	2,032	–	6,061
Acquisition of a subsidiary (Note 35)	69	3	–	72
Disposals	(356)	(314)	–	(670)
	<u>13,666</u>	<u>4,498</u>	<u>–</u>	<u>18,164</u>
At December 31, 2021	13,666	4,498	–	18,164
Additions	4,526	1,455	–	5,981
Disposals	(669)	(218)	–	(887)
	<u>17,523</u>	<u>5,735</u>	<u>–</u>	<u>23,258</u>
At December 31, 2022	17,523	5,735	–	23,258
Additions	4,118	2,423	4,282	10,823
Disposals	(343)	(58)	–	(401)
	<u>21,298</u>	<u>8,100</u>	<u>4,282</u>	<u>33,680</u>
At December 31, 2023	21,298	8,100	4,282	33,680
Additions	1,358	1,534	–	2,892
Disposals	(144)	(10)	–	(154)
	<u>22,512</u>	<u>9,624</u>	<u>4,282</u>	<u>36,418</u>
At June 30, 2024	22,512	9,624	4,282	36,418
DEPRECIATION				
At January 1, 2021	6,424	895	–	7,319
Provided for the year	2,167	671	–	2,838
Eliminated on disposals	(335)	(58)	–	(393)
	<u>8,256</u>	<u>1,508</u>	<u>–</u>	<u>9,764</u>
At December 31, 2021	8,256	1,508	–	9,764
Provided for the year	2,911	1,045	–	3,956
Eliminated on disposals	(620)	(18)	–	(638)
	<u>10,547</u>	<u>2,535</u>	<u>–</u>	<u>13,082</u>
At December 31, 2022	10,547	2,535	–	13,082
Provided for the year	3,451	735	2,895	7,081
Eliminated on disposals	(326)	(36)	–	(362)
	<u>13,672</u>	<u>3,234</u>	<u>2,895</u>	<u>19,801</u>
At June 30, 2024	13,672	3,234	2,895	19,801

	Electronic equipment	Office furniture	Leasehold improvement	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At December 31, 2023	13,672	3,234	2,895	19,801
Provided for the period	2,462	1,175	720	4,357
Eliminated on disposals	(138)	(2)	–	(140)
	<u>15,996</u>	<u>4,407</u>	<u>3,615</u>	<u>24,018</u>
CARRYING VALUES				
At January 1, 2021	<u>3,500</u>	<u>1,882</u>	<u>–</u>	<u>5,382</u>
At December 31, 2021	<u>5,410</u>	<u>2,990</u>	<u>–</u>	<u>8,400</u>
At December 31, 2022	<u>6,976</u>	<u>3,200</u>	<u>–</u>	<u>10,176</u>
At December 31, 2023	<u>7,626</u>	<u>4,866</u>	<u>1,387</u>	<u>13,879</u>
At June 30, 2024	<u>6,516</u>	<u>5,217</u>	<u>667</u>	<u>12,400</u>

The Company

	Electronic equipment	Office furniture	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
COST			
At January 1, 2021	9,869	2,527	12,396
Additions	3,319	1,924	5,243
Disposals	(352)	(128)	(480)
	<u>12,836</u>	<u>4,323</u>	<u>17,159</u>
At December 31, 2021	12,836	4,323	17,159
Additions	3,069	230	3,299
Disposals	(596)	(2)	(598)
	<u>15,309</u>	<u>4,551</u>	<u>19,860</u>
At December 31, 2022	15,309	4,551	19,860
Additions	4,097	2,344	6,441
Disposals	(329)	(10)	(339)
	<u>19,077</u>	<u>6,885</u>	<u>25,962</u>
At December 31, 2023	19,077	6,885	25,962
Additions	843	1,379	2,222
Disposals	(114)	(10)	(124)
	<u>19,806</u>	<u>8,254</u>	<u>28,060</u>
At June 30, 2024	19,806	8,254	28,060

	Electronic equipment	Office furniture	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
DEPRECIATION			
At January 1, 2021	6,421	859	7,280
Provided for the year	2,085	655	2,740
Eliminated on disposals	(333)	(19)	(352)
At December 31, 2021	8,173	1,495	9,668
Provided for the year	2,417	960	3,377
Eliminated on disposals	(561)	(1)	(562)
At December 31, 2022	10,029	2,454	12,483
Provided for the year	1,720	2,210	3,930
Eliminated on disposals	(317)	(10)	(327)
At December 31, 2023	11,432	4,654	16,086
Provided for the period	2,274	862	3,136
Eliminated on disposals	(110)	(2)	(112)
At June 30, 2024	13,596	5,514	19,110
CARRYING VALUES			
At January 1, 2021	<u>3,448</u>	<u>1,668</u>	<u>5,116</u>
At December 31, 2021	<u>4,663</u>	<u>2,828</u>	<u>7,491</u>
At December 31, 2022	<u>5,280</u>	<u>2,097</u>	<u>7,377</u>
At December 31, 2023	<u>7,337</u>	<u>2,539</u>	<u>9,876</u>
At June 30, 2024	<u>6,210</u>	<u>2,740</u>	<u>8,950</u>

The above items are depreciated after taking into account the estimated residual value on a straight-line basis over the following periods:

Electronic equipment	3-5 years
Office furniture	5 years
Leasehold improvement	Over the shorter of term of the relevant leases or 3 years

17. GOODWILL

The Group

RMB in thousands

COST AND CARRYING VALUES

At January 1, 2021	–
Arising on acquisition of a subsidiary (Note 35)	23,777
	<hr/>
At December 31, 2021, 2022 and 2023 and June 30, 2024	23,777
	<hr/> <hr/>

The recoverable amount of the cash-generating unit (“CGU”) was determined based on a value in use calculation (“VIU”) by using the discounted cashflow method, based on the CGU’s financial budgets approved by the board of directors of the Company covering a five-year period. The CGU’s cash flows beyond the five-year period were extrapolated by using a steady 2.0% growth rate, which was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. The values to the assigned key assumptions were based on the past performance of the CGU and the management’s expectation of future market development. Pre-tax discount rate of 16.4%, 14.7%, 14.6% and 14.6% were used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment review as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively.

In the view of the directors of the Company, such assessment indicated that there was sufficient headroom in respect of the reasonably possible change in the key parameter, and had not identified that a reasonably possible change in the key parameter would cause the carrying amount of the CGU to exceed the recoverable amount as at December 31, 2021, 2022 and 2023 and June 30, 2024.

During the year ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, management of the Group determines that there is no impairment on the CGU. The recoverable amount of the CGU exceeded its carrying amount by RMB7,025,000, RMB12,551,000, RMB35,316,000 and RMB51,901,000 as at December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively. If the pre-tax discount rate was changed to 16.7%, 15.3%, 16.2% and 17.5% respectively, while other parameters remain constant, the recoverable amount of the CGU would equal its carrying amount.

18. OTHER INTANGIBLE ASSETS

The Group

	<u>Imaging platform</u>	<u>Intellectual properties</u>	<u>Development costs</u>	<u>Total</u>
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
COST				
At January 1, 2021	–	96,184	23,427	119,611
Additions	–	–	22,517	22,517
Acquisition of a subsidiary (Note 35)	142,447	505	–	142,952
Transfer	–	22,862	(22,862)	–
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2021	142,447	119,551	23,082	285,080
Additions	–	1,265	7,819	9,084
Transfer	–	19,225	(19,225)	–
	<hr/>	<hr/>	<hr/>	<hr/>

	Imaging platform	Intellectual properties	Development costs	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At December 31, 2022	142,447	140,041	11,676	294,164
Additions	–	3,695	21,988	25,683
Transfer	–	19,646	(19,646)	–
At December 31, 2023	142,447	163,382	14,018	319,847
Additions	–	–	16,791	16,791
Transfer	–	9,689	(9,689)	–
At June 30, 2024	142,447	173,071	21,120	336,638
	Imaging platform	Intellectual properties	Development costs	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
AMORTIZATION				
At January 1, 2021	–	46,939	–	46,939
Charge for the year	5,935	26,733	–	32,668
At December 31, 2021	5,935	73,672	–	79,607
Charge for the year	14,245	34,299	–	48,544
At December 31, 2022	20,180	107,971	–	128,151
Charge for the year	14,245	19,129	–	33,374
At December 31, 2023	34,425	127,100	–	161,525
Charge for the period	7,122	11,465	–	18,587
At June 30, 2024	41,547	138,565	–	180,112
CARRYING VALUES				
At January 1, 2021	–	49,245	23,427	72,672
At December 31, 2021	136,512	45,879	23,082	205,473
At December 31, 2022	122,267	32,070	11,676	166,013
At December 31, 2023	108,022	36,282	14,018	158,322
At June 30, 2024	100,900	34,506	21,120	156,526

The Company

	Intellectual properties	Development costs	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
COST			
At January 1, 2021	94,156	23,427	117,583
Additions	–	19,459	19,459
Transfer	22,862	(22,862)	–
At December 31, 2021	117,018	20,024	137,042
Additions	732	2,683	3,415
Transfer	13,739	(13,739)	–
At December 31, 2022	131,489	8,968	140,457
Additions	598	21,248	21,846
Transfer	16,198	(16,198)	–
At December 31, 2023	148,285	14,018	162,303
Additions	–	16,740	16,740
Transfer	9,689	(9,689)	–
At June 30, 2024	157,974	21,069	179,043
AMORTIZATION			
At January 1, 2021	46,770	–	46,770
Charge for the year	26,287	–	26,287
At December 31, 2021	73,057	–	73,057
Charge for the year	32,797	–	32,797
At December 31, 2022	105,854	–	105,854
Charge for the year	15,285	–	15,285
At December 31, 2023	121,139	–	121,139
Charge for the period	9,339	–	9,339
At June 30, 2024	130,478	–	130,478
CARRYING VALUES			
At January 1, 2021	47,386	23,427	70,813
At December 31, 2021	43,961	20,024	63,985
At December 31, 2022	25,635	8,968	34,603
At December 31, 2023	27,146	14,018	41,164
At June 30, 2024	27,496	21,069	48,565

The above items have finite useful lives. Such other intangible assets are amortized on a straight-line basis over the following periods:

Imaging platform	10 years
Intellectual properties	3-10 years

The recoverable amount of the development costs was determined based on a value in use calculation (“VIU”) by using the discounted cashflow method, based on the financial budgets of individual development projects approved by management covering the following 3 years. The values to the assigned key assumptions were based on the historical performance of comparable products and the management’s expectation of future market development. Pre-tax discount rate of 18.6%, 18.4%, 17.4% and 17.2% were used to reflect market assessment of time value and the specific risks relating to the development costs for the impairment review as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively.

In the view of the directors of the Company, such assessment indicated that there was sufficient headroom in respect of the reasonably possible change in the key parameter, and had not identified that a reasonably possible change in the key parameter would cause the carrying amount of the CGU to exceed the recoverable amount as at December 31, 2021, 2022 and 2023 and June 30, 2024.

During the year ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, management of the Group determines that there is no impairment on the development costs. The recoverable amount of the CGUs exceeded its carrying amount by RMB3,106,000, RMB2,320,000, RMB4,249,000 and RMB4,885,000 as at December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively. If the pre-tax discount rate was changed to 26.3%, 38.4%, 40.8% and 41.2% respectively, while other parameters remain constant, the recoverable amount of the CGU would equal its carrying amount.

19. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Cost of investments	115,032	123,771	128,752	134,463

20. DEFERRED TAX

For the purpose of presentation in the Historical Financial Information, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Deferred tax assets	42,813	74,829	105,699	134,150
Deferred tax liabilities	(20,477)	(18,340)	(16,203)	(15,135)
	22,336	56,489	89,496	119,015

The following are deferred tax assets (liabilities) recognized and movements thereon during the current and prior years/periods:

	Accelerated amortization of other intangible assets	ECL provision	Tax losses	Accrued expense	Warranty provision	Accelerated tax depreciation	Excess of fair value over the carrying amounts for other intangible assets	Share- based payments	Others	Total
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
At January 1, 2021	6,737	102	1,913	4,558	931	(668)	-	-	231	13,804
Credit (charge) to profit or loss	2,146	115	7,552	7,823	3,164	(251)	890	133	(3)	21,569
Credit to equity for the year	-	-	2,660	-	-	-	-	1,882	-	4,542
Acquisition of a subsidiary (Note 35)	-	-	3,788	-	-	-	(21,367)	-	-	(17,579)
At December 31, 2021	8,883	217	15,913	12,381	4,095	(919)	(20,477)	2,015	228	22,336
Credit (charge) to profit or loss	2,827	1,561	15,203	10,257	3,268	(216)	2,137	(628)	3,031	37,440
Charge to equity for the year	-	-	(455)	-	-	-	-	(897)	-	(1,352)
Effect of change in tax rate	(46)	-	(1,434)	(455)	-	-	-	-	-	(1,935)
At December 31, 2022	11,664	1,778	29,227	22,183	7,363	(1,135)	(18,340)	490	3,259	56,489
Credit (charge) to profit or loss	300	1,278	24,919	2,884	1,841	94	2,137	(257)	(505)	32,691
Credit to equity for the year	-	-	227	-	-	-	-	89	-	316
At December 31, 2023	11,964	3,056	54,373	25,067	9,204	(1,041)	(16,203)	322	2,754	89,496
Credit (charge) to profit or loss	(449)	1,331	33,148	(3,409)	(555)	(31)	1,068	10	(1,562)	29,551
Charge to equity for the period	-	-	-	-	-	-	-	(32)	-	(32)
At June 30, 2024	11,515	4,387	87,521	21,658	8,649	(1,072)	(15,135)	300	1,192	119,015
At January 1, 2023	11,664	1,778	29,227	22,183	7,363	(1,135)	(18,340)	490	3,259	56,489
Credit to profit or loss (unaudited)	79	668	18,208	758	389	96	1,068	102	289	21,657
Credit to equity for the period (unaudited)	-	-	-	-	-	-	-	1,066	-	1,066
At June 30, 2023 (unaudited)	11,743	2,446	47,435	22,941	7,752	(1,039)	(17,272)	1,658	3,548	79,212

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Deferred tax assets	32,581	56,375	80,729	103,490

The following are deferred tax assets (liabilities) recognized and movements thereon during the current and prior years/periods:

	Accelerated amortization of other intangible assets	ECL provision	Tax losses	Accrued expense	Warranty provision	Accelerated tax depreciation	Share- based payments	Others	Total
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
At January 1, 2021	6,717	102	-	4,558	931	(668)	-	231	11,871
Credit (charge) to profit or loss	2,053	112	4,293	6,641	3,164	(251)	133	23	16,168
Credit to equity for the year	-	-	2,660	-	-	-	1,882	-	4,542
At December 31, 2021	8,770	214	6,953	11,199	4,095	(919)	2,015	254	32,581
Credit (charge) to profit or loss	2,670	864	7,164	10,521	3,133	(134)	(628)	1,556	25,146
Charge to equity for the year	-	-	(455)	-	-	-	(897)	-	(1,352)
At December 31, 2022	11,440	1,078	13,662	21,720	7,228	(1,053)	490	1,810	56,375
Credit (charge) to profit or loss	16	402	21,755	1,517	1,379	81	(257)	(855)	24,038
Credit to equity for the year	-	-	227	-	-	-	89	-	316
At December 31, 2023	11,456	1,480	35,644	23,237	8,607	(972)	322	955	80,729
(Charge) credit to profit or loss	(494)	1,066	26,100	(2,966)	(468)	(35)	10	(420)	22,793
Charge to equity for the period	-	-	-	-	-	-	(32)	-	(32)
At June 30, 2024	10,962	2,546	61,744	20,271	8,139	(1,007)	300	535	103,490
(Unaudited)									
At January 1, 2023	11,440	1,078	13,662	21,720	7,228	(1,053)	490	1,810	56,375
(Charge) credit to profit or loss	(48)	309	14,171	(157)	110	89	102	(468)	14,108
Credit to equity for the period	-	-	-	-	-	-	1,066	-	1,066
At June 30, 2023	11,392	1,387	27,833	21,563	7,338	(964)	1,658	1,342	71,549

The Group has unused tax losses of approximately RMB96,533,000, RMB156,680,000, RMB343,736,000 and RMB550,664,000 available for offset against future profits as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. A deferred tax asset has been recognised in respect of all tax losses.

The directors of the Company considered probable that the Group will have sufficient taxable profits available in the foreseeable future to enable the deferred tax asset to be recovered.

The unused tax losses will expire as follows:

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
2026	1,406	1,406	1,406	–
2027	7,499	7,499	7,499	4,320
2028	8,989	8,989	8,989	8,989
2029	5,986	5,986	5,986	5,986
2030	9,025	1,376	1,376	1,376
2031	63,628	62,140	62,140	62,140
2032	–	69,284	69,180	69,180
2033	–	–	187,160	187,160
2034	–	–	–	211,513
	<u>96,533</u>	<u>156,680</u>	<u>343,736</u>	<u>550,664</u>

21. LONG-TERM TRADE RECEIVABLES

	The Group			As at June 30, 2024	The Company			As at June 30, 2024
	As at December 31,				As at December 31,			
	2021	2022	2023		2021	2022	2023	
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	
Long-term trade receivables (Note)	–	148,598	180,873	185,058	–	87,566	93,027	96,795
Less: due within one year	–	(44,791)	(97,996)	(99,745)	–	(27,928)	(62,039)	(63,403)
Less: allowance for credit losses	–	(4,017)	(3,682)	(4,604)	–	(1,980)	(847)	(1,561)
	<u>–</u>	<u>99,790</u>	<u>79,195</u>	<u>80,709</u>	<u>–</u>	<u>57,658</u>	<u>30,141</u>	<u>31,831</u>

Note: According to the payment terms in the sales contracts with certain customers, certain part of the sales consideration will be collected after one year.

The following is an aged analysis of long-term trade receivables net of allowance for credit losses presented based on invoice dates:

	The Group			As at June 30, 2024	The Company			As at June 30, 2024
	As at December 31,				As at December 31,			
	2021	2022	2023		2021	2022	2023	
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	
0-90 days	–	64,852	–	–	–	22,720	–	–
91-180 days	–	34,938	24,710	2,267	–	34,938	–	2,267
181-365 days	–	–	1,270	22,911	–	–	1,270	–
1-2 years	–	–	53,215	55,531	–	–	28,871	29,564
	<u>–</u>	<u>99,790</u>	<u>79,195</u>	<u>80,709</u>	<u>–</u>	<u>57,658</u>	<u>30,141</u>	<u>31,831</u>

Details of impairment assessment of long-term trade receivables are set out in Note 37.

22. INVENTORIES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	2024 RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	2024 RMB in thousands
Materials and components	2,508	5,897	2,212	3,002	224	408	907	1,703
Contract fulfillment cost (Note)	28,861	38,754	61,174	65,319	28,831	32,468	38,196	38,128
Finished products	996	2,237	10,143	17,605	996	2,237	10,143	17,605
	<u>32,365</u>	<u>46,888</u>	<u>73,529</u>	<u>85,926</u>	<u>30,051</u>	<u>35,113</u>	<u>49,246</u>	<u>57,436</u>

Note: The costs directly relate to the contracts, generate resources that will be used in satisfying the contracts and are expected to be recovered.

23. TRADE AND OTHER RECEIVABLES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	2024 RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	2024 RMB in thousands
Trade receivables	163,160	279,027	509,995	579,128	160,882	258,143	362,771	402,551
Less: allowance for credit losses	(825)	(5,428)	(11,729)	(18,451)	(805)	(4,661)	(8,216)	(13,867)
	<u>162,335</u>	<u>273,599</u>	<u>498,266</u>	<u>560,677</u>	<u>160,077</u>	<u>253,482</u>	<u>354,555</u>	<u>388,684</u>
Other receivables	6,538	15,054	9,509	9,073	6,402	14,042	8,061	8,032
Advance to suppliers	6,059	12,925	10,831	14,909	4,109	11,063	8,723	7,998
Prepayments for listing expenses	43	43	2,966	434	43	43	2,966	434
Deferred issue costs	1,609	1,984	3,111	5,132	1,609	1,984	3,111	5,132
Other tax recoverables	193	1,278	8,577	6,332	–	–	10	–
	<u>176,777</u>	<u>304,883</u>	<u>533,260</u>	<u>596,557</u>	<u>172,240</u>	<u>280,614</u>	<u>377,426</u>	<u>410,280</u>

As at January 1, 2021, the Group's and the Company's trade receivables amounted to RMB82,376,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	118,437	106,884	135,211	115,613	116,991	88,391	94,668	82,025
91-180 days	5,444	41,354	77,951	43,050	5,412	40,787	11,314	28,324
181-365 days	14,307	28,978	76,193	162,443	13,543	28,293	74,152	73,870
1-2 years	23,655	73,770	132,624	176,421	23,639	73,415	98,346	141,677
2-3 years	16	22,261	65,357	41,281	16	22,244	65,160	41,028
Over 3 years	476	352	10,930	21,869	476	352	10,915	21,760
	<u>162,335</u>	<u>273,599</u>	<u>498,266</u>	<u>560,677</u>	<u>160,077</u>	<u>253,482</u>	<u>354,555</u>	<u>388,684</u>

Details of impairment assessment of trade and other receivables are set out in Note 37.

24. CONTRACT ASSETS

The Group and the Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
PHC Services	10,055	5,926	2,809	5,340
Regional Healthcare Solutions	4,424	4,287	617	1,218
Hospital Services	5,545	5,334	4,552	6,649
Patient Services	387	1,124	280	705
	<u>20,411</u>	<u>16,671</u>	<u>8,258</u>	<u>13,912</u>
Less: allowance for credit losses	<u>(106)</u>	<u>(245)</u>	<u>(105)</u>	<u>(213)</u>
	<u>20,305</u>	<u>16,426</u>	<u>8,153</u>	<u>13,699</u>

As at January 1, 2021, the Group's and the Company's contract assets amounted to RMB24,653,000.

The Group classifies these contract assets as current because the Group expects to realize them in its normal operating cycle.

The Group typically agrees to a retention period ranging from 1 to 3 years for 5% to 10% of the contract value with certain customers in accordance with the terms specified in the relevant contracts.

Details of the impairment assessment are set out in Note 37.

25. AMOUNT(S) DUE FROM THE ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SUBSIDIARIES

Amount due from the ultimate holding company

The Group

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
iFLYTEK				
Trade related	9,317	5,237	6,805	9,137
Less: allowance for credit losses	(85)	(52)	(98)	(515)
	9,232	5,185	6,707	8,622
Non-trade related	315	–	–	–
	9,547	5,185	6,707	8,622

The balances of trade nature are unsecured and non-interest bearing. The balances of non-trade nature are unsecured and repayable on demand which bears interest with 3.65% per annum.

The following is an aged analysis of the Group's trade related balances net of allowance for credit losses presented based on invoice dates:

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
0-90 days	9,232	758	3,977	4,541
91-180 days	–	2,113	–	–
181-365 days	–	299	2,730	3,688
1-2 years	–	2,015	–	393
	9,232	5,185	6,707	8,622

Maximum amount outstanding during the Track Record Period of amount due from the ultimate holding company of non-trade nature disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
iFLYTEK	22,451	315	–	–

The Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
iFLYTEK				
Trade related	9,317	5,237	5,494	7,826
Less: allowance for credit losses	(85)	(52)	(64)	(515)
	9,232	5,185	5,430	7,311

The balances of trade nature are unsecured and non-interest bearing.

The following is an aged analysis of the Company's trade related balances net of allowance for credit losses presented based on invoice dates:

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	9,232	758	2,700	4,496
91-180 days	–	2,113	–	–
181-365 days	–	299	2,730	2,427
1-2 years	–	2,015	–	388
	9,232	5,185	5,430	7,311

Amounts due from fellow subsidiaries

The Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
<i>Trade related</i>				
iFLYTEK Zhiyuan Technology Co., Ltd. (訊飛智元信息科技有限公司)	15,056	2,556	11,864	11,031
Zhejiang Xunzhi Future Technology Co., Ltd. (浙江訊智未來科技有限公司)	–	–	19,245	10,920
Changzhi Kexun Information Technology Co., Ltd. (長治科訊信息科技有限公司)	20,285	10,805	9,484	9,484
Shandong Zixun Information Technology Co., Ltd. (山東淄訊信息科技有限公司)	–	–	4,433	4,433
iFLYTEK (Shanghai) Technology Co., Ltd. (科大訊飛(上海)科技有限公司)	234	845	1,370	1,489
Anhui iFLYTEK New Retail Co., Ltd. (安 徽訊飛新零售有限公司)	–	387	2,038	1,344
Xinyu iFLYTEK Information Technology Co., Ltd. (新余訊飛信息科技有限公司)	12,110	8,379	6,145	–
Others	2,503	3,358	4,460	4,252
	50,188	26,330	59,039	42,953
Less: allowance for credit losses	(389)	(265)	(580)	(813)
	49,799	26,065	58,459	42,140

The balances of trade nature are unsecured and non-interest bearing.

The following is an aged analysis of the Group's trade related balances net of allowance for credit losses presented based on invoice dates:

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
0-90 days	28,466	2,862	29,534	4,069
91-180 days	20,403	1,239	1,217	589
181-365 days	930	714	12,198	18,569
1-2 years	–	21,250	56	9,547
2-3 years	–	–	15,454	9,094
Over 3 years	–	–	–	272
	<u>49,799</u>	<u>26,065</u>	<u>58,459</u>	<u>42,140</u>

The Company

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Zhejiang Xunzhi Future Technology Co., Ltd.	–	–	19,245	10,920
Changzhi Kexun Information Technology Co., Ltd.	20,285	10,805	9,484	9,484
iFLYTEK Zhiyuan Technology Co., Ltd.	15,056	2,556	5,766	5,487
Shandong Zixun Information Technology Co., Ltd.	–	–	4,433	4,433
iFLYTEK (Shanghai) Technology Co., Ltd.	234	845	1,370	1,489
Anhui iFLYTEK New Retail Co., Ltd.	–	387	2,038	1,344
Xinyu iFLYTEK Information Technology Co., Ltd.	12,110	8,379	6,145	–
Others	<u>2,503</u>	<u>3,358</u>	<u>4,458</u>	<u>4,250</u>
	50,188	26,330	52,939	37,407
Less: allowance for credit losses	<u>(389)</u>	<u>(265)</u>	<u>(576)</u>	<u>(763)</u>
	<u>49,799</u>	<u>26,065</u>	<u>52,363</u>	<u>36,644</u>

The balances of trade nature are unsecured and non-interest bearing.

The following is an aged analysis of the Company's trade related balances net of allowance for credit losses presented based on invoice date:

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	28,466	2,862	23,454	4,067
91-180 days	20,403	1,239	1,217	589
181-365 days	930	714	12,182	13,087
1-2 years	–	21,250	56	9,535
2-3 years	–	–	15,454	9,094
Over 3 years	–	–	–	272
	<u>49,799</u>	<u>26,065</u>	<u>52,363</u>	<u>36,644</u>

Amounts due from subsidiaries

The Company

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
<i>Trade related</i>				
Pu'er Kedaxunfei Information Technology Co., Ltd. (普洱科大訊飛信息技術有限公司)	–	52,317	71,078	77,298
Lvliang Kedaxunfei Medical Information Technology Co., Ltd. (呂梁科大訊飛醫療信息技術有限公司)	–	160	71,504	71,771
Imaging Union	984	4,592	8,968	12,946
Beijing Huiji Zhiyi Technology Co., Ltd.	56	1,146	3,767	5,907
Others	–	257	1,259	2,659
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5,381)</u>
	1,040	58,472	156,576	165,200
<i>Non-trade related</i>				
Beijing Huiji Zhiyi Technology Co., Ltd.	–	51,912	53,837	54,537
Imaging Union	–	10,112	22,719	23,038
	<u>1,040</u>	<u>120,496</u>	<u>233,132</u>	<u>242,775</u>
Presented as				
Current assets	1,040	30,249	169,540	151,835
Non-current assets	–	90,247	63,592	90,940
	<u>1,040</u>	<u>120,496</u>	<u>233,132</u>	<u>242,775</u>

The balances of trade nature are unsecured and non-interest bearing. The balances of non-trade nature are unsecured, bearing interests ranged from 2.80% to 3.85% per annum, and repayable in 2023, 2024 and 2025 respectively.

The following is an aged analysis of trade related balances net of allowance for credit losses presented based on invoice dates:

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
0-90 days	1,040	9,469	66,508	10,905
91-180 days	–	47,719	7,174	2,723
181-365 days	–	300	24,644	79,571
1-2 years	–	984	57,370	71,166
2-3 years	–	–	880	835
	<u>1,040</u>	<u>58,472</u>	<u>156,576</u>	<u>165,200</u>

Details of impairment assessment are set out in Note 37.

26. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30, 2024	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Structured bank deposits	–	85,000	25,000	–	–	45,000	–	–

The Group and the Company invested in financial products managed by a financial institution in the PRC. The principal is guaranteed by the relevant financial institutions with expected yield ranged from 1.60% to 2.73%, from 1.40% to 2.80% and from 1.40% to 2.80% per annum as at December 31, 2022 and 2023 and June 30, 2024, respectively, and the actual yield to be received is uncertain until settlement. The investments have maturity date within one year and are classified as financial assets measured at FVTPL.

27. CASH AND CASH EQUIVALENTS AND PLEDGED/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranged from 0.30% to 1.90%, from 0.25% to 1.90%, from 0.20% to 1.90% and from 0.20% to 1.90% per annum as at December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively.

Pledged bank deposits represent deposits to secure the guarantee letters issued for the tendering and on-going projects. The pledged bank deposits will be released to the Group in next one to four years from respective year/period end. The pledged bank deposits carry interest at market rates which ranged from 0.30% to 1.77%, from 0.25% to 1.77%, from 0.20% to 1.90% and from 0.20% to 0.35% per annum as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

As at December 31, 2023 and June 30, 2024, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB5,487,000 and RMB11,209,000 respectively can only be applied in the designated projects. The balances carry interest at an interest rate of 0.2% per annum.

28. BILL, TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Trade payables	92,245	189,271	242,665	262,525	89,611	183,253	211,877	224,422
Bill payables	17,793	22,207	38,379	49,688	17,691	21,227	37,124	47,820
Total trade and bill payables	110,038	211,478	281,044	312,213	107,302	204,480	249,001	272,242
Payroll payables	38,368	46,004	52,060	38,257	35,043	40,962	46,391	32,831
Value added tax and other tax payables	9,877	23,888	30,363	18,226	9,822	16,576	22,122	10,824
Payable for acquisition of a subsidiary (Note 35)	32,270	32,270	8,067	–	32,270	32,270	8,067	–
Listing expenses and issue costs payable	3,649	2,609	4,371	7,813	3,649	2,609	4,371	7,813
Others	776	2,552	3,759	3,534	504	1,905	3,171	2,917
	<u>194,978</u>	<u>318,801</u>	<u>379,664</u>	<u>380,043</u>	<u>188,590</u>	<u>298,802</u>	<u>333,123</u>	<u>326,627</u>
Presented as								
Non-current liabilities	8,067	8,067	–	–	8,067	8,067	–	–
Current liabilities	186,911	310,734	379,664	380,043	180,523	290,735	333,123	326,627
	<u>194,978</u>	<u>318,801</u>	<u>379,664</u>	<u>380,043</u>	<u>188,590</u>	<u>298,802</u>	<u>333,123</u>	<u>326,627</u>

The credit period of trade creditors is generally 30 days. The following is an aged analysis of trade payables presented based on the invoice dates:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	79,160	122,362	161,661	137,603	76,688	118,699	138,691	122,078
91-180 days	3,575	7,458	14,849	29,212	3,575	6,786	10,590	18,258
181-365 days	1,431	19,039	27,212	50,819	1,269	18,862	23,849	41,928
Over 1 year	8,079	40,412	38,943	44,891	8,079	38,906	38,747	42,158
	<u>92,245</u>	<u>189,271</u>	<u>242,665</u>	<u>262,525</u>	<u>89,611</u>	<u>183,253</u>	<u>211,877</u>	<u>224,422</u>

The following is an aged analysis of bill payables based on the bill issuance dates at the end of each reporting period:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30, 2024	2021	2022	2023	June 30, 2024
<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	
0-180 days	17,793	22,207	38,379	49,688	17,691	21,227	37,124	47,820

29. BANK BORROWINGS

The Group

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Unsecured bank borrowings	77,084	–	88,000	194,000
The carrying amounts of the above borrowings are repayable*:				
Within one year (shown under current liabilities)	77,084	–	88,000	174,000
Within a period of more than one year but not exceeding two years (shown under non-current liabilities)	–	–	–	20,000
	77,084	–	88,000	194,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank borrowing were dominated in RMB and carried fixed rates with effective interest rates from 3.85% to 4.20%, from 2.60% to 3.55% and from 2.60% to 3.55% per annum at December 31, 2021 and 2023 and at June 30, 2024 respectively.

The Company

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Unsecured bank borrowings	77,084	–	80,000	176,000

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	2024 <i>RMB in thousands</i>
The carrying amounts of the above borrowings are repayable*:				
Within one year (shown under current liabilities)	77,084	–	80,000	156,000
Within a period of more than one year but not exceeding two years (shown under non-current liabilities)	–	–	–	20,000
	<u>77,084</u>	<u>–</u>	<u>80,000</u>	<u>176,000</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Company's bank borrowings were denominated in RMB and carried fixed rates with effective interest rates from 3.85% to 4.20%, from 2.60% to 3.25% and from 2.60% to 3.01% per annum at December 31, 2021 and 2023 and at June 30, 2024 respectively.

30. AMOUNT(S) DUE TO THE ULTIMATE HOLDING COMPANY/RELATED COMPANIES/SUBSIDIARIES

Amount due to the ultimate holding company

The Group

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	2024 <i>RMB in thousands</i>
iFLYTEK				
Trade related	129,234	178,279	33,306	62,037
Non-trade related	1,550	1,550	–	–
	<u>130,784</u>	<u>179,829</u>	<u>33,306</u>	<u>62,037</u>

The Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	2024 <i>RMB in thousands</i>
iFLYTEK				
Trade related	125,564	167,969	16,957	46,254
Non-trade related	1,550	1,550	–	–
	<u>127,114</u>	<u>169,519</u>	<u>16,957</u>	<u>46,254</u>

The balance of trade nature is unsecured, non-interest bearing and repayable on demand. The balance of non-trade nature is unsecured, non-interest bearing and repayable on demand.

The following is an aged analysis of trade related balances presented based on the invoice dates:

	The Group				The Company			
	As at December 31,			As at June 30, 2024	As at December 31,			As at June 30, 2024
	2021	2022	2023		2021	2022	2023	
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	19,078	18,370	6,628	21,096	15,408	15,891	1,025	21,020
91-180 days	13,888	12,805	8,871	19,300	13,888	11,332	8,483	19,211
181-365 days	19,481	22,429	6,184	10,993	19,481	19,745	6,116	4,999
1-2 years	41,887	48,777	11,580	5,215	41,887	45,108	1,290	751
2-3 years	34,900	41,887	43	5,433	34,900	41,887	43	273
Over 3 years	–	34,011	–	–	–	34,006	–	–
	<u>129,234</u>	<u>178,279</u>	<u>33,306</u>	<u>62,037</u>	<u>125,564</u>	<u>167,969</u>	<u>16,957</u>	<u>46,254</u>

Amounts due to related companies

The Group

	As at December 31,			As at June 30, 2024
	2021	2022	2023	
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
<i>Trade related</i>				
iFLYTEK (Beijing) Co., Ltd. (科大訊飛(北京)有限公司 (formerly known as 中科訊飛互聯(北京)信息科技有限)) (Note i)	8,598	12,250	22,455	25,762
iFLYTEK Central China (Wuhan) Co., Ltd. (訊飛華中(武漢)有限公司) (Note i)	59	6,558	16,080	20,587
Zhejiang iFLYTEK Intelligent Technology Co., Ltd. (浙江訊飛智能科技有限公司) (Note i)	318	2,317	5,007	6,631
iFLYTEK (Shanghai) Technology Co., Ltd. (Note i)	13	454	3,576	4,333
Sichuan iFLYTEK Super Brain Information Technology Co., Ltd. (四川訊飛超腦信息科技有限)) (Note i)	25	19	2,868	4,333
Liaoning iFLYTEK Information Technology Co., Ltd. (遼寧訊飛信息科技有限)) (Note i)	–	136	1,770	3,471
iFLYTEK Zhiyuan Technology Co., Ltd. (Note i)	537	457	590	2,692
iFLYTEK Zhigu Technology Co., Ltd. (訊飛智谷科技有限)) (Note i)	–	–	1,398	1,879
Tianjin iFLYTEK Information Technology Co., Ltd. (天津訊飛信息科技有限)) (Note i)	627	3,219	2,222	1,769
Hefei iFLYTEK Education Development Co., Ltd. (合肥科大訊飛教育發展有限)) (Note i)	–	–	–	1,586
Xi'an Xunfei Super Brain Information Technology Co., Ltd. (西安訊飛超腦信息科技有限)) (Note i)	3	364	631	1,583
iFLYTEK South China Co., Ltd. (科大訊飛華南有限)) (Note i)	–	468	1,017	1,539
Tianjin Zhihuigu Technology Service Co., Ltd. (天津智匯谷科技服務有限)) (Note i)	374	736	1,173	1,371

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Wuhan iFLYTEK Xingzhi Technology Co., Ltd. (武漢訊飛興智科技有限公司) (Note i)	231	520	844	1,050
Xinyu iFLYTEK Information Technology Co., Ltd. (Note i)	–	–	–	973
Hunan Xiangxun Future Technology Co., Ltd. (湖南湘訊未來科技有限公司) (Note i)	–	–	893	971
Wuhu Kexun Aerospace Information Technology Co., Ltd. (蕪湖科訊航天信息技術有限公司) (Note i)	–	–	412	927
Nanjing Xunfei Smart City Technology Co., Ltd. (南京訊飛智慧城市科技有限公司) (Note i)	–	–	236	803
Shandong Kexun Information Technology Co., Ltd. (山東科訊信息技術有限公司) (Note i)	–	213	378	740
Shenzhen Xunfei Intelligent Technology Co., Ltd. (深圳訊飛智慧科技技術有限公司) (Note i)	–	344	349	692
Anhui Tingjian Technology Co., Ltd. (安徽聽見科技技術有限公司) (Note i)	122	930	322	336
Kexun Jialian Information Technology Co., Ltd. (科訊嘉聯信息技術有限公司) (Note ii)	947	1,624	816	152
Hefei Intelligent Speech Innovation Development Co., Ltd. (合肥智能語音創新發展有限公司) (Note ii)	3	139	81	130
Others (Note i)	56	839	2,844	4,645
	<u>11,913</u>	<u>31,587</u>	<u>65,962</u>	<u>88,955</u>

The Company

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
<i>Trade related</i>				
iFLYTEK Central China (Wuhan) Co., Ltd. (Note i)	5	5,770	13,690	16,491
iFLYTEK (Beijing) Co., Ltd. (Note i)	4,927	5,010	7,786	8,992
Zhejiang iFLYTEK Intelligent Technology Co., Ltd. (Note i)	7	1,562	4,157	5,781
iFLYTEK (Shanghai) Technology Co., Ltd. (Note i)	2	454	3,576	4,333
Liaoning iFLYTEK Information Technology Co., Ltd. (Note i)	–	136	1,767	3,468
Sichuan iFLYTEK Super Brain Information Technology Co., Ltd. (Note i)	7	–	1,963	2,968
iFLYTEK Zhigu Technology Co., Ltd. (Note i)	–	–	1,398	1,879
Hefei iFLYTEK Education Development Co., Ltd. (Note i)	–	–	–	1,586
Xi'an iFLYTEK Super Brain Information Technology Co., Ltd. (西安訊飛超腦信息技術有限公司) (Note i)	3	364	631	1,583
iFLYTEK South China Co., Ltd. (Note i)	–	468	1,017	1,539
Tianjin iFLYTEK Information Technology Co., Ltd. (Note i)	–	2,795	1,889	1,435
Wuhan iFLYTEK Xingzhi Technology Co., Ltd. (Note i)	231	520	844	1,050
Xinyu iFLYTEK Information Technology Co., Ltd. (Note i)	–	–	–	973

	As at December 31,			As at
	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Hunan Xiangxun Future Technology Co., Ltd. (Note i)	–	–	893	971
Wuhu Kexun Aerospace Information Technology Co., Ltd. (Note i)	–	–	412	927
Nanjing Xunfei Smart City Technology Co., Ltd. (Note i)	–	–	236	803
Shandong Kexun Information Technology Co., Ltd. (Note i)	–	213	378	740
iFLYTEK Zhiyuan Technology Co., Ltd. (Note i)	537	457	590	739
Shenzhen Xunfei Intelligent Technology Co., Ltd. (Note i)	–	344	349	692
Anhui Jixun Information Technology Co., Ltd. (安徽極訊信息科技有限公司) (Note i)	–	76	629	629
Anhui Tingjian Technology Co., Ltd. (Note i)	–	649	146	160
Kexun Jialian Information Technology Co., Ltd. (Note ii)	947	1,624	816	152
Hefei Intelligent Speech Innovation Development Co., Ltd. (Note ii)	3	139	81	93
Others (Note i)	49	762	2,189	4,014
	<u>6,718</u>	<u>21,343</u>	<u>45,437</u>	<u>61,998</u>

Notes:

- i. The entities are the fellow subsidiaries of the Company.
- ii. The entities are associates of iFLYTEK.

The balances of trade nature are unsecured, non-interest bearing and repayable on demand.

The following is an aged analysis of trade related balances presented based on the invoice dates:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2021	2022	2023	June 30,	2021	2022	2023	June 30,
	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
0-90 days	6,797	19,287	24,182	16,763	2,738	12,306	19,918	14,286
91-180 days	1,129	3,445	4,163	9,465	1,129	1,851	2,219	5,018
181-365 days	1,312	3,331	11,538	27,282	1,312	3,002	7,311	21,550
1-2 years	2,675	4,388	23,513	30,029	1,539	3,417	13,756	16,741
2-3 years	–	1,136	2,566	5,083	–	767	2,233	4,403
Over 3 years	–	–	–	333	–	–	–	–
	<u>11,913</u>	<u>31,587</u>	<u>65,962</u>	<u>88,955</u>	<u>6,718</u>	<u>21,343</u>	<u>45,437</u>	<u>61,998</u>

*Amount due to subsidiaries***The Company**

	As at December 31,			As at June 30, 2024
	2021	2022	2023	
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
<i>Trade related</i>				
Beijing Huiji Zhiyi Technology Co., Ltd.	6	367	2,599	3,150
Shanghai Xunfei Zhixin Technology Co., Ltd.	–	–	2,134	2,506
	6	367	4,733	5,656
<i>Non-trade related</i>				
Pu'er Kedaxunfei Information Technology Co., Ltd.	–	–	–	30,000
	6	367	4,733	35,656
	6	367	4,733	35,656

The balance of non-trade nature are unsecured and repayable on demand which bears interest with 2.6% per annum.

31. PROVISION**The Group**

	Warranty provision
	<i>RMB in thousands</i>
At January 1, 2021	7,453
Additional provision	25,862
Utilization	(6,010)
At December 31, 2021	27,305
Additional provision	35,155
Utilization	(13,371)
At December 31, 2022	49,089
Additional provision	31,059
Utilization	(19,113)
At December 31, 2023	61,035
Additional provision	8,744
Utilization	(12,400)
At June 30, 2024	57,379

The Company

	Warranty provision
	<i>RMB in thousands</i>
At January 1, 2021	7,453
Additional provision	25,862
Utilization	<u>(6,010)</u>
At December 31, 2021	27,305
Additional provision	34,255
Utilization	<u>(13,371)</u>
At December 31, 2022	48,189
Additional provision	26,204
Utilization	<u>(17,012)</u>
At December 31, 2023	57,381
Additional provision	11,262
Utilization	<u>(14,380)</u>
At June 30, 2024	<u><u>54,263</u></u>

The Group mainly provides one-year to three-year warranties to its customers on its PHC Services, Regional Healthcare Solutions and Hospital Services. The amount of warranty provision is estimated based on district and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

32. CONTRACT LIABILITIES

	The Group				The Company			
	As at December 31,			As at June 30,	As at December 31,			As at June 30,
	2021	2022	2023	2024	2021	2022	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
PHC Services	32,865	17,359	10,035	13,074	32,849	16,532	9,361	12,140
Regional Healthcare Solutions	716	405	3,648	1,531	716	405	2,185	1,483
Hospital Services	16,297	9,632	24,851	2,986	16,297	9,632	24,851	2,636
Patient Service	-	-	1,147	9,055	-	-	1,097	6,696
	<u>49,878</u>	<u>27,396</u>	<u>39,681</u>	<u>26,646</u>	<u>49,862</u>	<u>26,569</u>	<u>37,494</u>	<u>22,955</u>

As at January 1, 2021, the Group's and the Company's contract liabilities amounted to RMB55,562,000.

The contract liabilities of the Group and the Company as at January 1, 2021, 2022, 2023 and 2024, amounted of RMB50,106,000, RMB39,377,000, RMB18,073,000 and RMB24,057,000, and RMB50,106,000, RMB39,361,000, RMB17,245,000 and RMB24,057,000 were recognized as revenue during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively.

33. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in Capital

	Paid-in capital
	<i>RMB in thousands</i>
At January 1, 2021	22,420
Capital injection (<i>Note i</i>)	4,540
Conversion into a joint stock company (<i>Note ii</i>)	(26,960)
	<hr/>
At December 31, 2021, 2022 and 2023 and June 30, 2024	–
	<hr/> <hr/>

Share Capital

	Number of ordinary shares	Share capital
		<i>RMB in thousands</i>
Ordinary shares of RMB1 each		
Authorized and issued		
At January 1, 2021	–	–
Issue of ordinary shares upon conversion into a joint stock company (<i>Note ii</i>)	35,000,000	35,000
Issue of ordinary shares (<i>Note iii</i>)	1,950,000	1,950
	<hr/>	<hr/>
At December 31, 2021	36,950,000	36,950
Issue of ordinary shares (<i>Note iii</i>)	50,000	50
Conversion of share premium into share capital (<i>Note iv</i>)	74,000,000	74,000
	<hr/>	<hr/>
At December 31, 2022	111,000,000	111,000
	<hr/>	<hr/>
Issue of ordinary shares (<i>Note v</i>)	2,842,683	2,843
	<hr/>	<hr/>
At December 31, 2023 and June 30, 2024	113,842,683	113,843
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- i. In August 2021, one of the shareholders of the Company invested capital of RMB4,540,000 into the Company which was credited to the Company's paid-in capital.
- ii. In December 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of August 31, 2021, including paid-in capital, other reserves and retained profit, amounting to approximately RMB52,274,000 were converted into 35,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.
- iii. In December 2021, the Company issued 2,000,000 ordinary shares at the consideration of RMB400,000,000 to three investors. RMB2,000,000 was credited to the Company's share capital and the remaining balance was credited as share premium. The consideration amounting to RMB390,000,000 and RMB10,000,000 were paid by cash in December 2021 and January 2022, respectively.
- iv. On June 29, 2022, the share capital of the Company was increased to RMB111,000,000 by way of conversion of share premium into share capital.
- v. In December 2023, the Company issued 2,842,683 ordinary shares at the consideration of RMB210,000,000 to the ultimate holding company and another independent investor. RMB2,842,683 was credited to the Company's share capital and the remaining balance was credited as share premium. The consideration amounting to RMB210,000,000 were paid by cash in December 2023.

34. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

To provide incentives to eligible employees and directors of the Group, an employee share incentive plan (the “RSU Plan”) was adopted on September 1, 2021. Three employee stock ownership platforms, namely Nanjing Zhengyang Information Technology Partnership (Limited Partnership) (“南京正陽信息科技合夥企業(有限合夥)”), Nanjing Zhenghui Information Technology Partnership (Limited Partnership) (“南京正暉信息科技合夥企業(有限合夥)”) and Nanjing Zhengchang Technology Partnership (Limited Partnership) (“南京正昶科技合夥企業(有限合夥)”) (the “Shareholding Platforms”) were set up to indirectly hold RMB3,016,000 register capital of the Company. Eligible employees and directors subscribed for partnership interest of the Shareholding Platforms at a consideration price of RMB2.5 for RMB1 registered capital and indirectly held the incentive shares of the Company.

Details of the restricted shares issued under the RSU Plan are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term	Sell back rights/ repurchase rights
	<i>RMB in thousands</i>			
September 1, 2021	3,016	Directors and employees	40% 32 months after grant date; 30% 44 months after grant date; 30% 56 months after grant date with the achievement of certain individual and the Group’s performance conditions	Note i

Note i: If the grantees terminate the labor relationship with the Group, the platforms have the right to repurchase the unvested shares from the grantees at original consideration plus interest at market rate of similar period and the vested shares from the grantees at the higher of original consideration plus interest at market rate of similar period and net book value of the Company indirectly held by the grantees.

The following table summarized the movement of the Group’s unvested restricted shares:

	Unvested registered capital	Weighted average grant date fair value per registered capital
	<i>in thousands</i>	<i>RMB</i>
As at January 1, 2021	–	–
Granted	3,016	108.32
As at December 24, 2021, before conversion to a joint stock company (<i>Note ii</i>)	3,016	108.32

Note ii: The Company was converted to a joint stock company on December 24, 2021, 35,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and following table to reflect the impact of the conversion. One registered paid-in capital before the conversion represented approximately 1.3 shares of the joint stock company.

	Unvested restricted shares	Weighted average grant date fair value per registered shares
	<i>in thousands</i>	<i>RMB</i>
As at December 24, 2021 and January 1, 2022	3,915	83.44
Conversion of share premium into share capital (<i>Note 33</i>)	7,830	N/A
Forfeited	(351)	27.81
	<hr/>	<hr/>
As at December 31, 2022	11,394	27.81
Forfeited	(195)	27.81
	<hr/>	<hr/>
As at December 31, 2023	11,199	27.81
Forfeited	(39)	27.81
	<hr/>	<hr/>
As at June 30, 2024	11,160	27.81
	<hr/> <hr/>	<hr/> <hr/>
As at January 1, 2023	11,394	27.81
Forfeited (unaudited)	(137)	27.81
	<hr/>	<hr/>
As at June 30, 2023 (Unaudited)	11,257	27.81
	<hr/> <hr/>	<hr/> <hr/>

Fair value of restricted shares

Discounted cash flow method was used to determine the underlying equity fair value of the Company. The fair value of the restricted shares at grant date was determined by referring the equity fair value of the Company and the purchase price of the restricted shares. The key inputs into the model other than the underlying equity fair value of the Company at the date of grant were as follows:

	At September 1, 2021
	<hr/>
Weighted average cost of capital	15.1%
Terminal growth rate	2.0%
Lack of marketability discount	14.0%

The foresaid fair value of restricted shares at date of grant was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer. During the years ended December 31, 2021, 2022, 2023 and the six months ended June 30, 2023 (unaudited) and 2024, the Group has recognized share-based payment expenses of RMB33,106,000, RMB95,372,000, RMB92,517,000, RMB47,576,000 (unaudited) and RMB28,484,000, respectively.

In addition, the Group was also a party to the RSU plan of iFLYTEK whereas the restricted shares may be issued to the eligible grantees of the Group. The equity-settled share-based payment of the restricted shares was measured based on the fair value of iFLYTEK's ordinary shares on the date of grant. During each of the years ended December 31, 2021, 2022, 2023 and the six months ended June 30, 2023 (unaudited) and 2024, the Group has recognized share-based payment expenses of RMB1,794,000, RMB1,281,000, RMB814,000, RMB358,000 (unaudited) and RMB148,000, respectively.

35. ACQUISITION OF A SUBSIDIARY

To develop the medical image information technology and distribution channels, the Group entered into an investment agreement with Imaging Union and its investors to subscribed for 51% equity interest of Imaging Union at an aggregate consideration of RMB98,175,000 on July 12, 2021. The transaction has been accounted for as acquisition of business using the acquisition method.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognized as an expense in the period incurred within the "administrative expenses" line item in the consolidated statements of profit or loss and other comprehensive income.

Assets acquired and liabilities recognized of Imaging Union at the date of acquisition are as below:

	<i>RMB in thousands</i>
Equipment	72
Right-of-use asset	930
Other intangible assets	142,952
Deferred tax assets	3,788
Inventories	170
Trade and other receivables	11,501
Cash and cash equivalents	10,460
Trade and other payables	(1,771)
Lease liability	(809)
Contract liabilities	(47)
Deferred tax liability	(21,367)
	<hr/>
Fair value of identifiable net assets acquired	145,879
	<hr/> <hr/>

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB11,501,000 at the date of acquisition had gross contractual amounts of RMB11,501,000. The fair value of receivables acquired at the date of acquisition approximated to their gross contractual amounts.

Non-controlling interests

The non-controlling interests (49%) in Imaging Union recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of Imaging Union and amounted to RMB71,481,000.

Goodwill arising on acquisition

	<i>RMB in thousands</i>
Consideration transferred	98,175
Plus: non-controlling interests (49% in Imaging Union)	71,481
Less: fair value of identifiable net assets acquired	(145,879)
	<hr/>
Goodwill arising on acquisition	23,777
	<hr/> <hr/>

Goodwill arose on the acquisition of Imaging Union because the acquisition included the assembled workforce of Imaging Union and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Imaging Union

	<i>RMB in thousands</i>
Cash consideration paid	65,905
Less: Cash and cash equivalents acquired	(10,460)
	<hr/>
	55,445
	<hr/> <hr/>

The outstanding consideration amounting to RMB24,203,000 was settled in February 2023 while the remaining consideration amounting to RMB8,067,000 was settled in April 2024.

Impact of acquisition on the results of the Group

Included in the loss for the year ended December 31, 2021, loss of RMB7,283,000 was attributed by Imaging Union. Revenue for the year ended December 31, 2021 included RMB5,212,000 generated from Imaging Union.

Had the acquisition of Imaging Union been completed on January 1, 2021, revenue for the year ended December 31, 2021 of the Group would have been RMB380,542,000, and loss for the year ended December 31, 2021 would have been RMB93,642,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and loss of the Group had Imaging Union been acquired on January 1, 2021, the directors of the Company calculated amortization of other intangible assets based on the recognized amounts of other intangible assets at the date of the acquisition.

36. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt balance, which includes bank borrowings disclosed in Note 29, amount due to the ultimate holding company disclosed in Note 30 and lease liabilities, net of cash and cash equivalents in Note 27, and equity attributable to owners of the Company, comprising issued share capital, retained profits/accumulated losses and other reserves.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

37. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments****The Group**

	As at December 31,			As at
	2021	2022	2023	June 30,
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Financial assets				
Amortized cost	669,787	588,969	802,031	816,299
FVTPL	–	85,000	25,000	–
	<u>669,787</u>	<u>673,969</u>	<u>827,031</u>	<u>816,299</u>
Financial liabilities				
Amortized cost	<u>366,514</u>	<u>460,325</u>	<u>484,509</u>	<u>668,552</u>
Lease liabilities	<u>2,487</u>	<u>731</u>	<u>1,551</u>	<u>1,047</u>

The Company

	As at December 31,			As at
	2021	2022	2023	June 30, 2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Financial assets				
Amortized cost	644,093	622,272	799,372	802,466
FVTPL	–	45,000	–	–
	644,093	667,272	799,372	802,466
Financial liabilities				
Amortized cost	354,647	432,493	411,737	602,880
Lease liabilities	1,898	530	1,551	1,047

(b) Financial risk management objectives and policies

The Group's major financial instruments include pledged/restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, long-term trade receivables, contract assets, amount due from the ultimate holding company, amounts due from fellow subsidiaries, bill, trade and other payables, long-term other payable, amount due to the ultimate holding company, amounts due to related companies, amount due to subsidiaries, bank borrowings and lease liabilities. The Company's major financial instruments include pledged/restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, long-term trade receivables, contract assets, amount due from the ultimate holding company, amounts due from fellow subsidiaries, amounts due from subsidiaries, bill, trade and other payables, long-term other payable, amount due to the ultimate holding company, amounts due to related companies, amount due to subsidiaries, bank borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk*Interest rate risk*

The Group and the Company are primarily exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (Note 27), fixed-rate bank borrowing (Note 29) and lease liabilities and cash flow interest risk in relation to cash and cash equivalents (Note 27). The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged/restricted bank deposits is insignificant because the current market interest rates are relatively low and stable.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, long-term trade receivables, contract assets, pledged/restricted bank deposits, bank balances, amount due from the ultimate holding company and amounts due from fellow subsidiaries. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables, long-term trade receivables and contract assets (including amount due from the ultimate holding company – trade nature, amounts due from fellow subsidiaries and amounts due from subsidiaries – trade nature)

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of all trade receivables and contract assets as at December 31, 2021, 2022 and 2023, and June 30, 2024.

In addition, the Group performs impairment assessment under ECL model on all trade receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining all trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. As at December 31, 2021, 2022 and 2023, and June 30, 2024 the Group provided credit loss allowance of approximately RMB816,000, RMB5,050,000, RMB8,999,000 and RMB16,405,000, RMB nil, RMB4,017,000, RMB3,682,000 and RMB4,604,000, RMB106,000, RMB245,000, RMB105,000 and RMB213,000, RMB85,000, RMB52,000, RMB98,000 and RMB515,000, and RMB389,000, RMB265,000, RMB580,000 and RMB813,000 for trade receivables, long-term trade receivables, contract assets, amount due from the ultimate holding company and amounts due from fellow subsidiaries, based on collective assessment, and impairment allowance of RMB9,000, RMB378,000, RMB2,730,000 and RMB2,046,000 was assessed individually on trade receivables with gross carrying amount of RMB79,000, RMB3,187,000, RMB18,252,000 and RMB7,796,000, respectively. Details of the quantitative disclosures are set out below in this note.

Other receivables (including amount due from the ultimate holding company – non-trade nature and amounts due from subsidiaries – non-trade nature)

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2021, 2022 and 2023 and June 30, 2024, management of the Group assessed the ECL for other receivables was insignificant and thus no loss allowance was recognized.

Pledged/restricted bank deposits and bank balances

The credit risk on pledged/restricted bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The Group assessed 12m ECL for pledged/restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged/restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognized.

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

<u>Internal credit rating</u>	<u>Description</u>	<u>All trade receivables/ contract assets</u>	<u>Other financial assets/other items</u>
Low risk	The counterparty has a low risk of default	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 and the Company's financial assets and contract assets, which are subject to ECL assessment:

The Group

	<i>Notes</i>	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
				As at December 31,			As at
				2021	2022	2023	June 30,
				<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Financial assets at amortized cost							
Trade receivables	23	Note	Lifetime ECL (collective assessment)	163,081	275,840	491,743	571,332
			Credit-impaired	79	3,187	18,252	7,796
Long-term trade receivables	21	Note	Lifetime ECL (collective assessment)	–	103,807	82,877	85,313
Amount due from the ultimate holding company – trade nature	25	Note	Lifetime ECL (collective assessment)	9,317	5,237	6,805	9,137

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
				As at December 31,			As at June 30,
				2021	2022	2023	2024
				RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Amounts due from fellow subsidiaries	25	Note	Lifetime ECL (collective assessment)	50,188	26,330	59,039	42,953
Contract assets	24	Note	Lifetime ECL (collective assessment)	20,411	16,671	8,258	13,912
Other receivables	23	Low risk	12m ECL	6,538	15,054	9,509	9,073
Amount due from the ultimate holding company – non-trade nature	25	Low risk	12m ECL	315	–	–	–
Pledged/restricted bank deposits	27	N/A	12m ECL	7,341	6,258	7,391	13,112
Bank balances	27	N/A	12m ECL	434,226	163,016	142,498	101,945

The Company

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
				As at December 31,			As at June 30,
				2021	2022	2023	2024
				RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Financial assets at amortized cost							
Trade receivables	23	Note	Lifetime ECL (collective assessment)	160,803	254,956	344,992	395,934
			Credit-impaired	79	3,187	17,779	6,617
Long-term trade receivables	21	Note	Lifetime ECL (collective assessment)	–	59,638	30,988	33,392
Amount due from the ultimate holding company – trade nature	25	Note	Lifetime ECL (collective assessment)	9,317	5,237	5,494	7,826
Amounts due from fellow subsidiaries	25	Note	Lifetime ECL (collective assessment)	50,188	26,330	52,939	37,407

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
				As at December 31,			As at
				2021	2022	2023	June 30, 2024
				RMB in thousands	RMB in thousands	RMB in thousands	RMB in thousands
Amounts due from subsidiaries – trade nature	25	Note	Lifetime ECL (collective assessment)	1,040	58,472	156,576	170,581
Contract assets	24	Note	Lifetime ECL (collective assessment)	20,411	16,671	8,258	13,912
Other receivables	23	Low risk	12m ECL	6,402	14,042	8,061	8,032
Amounts due from subsidiaries – non-trade nature	25	Low risk	12m ECL	–	62,024	76,556	77,575
Pledged/restricted bank deposits	27	N/A	12m ECL	7,341	6,258	7,391	13,112
Bank balances	27	N/A	12m ECL	410,202	139,086	108,293	74,071

Note:

For trade receivables, long-term trade receivables, amount due from the ultimate holding company – trade nature, amounts due from fellow subsidiaries, amounts due from subsidiaries – trade nature and contract assets, the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on those items on a collective basis, grouped by internal credit rating. The ECL of debtors with credit-impaired with sign of significant financial difficulty of the issuers will be individually assessed by the Group.

Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its business operation. The following table provides information about the exposure to credit risk for all trade receivables and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired) as at December 31, 2021, 2022 and 2023. Debtors with credit-impaired with gross carrying amounts of RMB79,000, RMB3,187,000, RMB18,252,000 and RMB7,796,000 respectively as at December 31, 2021, 2022 and 2023 and June 30, 2024 were assessed individually.

The estimated loss rates are estimated based on probability of default, loss given default and are adjusted for forward-looking information that is available without undue cost or effort, such as general economic conditions. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts.

In the opinion of the directors of the Company, all trade receivables and contract assets within Group with low risk at the end of the reporting period which have been past due over 90 days are not considered as in default by considering the counterparties with good reputation and credit records.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables, long-term trade receivables, amount due from the ultimate holding company – trade nature, amounts due from fellow subsidiaries, amounts due from subsidiaries – trade nature and contract assets under the simplified approach.

The Group

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
As at January 1, 2021	777	–	777
– Transfer to credit-impaired	(4)	4	–
– Impairment losses recognized	177	5	182
– Impairment losses reversed	(691)	–	(691)
New financial assets originated net of those derecognized due to settlement	<u>1,137</u>	<u>–</u>	<u>1,137</u>
As at December 31, 2021	1,396	9	1,405
– Transfer to credit-impaired	(18)	18	–
– Impairment losses recognized	1,798	353	2,151
– Impairment losses reversed	(558)	(3)	(561)
New financial assets originated net of those derecognized due to settlement	<u>7,012</u>	<u>–</u>	<u>7,012</u>
As at December 31, 2022	<u>9,630</u>	<u>377</u>	<u>10,007</u>
– Transfer to credit-impaired	(404)	404	–
– Impairment losses recognised	413	1,969	2,382
– Impairment losses reversed	(1,716)	(20)	(1,736)
New financial assets originated net of those derecognised due to settlement	<u>5,541</u>	<u>–</u>	<u>5,541</u>
As at December 31, 2023	<u>13,464</u>	<u>2,730</u>	<u>16,194</u>
– Transfer to credit-impaired	(5)	5	–
– Impairment losses recognised	5,967	1,206	7,173
– Impairment losses reversed	(311)	(1,895)	(2,206)
New financial assets originated net of those derecognised due to settlement	<u>3,435</u>	<u>–</u>	<u>3,435</u>
As at June 30, 2024	<u>22,550</u>	<u>2,046</u>	<u>24,596</u>

The Company

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
As at January 1, 2021	777	–	777
– Transfer to credit-impaired	(4)	4	–
– Impairment losses recognized	177	5	182
– Impairment losses reversed	(691)	–	(691)
New financial assets originated net of those derecognized due to settlement	1,117	–	1,117
As at December 31, 2021	1,376	9	1,385
– Transfer to credit-impaired	(18)	18	–
– Impairment losses recognized	1,791	353	2,144
– Impairment losses reversed	(551)	(3)	(554)
New financial assets originated net of those derecognized due to settlement	4,228	–	4,228
As at December 31, 2022	<u>6,826</u>	<u>377</u>	<u>7,203</u>
– Transfer to credit-impaired	(404)	404	–
– Impairment losses recognised	321	1,910	2,231
– Impairment losses reversed	(1,702)	(20)	(1,722)
New financial assets originated net of those derecognised due to settlement	2,096	–	2,096
As at December 31, 2023	<u>7,137</u>	<u>2,671</u>	<u>9,808</u>
– Transfer to credit-impaired	(5)	5	–
– Impairment losses recognised	11,065	1,033	12,098
– Impairment losses reversed	(248)	(1,895)	(2,143)
New financial assets originated net of those derecognised due to settlement	2,537	–	2,537
As at June 30, 2024	<u>20,486</u>	<u>1,814</u>	<u>22,300</u>

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has 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 table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	Total undiscounted cash flows	Carrying amount
		<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At December 31, 2021					
Bill, trade and other payables	–	138,666	–	138,666	138,666
Long-term other payable	–	–	8,067	8,067	8,067
Bank borrowings	3.99%	78,922	–	78,922	77,084
Amount due to the ultimate holding company	–	130,784	–	130,784	130,784
Amounts due to related companies	–	11,913	–	11,913	11,913
Lease liabilities	5.04%	1,838	741	2,579	2,487
		<u>362,123</u>	<u>8,808</u>	<u>370,931</u>	<u>369,001</u>
At December 31, 2022					
Bill, trade and other payables	–	240,842	–	240,842	240,842
Long-term other payable	–	–	8,067	8,067	8,067
Amount due to the ultimate holding company	–	179,829	–	179,829	179,829
Amounts due to related companies	–	31,587	–	31,587	31,587
Lease liabilities	5.04%	741	–	741	731
		<u>452,999</u>	<u>8,067</u>	<u>461,066</u>	<u>461,056</u>
At December 31, 2023					
Bill, trade and other payables	–	297,241	–	297,241	297,241
Bank borrowings	3.14%	89,446	–	89,446	88,000
Amount due to the ultimate holding company	–	33,306	–	33,306	33,306
Amounts due to related companies	–	65,962	–	65,962	65,962
Lease liabilities	5.04%	1,069	534	1,603	1,551
		<u>487,024</u>	<u>534</u>	<u>487,558</u>	<u>486,060</u>
At June 30, 2024					
Bill, trade and other payables	–	323,560	–	323,560	323,560
Bank borrowings	2.93%	176,805	21,023	197,828	194,000
Amount due to the ultimate holding company	–	62,037	–	62,037	62,037
Amounts due to related companies	–	88,955	–	88,955	88,955
Lease liabilities	5.04%	1,069	–	1,069	1,047
		<u>652,426</u>	<u>21,023</u>	<u>673,449</u>	<u>669,599</u>

The Company

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	Total undiscounted cash flows	Carrying amount
		<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At December 31, 2021					
Bill, trade and other payables	–	135,658	–	135,658	135,658
Long-term other payable	–	–	8,067	8,067	8,067
Bank borrowings	3.99%	78,922	–	78,922	77,084
Amount due to the ultimate holding company	–	127,114	–	127,114	127,114
Amounts due to related companies	–	6,718	–	6,718	6,718
Amount due to a subsidiary	–	6	–	6	6
Lease liabilities	5.04%	1,425	534	1,959	1,898
		<u>349,843</u>	<u>8,601</u>	<u>358,444</u>	<u>356,545</u>
At December 31, 2022					
Bill, trade and other payables	–	233,197	–	233,197	233,197
Long-term other payable	–	–	8,067	8,067	8,067
Amount due to the ultimate holding company	–	169,519	–	169,519	169,519
Amounts due to related companies	–	21,343	–	21,343	21,343
Amount due to a subsidiary	–	367	–	367	367
Lease liabilities	5.04%	534	–	534	530
		<u>424,960</u>	<u>8,067</u>	<u>433,027</u>	<u>433,023</u>
At December 31, 2023					
Bill, trade and other payables	–	264,610	–	264,610	264,610
Bank borrowings	2.98%	81,281	–	81,281	80,000
Amount due to the ultimate holding company	–	16,957	–	16,957	16,957
Amounts due to related companies	–	45,437	–	45,437	45,437
Amount due to subsidiaries	–	4,733	–	4,733	4,733
Lease liabilities	5.04%	1,069	534	1,603	1,551
		<u>414,087</u>	<u>534</u>	<u>414,621</u>	<u>413,288</u>
At June 30, 2024					
Bill, trade and other payables	–	282,972	–	282,972	282,972
Bank borrowings	2.80%	158,573	21,023	179,596	176,000
Amount due to the ultimate holding company	–	46,254	–	46,254	46,254
Amounts due to related companies	–	61,998	–	61,998	61,998
Amounts due to subsidiaries					
– trade	–	5,656	–	5,656	5,656
– non-trade	2.6%	30,000	–	30,000	30,000
Lease liabilities	5.04%	1,069	–	1,069	1,047
		<u>586,522</u>	<u>21,023</u>	<u>607,545</u>	<u>603,927</u>

(c) Fair value measurement of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

Financial assets	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024		
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>		
Structured bank deposits	–	85,000	25,000	–	Level 2	Discounted cash flows method, estimated based on expected return.

The Company

Financial assets	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)
	December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024		
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>		
Structured bank deposits	–	45,000	–	–	Level 2	Discounted cash flows method, estimated based on expected return.

There were no transfer between Level 1 and 2 during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

38. 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.

	Accrued issue costs	Bank borrowings	Non-trade nature amount due to the ultimate holding company	Lease liabilities	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At January 1, 2021	–	–	23,037	711	23,748
Financing cash flow	(844)	75,861	(23,037)	(1,846)	50,134
Interest expenses (<i>Note 9</i>)	–	1,223	1,550	122	2,895
Deferred issue cost	1,609	–	–	–	1,609
Acquisition of a subsidiary (<i>Note 35</i>)	–	–	–	809	809
New lease entered	–	–	–	675	675
Alteration of lease contract	–	–	–	2,016	2,016
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2021	765	77,084	1,550	2,487	81,886
Financing cash flow	(568)	(77,592)	–	(1,838)	(79,998)
Interest expenses (<i>Note 9</i>)	–	508	–	82	590
Deferred issue cost	375	–	–	–	375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2022	572	–	1,550	731	2,853
Financing cash flow	(1,354)	86,824	(1,550)	(1,294)	82,626
Interest expenses (<i>Note 9</i>)	–	1,176	–	35	1,211
Deferred issue cost	1,127	–	–	–	1,127
New lease entered	–	–	–	2,079	2,079
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2023	345	88,000	–	1,551	89,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financing cash flow	(2,056)	103,943	–	(534)	101,353
Interest expenses (<i>Note 9</i>)	–	2,057	–	30	2,087
Deferred issue cost	2,021	–	–	–	2,021
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At June 30, 2024	310	194,000	–	1,047	195,357
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At January 1, 2023	572	–	1,550	731	2,853
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financing cash flow (unaudited)	(283)	19,969	–	(741)	18,945
Interest expenses (<i>Note 9</i>) (unaudited)	–	31	–	10	41
Deferred issue cost (unaudited)	115	–	–	–	115
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At June 30, 2023 (unaudited)	404	20,000	1,550	–	21,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

39. RELATED PARTY TRANSACTIONS

- (i) Saved for those disclosed in Note 25 and 30, the relationships between the Company and related parties are as follow:

Name of the related parties	Relationship with the Company
Hefei iFLYTEK Doxent Technology Co., Ltd. (合肥訊飛讀寫科技有限公司)	Fellow subsidiary
Heilongjiang iFLYTEK Information Technology Co., Ltd. (黑龍江訊飛信息科技有限公司)	Fellow subsidiary
Gongqingcheng Qingxun Artificial Intelligence Technology Co., Ltd. (共青城青訊人工智能科技有限公司)	Fellow subsidiary

- (ii) Saved for those disclosed in Notes 25 and 30, during the Track Record Period, the Group entered into the following transactions with the related parties:

(a) Sale of products and services

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
iFLYTEK	9,389	7,597	6,360	2,132	4,687
Anhui iFLYTEK New Retail Co., Ltd.	–	–	3,412	1,826	1,180
Wuhu Kexun Aerospace Information Technology Co., Ltd.	–	–	663	233	787
iFLYTEK Zhiyuan Technology Co., Ltd.	13,915	2,561	16,113	9,059	698
Tianjin iFLYTEK Information Technology Co., Ltd	23,294	1,147	1,078	489	491
iFLYTEK (Beijing) Co., Ltd.	3,319	–	2,933	203	213
Xinyu iFLYTEK Information Technology Co., Ltd.	11,223	–	280	140	140
Changzhi Kexun Information Technology Co., Ltd.	26,103	–	–	–	–
iFLYTEK (Shanghai) Technology Co., Ltd.	2,788	875	1,521	–	–
Zhejiang Xunzhi Future Technology Co., Ltd.	–	–	17,532	–	–
Shandong Zixun Information Technology Co., Ltd.	–	–	4,433	4,391	–
Heilongjiang iFLYTEK Information Technology Co., Ltd.	–	–	3,982	3,945	–
Gongqingcheng Qingxun Artificial Intelligence Technology Co., Ltd.	–	–	2,375	–	–
Others	1,718	2,898	1,021	221	106
	<u>91,749</u>	<u>15,078</u>	<u>61,703</u>	<u>22,639</u>	<u>8,302</u>

(b) *Purchase of products*

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
iFLYTEK	481	939	2,617	1,146	–
Anhui iFLYTEK New Retail Co., Ltd.	–	–	1,595	765	–
Anhui Tingjian technology Co., Ltd.	671	820	280	21	–
Hefei iFLYTEK Doxent Technology Co., Ltd.	160	612	147	95	–
Tianjin iFLYTEK Others	820	612	343	101	–
	<u>2,132</u>	<u>2,983</u>	<u>4,982</u>	<u>2,128</u>	<u>–</u>

(c) *Receiving of services*

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
iFLYTEK	57,060	48,643	40,103	15,540	28,360
iFLYTEK Central China (Wuhan) Co., Ltd.	2,733	6,786	9,176	4,709	4,433
iFLYTEK (Beijing) Co., Ltd.	8,483	9,410	10,134	4,042	3,258
Liaoning iFLYTEK Information Technology Co., Ltd.	–	129	1,595	446	1,700
Zhejiang iFLYTEK Intelligent Technology Co., Ltd.	698	2,049	2,619	1,114	1,624
Sichuan iFLYTEK Super Brain Information Technology Co., Ltd.	23	18	2,781	1,153	1,465
Hefei iFLYTEK Education Development Co., Ltd	–	–	–	–	1,388
Anhui iFLYTEK New Retail Co., Ltd.	–	–	–	–	1,184
Xi'an Xunfei Super Brain Information Technology Co., Ltd.	426	359	261	57	952
iFLYTEK (Shanghai) Technology Co., Ltd.	50	437	3,025	968	758
Kexun Jialian Information Technology Co., Ltd.	893	1,249	1,770	1,692	623

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
iFLYTEK zhiyuan Technology Co., Ltd.	548	431	132	23	617
Nanjing iFLYTEK Smart City Technology Co., Ltd	60	–	233	–	567
iFLYTEK South China Co., Ltd.	–	441	992	580	522
Shenzhen iFLYTEK Smart Technology Co., Ltd	–	517	1,237	–	509
iFLYTEK Zhigu Technology Co., Ltd.	–	–	1,359	533	481
Hunan Xiangxun Future Technology Co., Ltd.	–	–	881	357	389
Wuhan iFLYTEK Xingzhi Technology Co., Ltd.	6,853	–	305	–	206
Others	1,048	2,203	2,736	1,893	3,064
	<u>78,875</u>	<u>72,672</u>	<u>79,339</u>	<u>33,107</u>	<u>52,100</u>

iFLYTEK and its subsidiaries and associates provided various support services to the Group including information technology support service and human resources service. Transactions with related parties were determined based on prices and terms mutually agreed by the relevant parties involved.

(d) *Lease arrangements*

	As at/Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
iFLYTEK					
Interest expense on lease liabilities	88	57	30	10	30
Lease liabilities	1,551	530	1,551	–	1,047
iFLYTEK (Beijing) Co., Ltd.					
Short-term lease expenses	1,054	799	75	–	244

(e) Interest income/expense

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Interest income iFLYTEK	1,479	–	–	–	–
Interest expense iFLYTEK	1,550	–	–	–	–

(iii) Compensation of key management personnel

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands (unaudited)</i>	<i>RMB in thousands</i>
Salaries and other benefits	5,299	4,736	4,987	2,403	2,477
Discretionary bonus	1,024	826	1,146	573	608
Retirement benefit scheme contributions	193	189	207	106	119
Equity-settled share-based payments	10,491	31,359	31,353	15,676	9,713
	17,007	37,110	37,693	18,758	12,917

40. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company during the Track Record Period and at the date of this report are set out below:

Name of subsidiary	Place and date of establishment and operation	Issued and fully paid-in capital	Equity interest attributable to the Group				At the date of this report	Principal activities	Notes
			As at December 31,			As at June 30,			
			2021	2022	2023	2024			
			%	%	%	%	%		
Directly held									
Beijing Huiji Zhiyi Technology Co., Ltd.	June 5, 2020 PRC	RMB20,280,000	75	75	75	75	75	Medical insurance related services	(a)
Imaging Union	October 26, 2015 PRC	RMB12,448,000	51	51	51	51	51	Digital imaging services	(b),(c)

Name of subsidiary	Place and date of establishment and operation	Issued and fully paid-in capital	Equity interest attributable to the Group				At the date of this report	Principal activities	Notes
			As at December 31,			As at June 30,			
			2021	2022	2023	2024			
			%	%	%	%	%		
Yinchuan Xunfei Internet Hospital Co., Ltd. (銀川訊飛互聯網醫院有限公司)	March 16, 2022 PRC	RMB5,500,000	N/A	100	100	100	100	Internet Hospital	(d)
Shanghai Xunfei Zhixin Medical Technology Co., Ltd. (上海訊飛智心醫療科技有限責任公司)	September 28, 2022 PRC	RMB2,000,000	N/A	65	65	65	65	Platform and software services	(d)
Taizhou Xunfei Medical Artificial Intelligence Healthcare Research Institute Co., Ltd. (泰州訊飛醫療人工智能研究院有限公司)	December 11, 2023 PRC	RMB1,000,000	N/A	N/A	95	95	95	Internet hospital	N/A
Anhui Xunfei Medical Intelligence Technology Co., Ltd. (安徽訊飛醫智科技有限公司)	December 13, 2023 PRC	Nil	N/A	N/A	100	100	100	Platform and software services	N/A
Beijing Anke Zhiyuan Medical Technology Co., Ltd. (北京安科智遠醫療科技有限公司)	June 6, 2024 PRC	Nil	N/A	N/A	N/A	100	100	Platform and software services	N/A
Indirectly held									
Lvliang Kedaxunfei Medical Information Technology Co., Ltd.	December 1, 2021 PRC	RMB60,000,000	68	68	68	68	68	Medical insurance related services	(d)
Pu'er Kedaxunfei Information Technology Co., Ltd.	June 9, 2022 PRC	RMB50,000,000	N/A	75	75	75	75	Healthcare AI solutions	(d)
Yibin Imaging Union Cloud Health Technology Co., Ltd. (宜賓影聯雲享醫療科技有限公司)	June 11, 2024 PRC	Nil	N/A	N/A	N/A	51	51	Digital imaging services	N/A

Notes:

- (a) The statutory financial statements of this subsidiary were prepared in accordance with the relevant accounting principles and regulation in the PRC and was audited by 安徽皖瑞會計師事務所 for the year ended December 31, 2021 and was audited by 安徽新安會計師事務所 for the year ended December 31, 2022 and was audited by 安徽皖瑞會計師事務所 for the year ended December 31, 2023.
- (b) This subsidiary was acquired by the Group on July 12, 2021.

- (c) The statutory financial statements of this subsidiary were prepared in accordance with the relevant accounting principles and regulation in the PRC and was audited by 安徽律銘會計師事務所(普通合夥) for the year ended December 31, 2021 and was audited by 容誠會計師事務所(特殊普通合夥) for each of the years ended December 31, 2022 and 2023.
- (d) The statutory financial statements of this subsidiary were prepared in accordance with the relevant accounting principles and regulation in the PRC and was audited by 容誠會計師事務所(特殊普通合夥) for each of the years ended December 31, 2022 and 2023.

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

None of the subsidiaries had issued any debt securities during the Track Record Period.

41. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB11,469,000, RMB17,269,000, RMB18,510,000, RMB8,910,000 and RMB9,785,000 for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 (unaudited) and 2024, respectively, representing contributions paid to the retirement benefits scheme by the Group.

42. RESERVES OF THE COMPANY

Movement in reserves

	Share premium	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated losses	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
At January 1, 2021	–	795	4,790	–	51,668	57,253
Loss and total comprehensive expense for the year	–	–	–	–	(72,701)	(72,701)
Conversion into a joint stock company (<i>Note 33</i>)	17,274	(931)	(4,790)	–	(19,593)	(8,040)
Issuance of ordinary shares (<i>Note 33</i>)	388,050	–	–	–	–	388,050
Equity-settled share- based payments (<i>Note 34</i>)	–	6,336	–	33,106	–	39,442
At December 31, 2021	405,324	6,200	–	33,106	(40,626)	404,004

	Share premium	Capital reserve	Statutory reserve	Share-based payments reserve	Accumulated losses	Total
	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Loss and total comprehensive expense for the year	–	–	–	–	(160,742)	(160,742)
Issuance of ordinary shares (<i>Note 33</i>)	9,950	–	–	–	–	9,950
Conversion of share premium into share capital (<i>Note 33</i>)	(74,000)	–	–	–	–	(74,000)
Equity-settled share-based payments (<i>Note 34</i>)	–	(73)	–	95,372	–	95,299
At December 31, 2022	341,274	6,127	–	128,478	(201,368)	274,511
Loss and total comprehensive expense for the year	–	–	–	–	(134,271)	(134,271)
Issuance of ordinary shares (<i>Note 33</i>)	207,157	–	–	–	–	207,157
Equity-settled share-based payments (<i>Note 34</i>)	–	1,130	–	92,517	–	93,647
At December 31, 2023	<u>548,431</u>	<u>7,257</u>	<u>–</u>	<u>220,995</u>	<u>(335,639)</u>	<u>441,044</u>
Loss and total comprehensive expense for the period	–	–	–	–	(125,320)	(125,320)
Equity-settled share-based payments (<i>Note 34</i>)	–	116	–	28,484	–	28,600
At June 30, 2024	<u>548,431</u>	<u>7,373</u>	<u>–</u>	<u>249,479</u>	<u>(460,959)</u>	<u>344,324</u>
At 1 January 2023	341,274	6,127	–	128,478	(201,368)	274,511
Loss and total comprehensive expense for the period (unaudited)	–	–	–	–	(89,570)	(89,570)
Equity-settled share-based payments (<i>Note 34</i>) (unaudited)	–	1,424	–	47,576	–	49,000
At June 30, 2023 (unaudited)	<u>341,274</u>	<u>7,551</u>	<u>–</u>	<u>176,054</u>	<u>(290,938)</u>	<u>233,941</u>

43. SUBSEQUENT EVENTS

Save for those disclosed in Note 13, there are no other material subsequent events undertaken by the Group after June 30, 2024 and up to the date of issuance of this Historical Financial Information.

44. SUBSEQUENT FINANCIAL STATEMENTS

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